

NEWNHAM COLLEGE
CAMBRIDGE

Consolidated Financial Statements

Year Ended 30 June 2016

Royal Charter Company number RC000384

Registered Charity number 1137512

NEWNHAM COLLEGE

Consolidated Financial Statements

Year Ended 30 June 2016

Contents	1
Reference and Administration Details	2
Operating and Financial Review	3 to 8
Responsibilities of the College Council	9
Auditors' Report	10
Statement of Accounting Policies	11 to 14
Consolidated Statement of Comprehensive Income and Expenditure	15
Statement of Changes in Reserves	16
Balance Sheets	17
Consolidated Cash Flow Statement	18
Notes to the Accounts	19 to 32

NEWNHAM COLLEGE

Reference and Administration Details

Newnham College
Sidgwick Avenue
Cambridge
CB3 9DF

Registered Charity number 1137512

Royal Charter Company number RC000384

The following persons served as Trustees (as members of the College Council) in 2015/16:

Professor Dame Carol Black (Principal) (*ex officio*, elected by the Fellows)
Dr Catherine Seville (Vice-Principal) (*ex officio*, elected by the Governing Body, to 1 October 2015)
Professor Christine Watson (Vice-Principal) (*ex officio*, elected by the Governing Body, from 1 October 2015)
Ms Jenny Raine (Bursar) (*ex officio*, appointed by the Governing Body)
Dr Terri Apter (Senior Tutor) (*ex officio*, appointed by the Council, to September 2015)
Dr Liba Taub (Senior Tutor) (*ex officio*, appointed by the Council, from September 2015)

Elected by the Governing Body

Dr Kate Fleet
Professor Claire Hughes (to 29 January 2016)
Dr Judith Quinn
Dr Samantha Lucy
Dr Barbara Blacklaws
Dr Emily Kneebone
Dr Emma Mawdsley
Dr Lucilla Burn (from 29 January 2016)
Professor Susan Owens (from 1 October 2015)

Elected by the Junior Members of the College

Ms E Birch (to December 2015)
Ms R Jenks (to March 2015)
Ms L Young (to October 2015)
Ms J Lee (from March 2016)
Ms R Mander (from December 2015)
Ms Y Shams (from October 2015)

Principal Advisers

Auditors

Prentis & Co LLP
Chartered Accountants & Statutory Auditors
115c Milton Road
Cambridge CB4 1XE

Bankers

NatWest Bank
Cambridge Market Street Branch
23 Market Street
Cambridge CB2 3PA

Allied Irish Bank
St Helen's
1 Undershaft
London EC3A

Property Managers and Valuers

Carter Jonas LLP
6-8 Hills Road
Cambridge CB2 1NH

Investment Managers and Advisers

Partners Capital Investment Group Ltd
5th Floor
5 Young Street
London W8 5EH

Cambridge Investment Management Limited
The Old Schools
Trinity Lane
Cambridge CB2 1TN

Cambridge Associates Limited
105 Wigmore Street
London W1U 1QY

Cambridge Associates LLC
100 Summer Street
Boston
Massachusetts 02110-2112
USA

Legal Advisers

Taylor Vinters
Merlin Place
Milton Road
Cambridge CB4 4DP

Mills and Reeve
112 Hills Road
Cambridge CB2 1PH

NEWNHAM COLLEGE

Financial Statements

Year Ended 30 June 2016

Operating and Financial Review

Introduction

The College is a corporate body consisting of the Principal and Fellows. It has been a registered charity (no. 1137512) since 17 August 2010. The College is also a Royal Charter Company number RC000384. The formal name of the College is The Principal and Fellows of Newnham College; and it is also known as a) Newnham College in the University of Cambridge; and b) Newnham College (Cambridge). Its principal address, which is that of its registered office, is: Newnham College, Sidgwick Avenue, Cambridge CB3 9DF, United Kingdom.

Governing documents

The College was founded in 1871. The provisions which regulate the purposes and administration of the College are set out in its Charter dated 12 April 1917 and modified by the Supplemental Charter (1958 when the College was received into the University of Cambridge) and in its original Statutes as variously amended between 1917 and 1996.

Organisational structure of the College and its subsidiary undertakings.

The College comprises the following:

a) the **Governing Body**, the powers of which are defined in the Charter.

The Governing Body is responsible for the long-term strategic vision of the College, and also provides the policy context in which the Council's management takes place.

b) The powers and responsibilities of **Council**, are defined in the Charter and Statutes.

The College Council has the 'the general control and management of the administration of the College' and its members serve as the Trustees of the College as a registered Charity. As the Trustees they have ultimate responsibility for directing the affairs of the charity, ensuring that it is solvent and well-run, and that it is delivering the charitable outcomes for the benefit of those which it was set up to serve as a College for women in the University of Cambridge.

c. Those **College Officers** who are *ex officio* members of the Council are the Principal, the Vice-Principal, the Bursar, and the Senior Tutor and they meet regularly during Term to review the management of College business.

d. **Junior Members** comprise the students of the College both undergraduate and graduate. They have elected representatives on both the Council (where they serve as Trustees for Unreserved Business) and on the Governing Body and are represented on most of the College's Committees. In part, they represent the largest group of potential beneficiaries.

Subsidiary Companies

Three subsidiary companies have been established to undertake work for the benefit of the College.

- Newnham College Ltd sells College related memorabilia
- Newnham College Management Ltd organises maintenance and construction projects
- Newnham College Library Co Ltd provides the College with library services

Trustees

A list of persons who served as Trustees in 2015/16 is listed on page 2 (Reference and Administration Details).

Those elected by the Junior Members do not participate in the decision making for Reserved Business.

The Council delegates much of its business to its sub-committees. The membership and terms of reference of sub-committees are determined for the most part by the Council to whom the subcommittees report and make recommendations. Some additional subcommittees are set up by the Governing Body and report accordingly. Junior Members are represented on most subcommittees.

All charity trustees of the College are given on appointment or election copies of the Statutes and Ordinances of the College together with a set of documents including the College's policy on the management of conflicts of interest and copies of the relevant guidance issued by the Charity Commission. Annually the trustees are reminded of their core responsibilities and required to check and update their declaration of interests.

NEWNHAM COLLEGE

Financial Statements

Year Ended 30 June 2016

Operating and Financial Review

Scope of the financial statements

These 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 (FRS102).. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP) as amended by Recommended Cambridge College Accounts (RCCA).

Aims and objectives of the College

The objects of the College as defined by its Charter (where they are listed along with its powers) and as registered with the Charity Commission are:

- a) to establish or maintain at or near Cambridge a house or residence or residences in which female students may reside and study; and
- b) to provide a liberal education for women carrying on the work of the Old Association with such modifications and changes as may from time to time appear desirable either in its present situation or elsewhere in the town of Cambridge or County of Cambridge

Since its reception into the University of Cambridge in 1958, the College has discharged these objects through the advancement of education, learning and research, particularly but not exclusively through the provision of a college for women within the University of Cambridge.

