

Clare College, Cambridge

Financial statements
for the year ended 30 June 2016

Contents

Contents	Page
Contact Information and Advisors	2
Governing Body and Committees	3 - 4
Aims and Objectives of the College	5
Operating and Financial Review	6 - 10
Statement of Corporate Governance	11
Statement of Internal Control	12
Statement of Responsibilities of the Trustees of the College	13
Independent Auditors' Report to the Trustees of the College	14
Statement of Principal Accounting Policies	15 - 18
Consolidated Statement of Comprehensive Income and Expenditure	19
Consolidated Statement of Change in Reserves	20
Consolidated and College Balance Sheets	21
Consolidated Cash Flow Statement	22
Notes to the Financial Statements	23 - 33

Contact Information and Advisors

Address

Clare College