Public benefit

The Trustees on appointment are provided with a copy of "Charities and Public Benefit: Summary Guidance for Charity Trustees", and are reminded at least annually of its recommendations and requirements. The College provided in 2015/16 an education for about 651 undergraduate and graduate women students, in conjunction with the University of Cambridge, which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision for undergraduates, as well as pastoral, administrative and academic support through its tutorial and graduate tutorial systems;
- social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

The College advances research mainly by:

- providing Research Fellowships (and Teaching Fellowships) to outstanding academics at the early stages of their careers, which enables 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;
- supporting research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials;
- encouraging visits from outstanding academics both from other UK institutions and from abroad;
- encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

NEWNHAM COLLEGE

Financial Statements

Year Ended 30 June 2016

Operating and Financial Review

The College maintains an extensive Library (including special collections), so providing a valuable resource for students and senior members of the College, members of other Colleges and the University of Cambridge more widely, external scholars and researchers.

The Trustees are satisfied that the College remains compliant with their duty in regard to public benefit. The primary beneficiaries are the resident members of the College, both students and academic staff, all of whom are directly engaged in education, learning or research. Other beneficiaries include: students and academic staff from other Colleges in Cambridge and the University of Cambridge more widely, visiting academics from other higher education institutions and visiting schoolchildren and alumnae of the College who have an opportunity to attend educational events at the College or use its academic facilities. The general public are also able to attend various educational activities in the College (such as public lectures). As a College in the University of Cambridge the primary beneficiaries are academics and students of the University, all of whom need to meet high academic standards to be appointed or admitted and that requirement stands at the core of its nature. The College admits as students those who have the highest potential for benefiting from the education provided by the College and the University and recruits as academic staff those who are able to contribute most to the academic excellence of the College, regardless of their financial, social, religious or ethnic background.

Financial Review

During the year the College continued to pursue its charitable aims in delivering, in partnership with the University of Cambridge and as a constituent part of the collegiate university, a world-class education through individual or small-group teaching as well as pastoral, administrative and academic support. The College also provides social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their potential whilst studying at the College. The full cost of the College's educational provision last year was £4.66m of which £2.59m (55.6%) was received in fees and Cambridge Bursary Scheme funding and £2.07m (44.4%) derived from the College's endowment, which, in turn, depends for its significant long term growth on the generosity of benefactors.

Financial Results

Continued robust budget management has resulted in the College and subsidiary companies achieving a net surplus as set out in the Statement of Comprehensive Income and Expenditure Account on page 15.

Income before donations and new endowments rose by 0.9% in 2015/16. The main reason for the increase was accommodation and catering income from conferences increased from £501k to £677k.

Total expenditure increased by £296k (3.4%); after taking into account the £325k increase in the USS pension provision accounted for in the 2014/15 figures. Staff costs make up 47.5% of expenditure (2014/15: 46.0%) and rose by £262k making up the majority of the increase in expenditure (after taking into account the 2014/15 £325k increase in the USS pension provision). Most other costs rose in line with inflation.

NEWNHAM COLLEGE

Financial Statements

Year Ended 30 June 2016

Operating and Financial Review

Donations and new endowments

The College remains extremely grateful for the generous and loyal support of its alumnae. The traditional system of intensive teaching in small groups, backed by pastoral support, is inadequately supported by fee income (over which the College has almost no control) and requires a strong endowment to enable it to continue.

Donations and new endowments in 2015/16 of £10.24m include legacies of £9.27m (with a significant exceptional legacy of £6.63m and another legacy of £1.1m included within this). Philanthropic income and fundraising costs over the last five years were:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Legacies and Donations	2,993	1,449	1,398	1,810	10,240
Development office costs	262	208	266	285	279
Costs as a percentage of funds received	8.8%	14.4%	19.0%	15.7%	2.7%

2011/12 included a significant one-off donation of £1.1 million.

Capital Expenditure

After peaking in 2012/13 (£1,347k), expenditure on building projects (including staff costs) fell from £978k in 2014/15 to £724k in 2015/16.

In addition to the expenditure above, £270k on Grange Garden Flats and £50k on 3 Clare Road of costs were incurred in refurbishing these properties to enable them to be used as student accommodation from 2016/17 onwards.

The College incurred a further £532k of costs in preparation of the demolition of the existing Strachey and construction of the replacement building. At 30 June 2016, the £4,289k of capitalised costs on this project comprise legal, professional and construction costs of £2,112k and interest payable of £2,117k.

The guide-figure provided by the Royal Institute of Chartered Surveyors for prudent levels of spending to maintain historic buildings (1.8% of reinstatement costs) would indicate annual spending of £1.8m. Taking into account the College's recent high levels of capital spending on new buildings and refurbishment of property it is believed that the College is meeting that guide level over the medium to long term.

Endowment and investment performance

The market value of the investment portfolio at 30 June 2016 was £84.5 million including commercial property, invested in equities and private equities (69%), fixed interest and bonds (4%), property (17%) and unquoted securities and cash (10%). At the end of June 2016 the College distributed 3.50% of the value of the portfolio average from June 2009 to June 2016 (2014/15: 3.50%), as set out below:

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Investment Assets	60.1	66.9	70.7	78.5	84.5
Actual net income	0.3	0.6	0.7	0.8	0.9
Gains / (losses)	0.3	7.5	5.0	10.8	2.2
Total Return	0.6	8.1	5.7	11.6	3.1
Endowment distribution	1.9	1.9	2.2	2.2	2.3
As a percentage of investment assets valued at year-end	3.2%	2.8%	3.1%	2.8%	2.7%

NEWNHAM COLLEGE

Financial Statements

Year Ended 30 June 2016

Operating and Financial Review

The College's commercial property assets increased from £14.1m to £14.4m due to the capitalisation of costs in improving properties (£320k). These holdings yielded rental income of £349k in 2015/16 (2014/15: £389k).

Ethical Investment Policy and Investment Strategy

The College's Ethical Investment Policy states:

The College keeps under regular review the ethical investment of its funds. In line with the findings in the Harries case (Bishop of Oxford v. Church Commissioners, 1992) the overriding principle guiding the College's investments (though not the only one) is the financial return of the portfolio, and in principle we avoid investments in areas which are contrary to the College's Charitable purposes. Those companies or shares likely to be excluded would be those whose activities violate human rights, may harm the environment, or are otherwise contrary to the charitable objectives of the College. The College has appointed a firm of advisors which provides a range of pooled funds in which to invest. The Investment Committee is responsible for decisions on asset allocation but does not select individual stocks.

The College takes a long-term view of the investment portfolio and uses a total return basis for deciding on the appropriate amount to draw down each year. This is intended to protect the value of the investment portfolio in real terms and, as a result, to strike an equitable balance between the interests of the present members of the College and future generations. Any new bequests received during the year are added to unrestricted funds unless the donor has specified the use of the funds in some other way.

The securities portfolio is unitised so that the College is able to see the change in value attributable to the management of the portfolio as distinct from the nominal total value of the investment assets which is impacted both negatively by disposals and by capital expenditures, and also positively by additional capital received in bequests and donations. The College applies a 'spending rule' as part of a Total Return policy and, under this, income representing a percentage of a trailing averaged value of the portfolio excluding commercial property is taken to the Income and Expenditure account. The average was based on the previous five years from 2008/09 to 2010/11; from 2011/12 it was agreed to push this out to seven years starting from 2009 (a low point) and that will be the basis for further distributions until 2015/16. The percentage of the trailing average value taken to the Income and Expenditure account was 4.25% from 2008/09 to 2010/11. In 2011/12 it was reduced to 3.25% and 3.00% in 2012/13, increasing to 3.50% in 2013/14.

The reduction in drawdown is a result of the need to rebuild unit value subsequent to the financial crisis. The smoothing rule enabled the College to maintain the cash flow from the portfolio through the recent recession.

The average unit value is calculated from June 2009 to June 2016. In June 2009, at its low point, the actual unit value was £10.20 but by 30 June 2016 it had risen again to £14.29 (30 June 2015: £14.06). The 7 year trailing average increased from £11.70 at 30 June 2015 to £12.28 at 30 June 2016. At June 2016, after the transfer of the drawdown to the Income and Expenditure Account the actual value of investment securities was £70.1m (June 2015: £64.5m).

The College will continue to review its spending rule and its smoothing mechanisms during the course of 2016/17 to ensure that we remain in as good a position as possible with the continuing instability and variability expected in global financial markets.

NEWNHAM COLLEGE

Financial Statements

Year Ended 30 June 2016

Operating and Financial Review

Private Placement Bond

The College participated in two private placements during 2013/14. The first private placement of £11,580,000 is repayable in two tranches, of £6,433,333 on 30 October 2043 and £5,146,667 on 30 October 2053 and is subject to a fixed rate of interest of 4.40%. The second private placement of £7,000,000 is repayable on 31 January 2044 and is subject to a fixed rate of interest of 4.45%.

The proceeds of the issue are to fund the building of the replacement for the Strachey building accommodation and facilities. As a result of these building plans, the current Strachey building is subject to accelerated depreciation of £1,658k in 2015/16 (£1,703k in 2014/15), such that it is fully written down by 30 June 2016.

Pending application to the buildings project, the funds are invested with Partners Capital in a portfolio designed to have lower volatility than the long-term investment portfolio.

Reserves Policy

The College has total Capital and Reserves of £180.1m. Of this, £81.2m is the Revaluation Reserve which represents the value, in excess of cost, of the College's operational land and buildings. The operational buildings are used primarily for teaching and residential purposes and the long term loan of £4.7m (originally £6m) was used to help construct the kitchen and buttery. As mentioned above, the new private placement proceeds of £18.6m will be used to finance future additional accommodation and facilities in addition to a replacement for the Strachey building. Legacies and Gifts of almost £5m helped fund the Library project: these are held as Deferred Capital Donations (£4.3m) and released over the expected 100 year life of that building. Of the remaining reserves, £55.5m were restricted funds and £39.1m were unrestricted.

Almost all these funds were backed by long-term investments of £84.5m which the College regards as its true endowment since this supports the work of the College in providing income to pay to deliver high quality intensive higher education and supporting research.

Principal risks and uncertainties

The College maintains a strong system of financial and management controls. The detailed estimates for the year ahead and a rolling five year forecast are scrutinised by the Finance Committee prior to consideration and approval by the College Council each year. Monthly departmental management accounts are produced including comparison of budget with actual for each cost centre. Revised Forecasts of Outturn are produced mid-year to allow for an overall review of the progress of each year's finances. The College, through its senior management and committees reporting to the College Council, is active in identifying, reviewing and documenting its exposure to other major risks with a view to eliminating, reducing and/or controlling them. The College has also established an Audit Committee, chaired by the Vice-Principal, which includes within its remit management of risk and review of the College risk register.



Ms Jenny Raine
Bursar

11 November 2016

NEWNHAM COLLEGE

Financial Statements

Year Ended 30 June 2016

Responsibilities of the College Council

The College Council is responsible for preparing the financial statements each year in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Statement of Recommended Practice 'Accounting for Further and Higher Education Institutions', as interpreted by Recommended Cambridge College Accounts. The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period.

In accordance with the College's Statutes, the College Council is responsible for the administration and management of the College's affairs. It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept which disclose with reasonable accuracy at any time the financial position of the College. The Governing Body, which appoints the auditors, receives the audited financial statements from the Council.

In causing the financial statements to be prepared, the College Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The College Council is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The College Council has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud and other irregularities. Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

The College Council is responsible for the maintenance and integrity of the corporate and financial information included on the College's web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NEWNHAM COLLEGE

Year Ended 30 June 2016

Auditors' Report to the College Council and Governing Body of Newnham College

We have audited the financial statements of Newnham College for the year ended 30th 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 related notes. The financial reporting frame work 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 as the body of trustees, and the Governing Body in accordance with College Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College Council and Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College, the Governing Body and the College Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees College Council and auditors

As explained more fully in the College Council's Responsibility Statement set out on page 9 the College Council is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion

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

Matters on which we are required to report by exception

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

- The information given in the College Council's Annual report is inconsistent in any material respect with the financial statements; or
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.



28 November 2016

Prentis & Co LLP
Chartered Accountants and Statutory Auditors
115c Milton Road
Cambridge CB4 1XE

Prentis & Co LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

NEWNHAM COLLEGE

Year Ended 30 June 2016

Statement of Principal Accounting Policies

Basis of preparation

These 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 Consolidated 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 7.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Inter-group balances are eliminated on consolidation. The activities of student societies have not been consolidated.

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

Grant income received from non-government sources are recognised with the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income and performance 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.

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.

NEWNHAM COLLEGE

Year Ended 30 June 2016

Statement of Principal Accounting Policies - continued

Investment income and change in value of investment assets

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

Total return

From 1st July 2007 a total return policy has been applied in relation to the College's investment in securities. Under this policy 4.25% of the trailing 5 year quarterly average values of the investments was taken to the Income and Expenditure Account in the years 2008/09 to 2010/11. For 2011/12, 3.25% of the trailing quarterly average values from the 2009 low point has been taken to the Income and Expenditure Account; this figure reduced to 3.00% for 2012/13 and increased to 3.50% for 2013/14 and 2014/15. The remainder of the change in value of the investments is shown in the Consolidated Statement of Comprehensive Income and Expenditure.

Other income

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

Pension schemes

The College participates in the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). The schemes are both defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities of individual institutions due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

The assets and liabilities of the CCFPS are held separately. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

Tangible fixed assets

a. Land and buildings

The buildings on the College's main site have been treated as tangible fixed assets and valued on the basis of their depreciated replacement cost. The valuation on 30 June 2011 was carried out by Carter Jonas, Chartered Surveyors, with a subsequent 'desktop' valuation at 30 June 2015. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 100 years, except the Strachey building which is due for demolition in 2016, to be replaced by a new building, so depreciation has been accelerated to reflect its specific useful life. Properties are re-lifed on revaluation. Freehold land is not depreciated and the value of the land comprising the College's main site is included in the balance sheet.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

NEWNHAM COLLEGE

Year Ended 30 June 2016

Statement of Principal Accounting Policies - continued

Finance costs which are directly attributable to the construction of buildings are capitalised as part of the cost of those assets.

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 architects' certificates and other direct costs incurred to the Balance Sheet date. They are not depreciated until they are brought into use.

b. Maintenance of properties

The cost of routine maintenance is charged to the Consolidated Statement of Comprehensive Income and Expenditure as it is incurred. The College also set aside sums to meet major maintenance costs which occur on an irregular basis.

c. Furniture and equipment

Furniture and equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Books, furniture and fittings	5% and 10% per annum
Catering heating and ventilation equipment	5% per annum
Major computer software	10% per annum
Computer equipment	25% per annum

d. Heritage Assets

The College holds and conserves a number of collections, artefacts and other assets of historical, artistic or scientific interest. Heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 July 1999 have been capitalised at costs or, in the case of donated assets, at expert valuation on receipt, to the extent to which they are material. Heritage assets have not been depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Investments

Fixed asset and short-term 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. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Stocks

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

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, when it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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 related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of the comprehensive income and expenditure for the financial year.

NEWNHAM COLLEGE

Year Ended 30 June 2016

Statement of Principal Accounting Policies - continued

Taxation

The College is a registered charity (number 1135712) and also a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G,II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The liability for the year is 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.

Contingent liabilities and assets

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence of otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Reserves

Reserves are allocated between restricted and unrestricted reserves. Endowment reserves include balances which, in respect of endowment to the College, are held as permanent funds, which the College must hold to perpetuity.

Restricted reserves include balances in respect of which the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

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 FRS102, 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 26.

NEWNHAM COLLEGE

Consolidated Statement of Comprehensive Income and Expenditure
Year Ended 30 June 2016

		2015/16				2014/15			
		Unrestricted £	Restricted £	Endowment £	Total £	Unrestricted £	Restricted £	Endowment £	Total £
Income	Note								
Academic fees and charges	1	2,593,832			2,593,832	2,590,620			2,590,620
Residences, catering, and conferences	2	3,889,430			3,889,430	3,752,932			3,752,932
Investment income	3	360,293			360,293	396,457			396,457
Endowment return transferred	3	993,346	976,070	(1,969,416)	-	733,572	1,081,302	(1,814,874)	-
Other income		212,636			212,636	252,514			252,514
Total Income before donations and endowments		8,049,537	976,070	(1,969,416)	7,056,191	7,726,095	1,081,302	(1,814,874)	6,992,523
Donations	4	8,891,429	391,547		9,282,976	562,731	405,241		967,972
New endowments	4	-		1,008,043	1,008,043			893,035	893,035
Total income		16,940,966	1,367,617	(961,373)	17,347,210	8,288,826	1,486,543	(921,839)	8,853,530
Expenditure									
Education	5	3,540,030	1,122,517		4,662,547	3,505,611	1,015,827		4,521,438
Residences, catering, and conferences	6	3,651,161			3,651,161	3,456,895			3,456,895
Other expenditure	7	259,491			259,491	621,953			621,953
Loan interest payable		253,021			253,021	261,769			261,769
Contribution to Colleges Fund Under Statute G,II		37,000			37,000	30,000			30,000
Total Expenditure		7,740,703	1,122,517	-	8,863,220	7,876,228	1,015,827	-	8,892,055
Surplus/(deficit) before other gains and losses		9,200,263	245,100	(961,373)	8,483,990	412,598	470,716	(921,839)	(38,525)
Gain/(loss) on investments		137,661	126,096	2,460,979	2,724,736	4,886,025	732,251	5,558,505	11,176,781
Surplus before tax		9,337,924	371,196	1,499,606	11,208,726	5,298,623	1,202,967	4,636,666	11,138,256
Taxation		(7)			(7)				-
Surplus for the year		9,337,917	371,196	1,499,606	11,208,719	5,298,623	1,202,967	4,636,666	11,138,256
Other comprehensive income									
Unrealised surplus/(deficit) on revaluation of fixed assets		(1,657,777)			(1,657,777)	2,970,270			2,970,270
Actuarial gain/(loss) in respect of pension schemes		151,390			151,390	293,779			293,779
Total comprehensive income for the year		7,831,530	371,196	1,499,606	9,702,332	8,562,672	1,202,967	4,636,666	14,402,305

All items of income and expenditure relate to continuing operations.

The notes on pages 19 to 32 form part of these accounts.

NEWNHAM COLLEGE

Statement of Changes in Reserves

Year Ended 30 June 2016

Consolidated

	Income and expenditure reserve			Revaluation	Total
	Unrestricted	Restricted	Endowment	reserve	
	£	£	£	£	£
At 30 June 2015	33,919,851	7,673,490	46,000,030	82,851,763	170,445,134
Surplus/(deficit) from income and expenditure statement	9,337,917	371,196	1,499,606		11,208,719
Other comprehensive income	151,390			(1,657,777)	(1,506,387)
At 30 June 2016	43,409,158	8,044,686	47,499,636	81,193,986	180,147,466
At 30 June 2014	28,327,449	6,470,523	41,363,364	79,881,493	156,042,829
Surplus/(deficit) from income and expenditure statement	5,298,623	1,202,967	4,636,666		11,138,256
Other comprehensive income	293,779			2,970,270	3,264,049
At 30 June 2015	33,919,851	7,673,490	46,000,030	82,851,763	170,445,134

College

	Income and expenditure reserve			Revaluation	Total
	Unrestricted	Restricted	Endowment	reserve	
	£	£	£	£	£
At 30 June 2015	33,777,884	7,673,490	46,000,030	82,851,763	170,303,167
Surplus/(deficit) from income and expenditure statement	9,303,846	371,196	1,499,606		11,174,648
Other comprehensive income	151,390			(1,657,777)	(1,506,387)
At 30 June 2016	43,233,120	8,044,686	47,499,636	81,193,986	179,971,428
At 30 June 2014	27,978,319	6,470,523	41,363,364	79,881,493	155,693,699
Surplus/(deficit) from income and expenditure statement	5,505,786	1,202,967	4,636,666		11,345,419
Other comprehensive income	293,779			2,970,270	3,264,049
At 30 June 2015	33,777,884	7,673,490	46,000,030	82,851,763	170,303,167

NEWNHAM COLLEGE

Consolidated and College Balance Sheets

At 30 June 2016

		2016		2015	
	Note	Consolidated £	College £	Consolidated £	College £
Non-current assets					
Fixed assets	9	94,878,839	94,641,476	94,703,539	94,460,599
Investments	10	84,477,565	84,857,571	78,529,599	78,909,605
		<u>179,356,404</u>	<u>179,499,047</u>	<u>173,233,138</u>	<u>173,370,204</u>
Current assets					
Short-term investments	11	17,574,410	17,574,410	21,050,620	21,050,620
Stocks	12	152,398	152,398	175,816	156,828
Trade and other receivables	13	7,562,288	7,523,708	510,598	487,779
Cash and cash equivalents	14	1,813,727	1,762,322	1,786,397	1,769,008
		<u>27,102,823</u>	<u>27,012,838</u>	<u>23,523,431</u>	<u>23,464,235</u>
Creditors: amounts falling due within one year	15	(1,643,766)	(1,872,464)	(1,311,457)	(1,531,294)
Net current assets		<u>25,459,057</u>	<u>25,140,374</u>	<u>22,211,974</u>	<u>21,932,941</u>
Total assets less current liabilities		<u>204,815,461</u>	<u>204,639,421</u>	<u>195,445,112</u>	<u>195,303,145</u>
Creditors: amounts falling due in more than one year	16	(23,044,689)	(23,044,689)	(23,231,511)	(23,231,511)
Provisions					
Pension provisions	17	(1,623,305)	(1,623,305)	(1,768,467)	(1,768,467)
Total net assets		<u><u>180,147,467</u></u>	<u><u>179,971,427</u></u>	<u><u>170,445,134</u></u>	<u><u>170,303,167</u></u>
Restricted reserves					
Income and expenditure reserve - endowment reserve	18	47,499,636	47,499,636	46,000,030	46,000,030
Income and expenditure reserve - restricted reserve	19	8,044,686	8,044,686	7,673,490	7,673,490
		<u><u>55,544,322</u></u>	<u><u>55,544,322</u></u>	<u><u>53,673,520</u></u>	<u><u>53,673,520</u></u>
Unrestricted reserves					
Income and expenditure reserve - unrestricted		43,409,159	43,233,119	33,919,851	33,777,884
Revaluation reserve		81,193,986	81,193,986	82,851,763	82,851,763
		<u><u>124,603,145</u></u>	<u><u>124,427,105</u></u>	<u><u>116,771,614</u></u>	<u><u>116,629,647</u></u>
Total Reserves		<u><u>180,147,467</u></u>	<u><u>179,971,427</u></u>	<u><u>170,445,134</u></u>	<u><u>170,303,167</u></u>

These financial statements were approved by Newnham College Council on 11 November 2016 and were signed on its behalf on that date by:

Professor Dame Carol Black (Principal)



Ms Jenny Raine (Bursar)



NEWNHAM COLLEGE

Consolidated Cash Flow Statement

Year Ended 30 June 2016

		2015/16	2014/15
	Note	£	£
Net cash inflow from operating activities	20	3,601,993	1,767,857
Total cash flows from investing activities	21	(3,140,950)	(443,806)
Total cash flows from financing activities	22	(433,712)	(434,554)
Increase/(decrease) in cash and cash equivalents in the year		<u>27,330</u>	<u>889,497</u>
Cash and cash equivalents at beginning of the year		1,786,397	896,900
Cash and cash equivalents at end of the year		<u>1,813,727</u>	<u>1,786,397</u>

NEWNHAM COLLEGE

Notes to the Accounts (consolidated)

Year Ended 30 June 2016

1. ACADEMIC FEES AND CHARGES		2015/16	2014/15
		£	£
College fees:			
Fee Income received at the Regulated Undergraduate rate, per Capita Fee			
2015/16 £4,308 (old regime), £4,500 (new regime);			
2014/15 £4,185 (old regime), £4,500 (new regime)		1,300,226	1,278,954
Fee Income received at the Unregulated Undergraduate rate, per Capita Fee			
2015/16 £7,372; 2014/15 £7,020		378,548	414,081
Graduate Fee Income, per Capita Fee 2015/16 £2,961; 2014/15 £2,547		615,526	619,474
		<hr/>	<hr/>
		2,294,300	2,312,509
Teaching Grants		13,000	22,375
Recoveries from other Colleges		115,299	82,629
Other Fees and Charges including Cambridge Bursary Scheme		171,233	173,107
		<hr/>	<hr/>
Total		2,593,832	2,590,620
		<hr/>	<hr/>
2. INCOME FROM RESIDENCES, CATERING, AND CONFERENCES		2015/16	2014/15
		£	£
Accommodation	College Members	2,326,287	2,337,867
	Conferences	340,132	254,638
Catering	College Members	886,427	914,071
	Conferences	336,584	246,356
		<hr/>	<hr/>
Total		3,889,430	3,752,932
		<hr/>	<hr/>
3. ENDOWMENT RETURN AND INVESTMENT INCOME		2015/16	2014/15
		£	£
Investment Income			
Income from:			
Freehold Land and Buildings		348,759	387,910
Quoted and other Securities and cash		11,534	8,547
		<hr/>	<hr/>
		360,293	396,457
		<hr/>	<hr/>
Gains / (Losses) on Investment Assets			
Freehold Land and Buildings		-	-
Non-current assets investments		3,077,896	8,877,125
Short-term investments		(353,160)	2,299,656
		<hr/>	<hr/>
Total Return for the year		2,724,736	11,176,781
		<hr/>	<hr/>
Transfer to income and expenditure reserve		(1,969,416)	(1,814,874)
		<hr/>	<hr/>
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure		755,320	9,361,907
		<hr/>	<hr/>
4. Donations, legacies and new endowments		2015/16	2014/15
		Total	Total
		£	£
Unrestricted donations		8,840,429	511,731
Release from deferred capital grants		51,000	51,000
Restricted donations		391,547	405,241
New endowments		1,008,043	893,035
		<hr/>	<hr/>
		10,291,019	1,861,007
		<hr/>	<hr/>

NEWNHAM COLLEGE

Notes to the Accounts - continued

5. EDUCATION EXPENDITURE	2015/16 £	2014/15 £
Teaching	2,018,666	1,975,924
Tutorial	775,881	742,452
Admissions	865,567	873,806
Research	425,195	356,290
Scholarships and awards	354,411	356,979
Other educational facilities	222,827	215,987
Total	4,662,547	4,521,438

6. RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE	2015/16 £	2014/15 £
Accommodation		
College Members	2,244,532	2,125,884
Conferences	102,040	76,391
Catering		
College Members	1,001,663	1,032,900
Conferences	302,926	221,720
Total	3,651,161	3,456,895

7a. ANALYSIS OF 2015/16 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 8) £	Other Operating Expenses £	Depreciation £	2015/16 Total £
Education (Note 5)	2,414,565	2,037,128	210,854	4,662,547
Residences, Catering & Conferences (Note 6)	1,677,997	1,528,026	445,138	3,651,161
Other	114,092	132,011	13,388	259,491
Loan interest payable		253,021		253,021
Contribution to Colleges Fund Under Statute G, II		37,000		37,000
	4,206,654	3,987,186	669,380	8,863,220

7b. ANALYSIS OF 2014/15 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 8) £	Other Operating Expenses £	Depreciation £	2014/15 Total £
Education (Note 5)	2,304,725	2,013,994	202,719	4,521,438
Residences, Catering & Conferences (Note 6)	1,536,743	1,492,189	427,963	3,456,895
Other	427,418	181,664	12,871	621,953
Loan interest payable		261,769		261,769
Contribution to Colleges Fund Under Statute G, II		30,000		30,000
	4,268,886	3,979,616	643,553	8,892,055

7c. ANALYSIS OF EXPENDITURE

	2015/16 £	2014/15 £
Other operating expenses include		
Audit fee payable to the College's external auditors	13,515	13,947
Other fees payable to the College's external auditors	-	-
Cost of fundraising	278,841	285,437
Investment management costs - commercial property	27,675	18,019
Investment management costs - Securities & Cash	102,717	259,432

NEWNHAM COLLEGE

Notes to the Accounts - continued

8. STAFF COSTS

	College		Non -		
	Fellows	Academics	Academics	Total	Total
	2015/16	2015/16	2015/16	2015/16	2014/15
	£	£	£	£	£
Staff Costs					
Emoluments	503,447	342,969	2,639,697	3,486,113	3,317,018
Social security costs	28,417	5,982	174,431	208,830	185,309
Other pension costs	73,989	16,258	421,464	511,711	766,559
	605,853	365,209	3,235,592	4,206,654	4,268,886

No officer or employee of the College, including the Head of House, received emoluments exceeding £100,000

Average Staff Numbers

Academic	44	5	-	49	50
Non-Academics	-	-	87	87	90
	44	5	87	136	140

Fellows - full time stipendary	8
Fellows - part time stipendary	35
Fellows - non-stipendary	16

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. The key management personnel of the College are the Principal, Vice-Principal, Senior Tutor and Bursar.

Staff costs include compensation paid to key management personnel.

	2015/16 £000	2014/15 £000
Key management personnel	140	157

The total remuneration for persons who served as Trustees (as members of the College Council) in 2015/16 was £334k (2014/15: £362k).

NEWNHAM COLLEGE

Notes to the Accounts - continued

9. FIXED ASSETS

	College Land £	College Buildings £	Assets in Construction £	Furniture & Equipment £	2015/16 Total £	2014/15 Total £
Consolidated						
Cost or valuation						
At 30 June 2015	37,940,000	56,910,000	1,822,409	1,810,043	98,482,452	92,897,843
Additions	-	-	2,465,777	36,680	2,502,457	1,476,202
Disposals	-	-	-	(2,670)	(2,670)	(19,245)
Revaluation during the year	-	-	-	-	-	4,127,652
At 30 June 2016	37,940,000	56,910,000	4,288,186	1,844,053	100,982,239	98,482,452
Depreciation						
At 30 June 2015	-	2,780,203	-	998,710	3,778,913	1,997,233
Provided for the year	-	2,226,877	-	100,280	2,327,157	2,346,148
Disposals	-	-	-	(2,670)	(2,670)	(19,245)
Written back on revaluation	-	-	-	-	-	(545,223)
At 30 June 2016	-	5,007,080	-	1,096,320	6,103,400	3,778,913
Net Book value						
At 30 June 2016	37,940,000	51,902,920	4,288,186	747,733	94,878,839	94,703,539
At 30 June 2015	37,940,000	54,129,797	1,822,409	811,333	94,703,539	90,900,610
College						
Cost or valuation						
At 30 June 2015	37,940,000	56,910,000	1,822,409	1,231,985	97,904,394	92,324,911
Additions	-	-	2,465,777	14,570	2,480,347	1,451,831
Disposals	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	4,127,652
At 30 June 2016	37,940,000	56,910,000	4,288,186	1,246,555	100,384,741	97,904,394
Depreciation						
At 30 June 2015	-	2,780,203	-	663,592	3,443,795	1,670,054
Provided for the year	-	2,226,877	-	72,593	2,299,470	2,318,964
Disposals	-	-	-	-	-	-
Written back on revaluation	-	-	-	-	-	(545,223)
At 30 June 2016	-	5,007,080	-	736,185	5,743,265	3,443,795
Net Book value						
At 30 June 2016	37,940,000	51,902,920	4,288,186	510,370	94,641,476	94,460,599
At 30 June 2015	37,940,000	54,129,797	1,822,409	568,393	94,460,599	90,654,857

An interim desktop valuation of College buildings was carried out by Carter Jonas, Chartered Surveyors at 30th June 2015 on the basis of market value for existing use, plus current gross replacement costs of improvements, less allowance for physical deterioration and obsolescence.

The amount of finance cost capitalised during 2015/16 was £821k (2014/15 £753K). The freehold College buildings at 30 June 2016 were insured at reinstatement costs of £105.0m.

NEWNHAM COLLEGE

Notes to the Accounts - continued

10. INVESTMENTS

		Consolidated 2015/16 £	College £	Consolidated 2014/15 £	College £
At 30 June 2015		78,529,599	78,909,605	70,660,923	71,040,929
Additions		3,420,000	3,420,000	178,097	178,097
Disposals		(18,750)	(18,750)	(730,000)	(730,000)
Gain/(loss)		2,546,716	2,546,716	8,420,579	8,420,579
At 30 June 2016		84,477,565	84,857,571	78,529,599	78,909,605
Related to:	Fixed Assets	27,159,581	27,539,587	23,161,217	23,541,223
	Endowment	57,317,984	57,317,984	55,368,382	55,368,382
		84,477,565	84,857,571	78,529,599	78,909,605
Represented by:					
Estate Properties		14,365,300	14,365,300	14,064,050	14,064,050
Quoted Securities - Equities		57,917,933	57,917,933	52,073,101	52,073,101
Quoted Securities - Fixed Interest		3,680,066	3,680,066	3,269,284	3,269,284
Unquoted		8,271,553	8,271,553	7,706,349	7,706,349
Cash Held For Reinvestment		242,713	242,713	1,416,815	1,416,815
Investment in Subsidiary Companies			380,006		380,006
		84,477,565	84,857,571	78,529,599	78,909,605

The valuation of the investment properties was carried out by Carter Jonas, Chartered Surveyors at 30 June 2015 at market value. The stock exchange investments were valued at mid-market price at the Balance Sheet dates.

11. SHORT-TERM INVESTMENTS

		Consolidated 2015/16 £	College £	Consolidated 2014/15 £	College £
At 30 June 2015		21,050,620	21,050,620	19,627,914	19,627,914
Additions		-	-	-	-
Disposals		(3,123,050)	(3,123,050)	(876,950)	(876,950)
Gain/(loss)		(353,160)	(353,160)	2,299,656	2,299,656
At 30 June 2016		17,574,410	17,574,410	21,050,620	21,050,620
The College has invested the proceeds of the private placement in a lower-risk investment portfolio pending drawdown of the funds to finance the building of new accommodation and facilities at the College.					
Represented by:					
Quoted Securities - Equities		-	-	15,163,672	15,163,672
Quoted Securities - Fixed Interest		-	-	2,088,870	2,088,870
Cash Held For Reinvestment		17,574,410	17,574,410	3,798,078	3,798,078
		17,574,410	17,574,410	21,050,620	21,050,620

NEWNHAM COLLEGE

Notes to the Accounts - continued

12. STOCKS AND WORK IN PROGRESS

	Consolidated 2015/16 £	College £	Consolidated 2014/15 £	College £
Food and Drink	14,952	14,952	20,109	20,109
Wine	107,115	107,115	123,013	123,013
Cleaning Materials and Other	30,331	30,331	32,694	13,706
	152,398	152,398	175,816	156,828

13. TRADE AND OTHER RECEIVABLES

	Consolidated 2015/16 £	College £	Consolidated 2014/15 £	College £
Taxes and legal fees due from Government Departments	31,918	22,852	112,919	103,838
Grants receivable	-	-	4,375	4,375
Due from subsidiary undertakings	-	3,949	-	25,250
Other receivables	154,875	154,875	168,872	132,838
Prepayments and accrued income	7,375,495	7,342,032	224,432	221,478
	7,562,288	7,523,708	510,598	487,779

14. CASH AND CASH EQUIVALENTS

	Consolidated 2015/16 £	College £	Consolidated 2014/15 £	College £
Current accounts	1,812,545	1,761,190	1,784,777	1,767,438
Cash in hand	1,182	1,132	1,620	1,570
	1,813,727	1,762,322	1,786,397	1,769,008

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated 2015/16 £	College £	Consolidated 2014/15 £	College £
Trade creditors	535,313	535,313	236,283	236,283
Loan repayments of capital	189,000	189,000	182,869	182,869
Contribution to Colleges Fund	37,000	37,000	30,000	30,000
Due to subsidiary undertakings	-	379,430	-	341,838
Taxes and social security costs	88,323	88,323	83,295	83,295
Student deposits and accounts	261,084	261,084	237,005	237,005
Accruals and deferred income	533,046	382,314	542,005	420,004
	1,643,766	1,872,464	1,311,457	1,531,294

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

	Consolidated 2015/16 £	College £	Consolidated 2014/15 £	College £
Bank Loan	4,464,689	4,464,689	4,651,511	4,651,511
Private Placement Liabilities - Tranche One	11,580,000	11,580,000	11,580,000	11,580,000
Private Placement Liabilities - Tranche Two	7,000,000	7,000,000	7,000,000	7,000,000
	23,044,689	23,044,689	23,231,511	23,231,511

The bank loan is secured on certain College freehold properties and is subject to interest fixed under a swap agreement at 5.24% for 25 years from 2007. Repayments commenced in 2007 and will be made over the 25 years to June 2032.

The first private placement of £11,580,000 is repayable in two tranches, of £6,433,333 on 30 October 2043 and £5,146,667 on 30 October 2053 and is subject to a fixed rate of interest of 4.40%.

The second private placement of £7,000,000 is repayable on 31 January 2044 and is subject to a fixed rate of interest of 4.45%.

NEWNHAM COLLEGE

Notes to the Accounts - continued

17. PENSION PROVISIONS

	Consolidated 2015/16 £	College £	Consolidated 2014/15 £	College £
At 30 June 2015	1,768,467	1,768,467	1,765,438	1,765,438
Movement in year:				
Current service cost including life assurance	144,075	144,075	124,543	124,543
Contributions	(137,847)	(137,847)	(146,783)	(146,783)
Other finance (income)/cost	-	-	(5,952)	(5,952)
USS Pension provision adjustment			325,000	325,000
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	(151,390)	(151,390)	(293,779)	(293,779)
At 30 June 2016	1,623,305	1,623,305	1,768,467	1,768,467

18. ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £	Unrestricted permanent endowments £	Total 2015/16 £	Total 2014/15 £
College and consolidated				
At 30 June 2015	25,643,662	20,356,368	46,000,030	41,363,365
New donations and endowments	1,008,043	-	1,008,043	893,035
Investment income	-	121,548	121,548	92,689
Expenditure	-	(121,548)	(121,548)	(92,689)
Increase/(decrease) in market value of investments	426,000	65,563	491,563	3,743,630
At 30 June 2016	27,077,705	20,421,931	47,499,636	46,000,030

Analysis by type of purpose:

Fellowship Funds	7,809,396	7,565,927
Scholarship Funds	4,014,139	3,914,870
Prize Funds	286,192	273,590
Hardship Funds	2,518,465	2,455,009
Research Funds	10,246,768	10,061,471
Book Funds	660,251	647,635
Other Funds	1,542,494	725,160
General Endowments	20,421,931	20,356,368
	47,499,636	46,000,030

NEWNHAM COLLEGE

Notes to the Accounts - continued

19. RESTRICTED RESERVES

Reserves with restrictions are as follows:

College and consolidated

	Restricted funds / donations £	Total 2015/16 £	Total 2014/15 £
At 30 June 2015	7,673,490	7,673,490	6,470,523
New grants and donations	391,547	391,547	405,241
Investment income	976,070	976,070	1,081,302
Expenditure	(1,122,517)	(1,122,517)	(1,015,827)
Increase/(decrease) in market value of investments	126,096	126,096	732,251
At 30 June 2016	8,044,686	8,044,686	7,673,490

Analysis by type of purpose:

Fellowship Funds	1,331,704	1,211,243
Scholarship Funds	1,537,911	1,529,730
Prize Funds	111,626	102,544
Hardship Funds	2,943,042	2,839,055
Research Funds	230,386	243,322
Book Funds	1,218,231	1,154,935
Other Funds	671,786	592,661
General Endowments	-	-
	8,044,686	7,673,490

NEWNHAM COLLEGE

Notes to the Accounts - continued

20. RECONCILIATION OF CONSOLIDATED SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015/16 £	2014/15 £
Surplus/(deficit) for the year	11,208,726	11,138,256
Adjustment for non-cash items		
Depreciation and movements to Revaluation Reserve	669,380	1,800,925
Loss/(gain) on endowments, donations and investment property	(2,193,562)	(11,877,610)
Decrease/(increase) in stocks	23,418	8,278
Decrease/(increase) in trade and other receivables	(7,051,690)	(155,804)
Increase/(decrease) in creditors	326,178	(101,222)
Increase/(decrease) in provisions	(145,162)	3,029
Pension costs less contributions payable	151,390	293,779
Adjustment for investing or financing activities		
Investment income receivable	360,293	396,457
Interest payable	253,021	261,769
Net cash inflow from operating activities	3,601,993	1,767,857

21. CASH FLOWS FROM INVESTING ACTIVITIES

	2015/16 £	2014/15 £
Non-current investment disposal	18,750	730,000
Investment income received	(360,293)	(396,457)
Endowment funds invested	(3,420,000)	(178,097)
Withdrawal of deposits	3,123,050	876,950
Payments made to acquire non-current assets	(2,502,457)	(1,476,202)
Total cash flows from investing activities	(3,140,950)	(443,806)

22. CASH FLOWS FROM FINANCING ACTIVITIES

	2015/16 £	2014/15 £
Interest paid	(253,021)	(261,769)
Repayments of amounts borrowed	(180,691)	(172,785)
Total cash flows from financing activities	(433,712)	(434,554)

NEWNHAM COLLEGE

Notes to the Accounts - continued

23. RELATED PARTY TRANSACTIONS

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

24. SUBSIDIARY UNDERTAKINGS

The subsidiary companies (all of which are registered in England & Wales), wholly -owned by the College, are as follows:

Company	Principal Activity
Newnham College Library Company Ltd	Provision of library services
Newnham College Management Ltd	Provision of maintenance and construction projects
Newnham College Ltd	Provision of College related memorabilia

25. FINANCIAL COMMITMENTS

At 30 June 2016 and 30 June 2015 the College had no annual commitments under non-cancellable operating leases. The College has committed to investing in various private equity funds over approximately the next three years as at June 2016. A total of £1.1m (2015: £1.28m) may be called up for investment at any point during that period, but this is not a liability, it would be a reclassification of College investments.

26. TRANSITION TO 2015 RCCA

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2016, the comparative information presented in these financial statements for the year ended 30 June 2015 and in the preparation of an opening FRS 102 Statement of Financial position at 1 August 2014.

In preparing its FRS102, SORP based Statement of Financial Position, the College has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS102 and the SORP has affected the College's financial position, financial performance and cash flows is set out in the following tables.

Financial position	Consolidated 1 August 2014 £	College £	Consolidated 31 July 2015 £	College £
Total reserves under 2007 SORP	156,451,793	156,138,699	171,179,100	171,073,167
USS pension provision	(325,000)	(325,000)	(650,000)	(650,000)
Employee leave accrual	(120,000)	(120,000)	(120,000)	(120,000)
Consolidation adjustment	36,034		36,034	
Total effect of transition to FRS 102	(408,966)	(445,000)	(733,966)	(770,000)
Total reserves under 2015 SORP	156,042,827	155,693,699	170,445,134	170,303,167
Financial performance			Consolidated 2014/15 £	College £
Surplus for the year under 2007 SORP			81,646	288,809
Appreciation of Investment Assets			9,361,907	9,361,907
Revaluation of College Property			2,970,270	2,970,270
Actuarial loss on pension schemes			293,779	293,779
USS pension provision increase			(325,000)	(325,000)
Benefactions and donations			1,426,586	1,426,586
Transfers between Restricted and Unrestricted Funds			593,117	593,117
Total effect of transition to FRS 102			14,320,659	14,320,659
Total comprehensive income for the year under 2015 SORP			14,402,305	14,609,468

NEWNHAM COLLEGE

Notes to the Accounts - continued

27 PENSION SCHEMES

(a) Cambridge Colleges Federated Pension Scheme

The College participates in a multi-employer defined benefit plan, the Cambridge Colleges' Federated Pension Scheme. At 30 June 2016 Newnham College had 7 active members participating in the plan.

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 under FRS102 and taking 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 % p.a.	2015 % p.a.
Discount rate	2.8	3.70
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 aged 65 now has life expectancy of 21.9 years (previously 22.3 years)
- Female aged 65 now has life expectancy of 23.9 years (previously 24.4 years)
- Male aged 45 now and retiring in 20 years has a life expectancy at 65 of 23.2 years (previously 23.6 years)
- Female aged 45 now and retiring in 20 years has a life expectancy at 65 of 25.4 years (previously 25.9 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 £
Present value of plan liabilities	(5,296,200)	(4,922,972)
Market value of plan assets	4,322,895	3,804,505
Net defined benefit asset/(liability)	(973,305)	(1,118,467)

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

	2016 £	2015 £
Current service cost	102,361	124,543
Interest on net defined benefit (asset)/liability	41,714	60,889
(Gain)/loss on plan changes	-	-
Curtailment (gain)/loss	-	-
Total	144,075	185,432

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

	2016 £	2015 £
Present value of plan liabilities at the beginning of the year	4,922,972	4,849,159
Current service cost (including Employee contributions)	104,119	126,234
Benefits paid	(282,203)	(213,495)
Interest on plan liabilities	178,795	201,655
Actuarial (gains)/losses	372,517	(40,581)
(Gain)/loss on plan changes	-	-
Curtailment (gain)/loss	-	-
Present value of plan liabilities at the end of the year	5,296,200	4,922,972

NEWNHAM COLLEGE

Notes to the Accounts - continued

27 PENSION SCHEMES

(a) Cambridge Colleges Federated Pension Scheme

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 the beginning of the year	3,804,505	3,408,721
Contributions paid by the College (including employee salary exchange)	137,847	146,783
Employee contributions (excluding paid by salary exchange)	1,758	1,691
Benefits paid	(282,203)	(213,495)
Interest on plan assets	137,081	140,766
Return on assets, less interest included in Income and Expenditure	523,907	320,039
Market value of plan assets at the end of the year	4,322,895	3,804,505
Actual return on plan assets	660,988	460,805

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 and 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.

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

	2016 £	2015 £
Actual return less expected return on plan assets	523,907	320,039
Experience gains and losses arising on plan liabilities	2,622	217,354
Changes in assumptions underlying the present value of plan liabilities	(375,139)	(176,773)
Actuarial gain/(loss) recognised in OCI	151,390	360,620

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

	2016 £	2015 £
Surplus/(deficit) in plan at beginning of year	(1,118,467)	(1,440,438)
Recognised in Income and Expenditure	(144,075)	(185,432)
Contributions paid by the College	137,847	146,783
Actuarial gain/(loss) recognised in OCI	151,390	360,620
Surplus/(deficit) in plan at end of year	(973,305)	(1,118,467)

Funding Policy

Funding valuations are carried out every three years on behalf of the Management Committee, acting as Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the funding valuation are different to those adopted under FRS102.

The last such valuation was as at 31 March 2014. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

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

Annual contributions of not less than £24,375 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.

NEWNHAM COLLEGE

Notes to the Accounts - continued

27. PENSION SCHEMES

(b) Universities Superannuation Scheme

The College participates in the University Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to the individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS102 "Employee 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 contributions payable to the scheme in respect of the accounting period. Since the College has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the College recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

The total cost charged to the income and expenditure account for the College and subsidiaries in 2015/16 is £387,835 (2014/15: £352,520).

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

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

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	N/A	3.5% in the first year and 4.0% thereafter
Pension increase (CPI)	2.2%	2.2%

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

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

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% p.a. long term rate were also adopted.

NEWNHAM COLLEGE

Notes to the Accounts - continued

27. PENSION SCHEMES

(b) Universities Superannuation Scheme

The current life expectancies on retirement at age 65 are:

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

	2016	2015
Existing benefits		
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS102 total scheme deficit	£8.5bn	£11.1bn
FRS102 total funding level	85%	82%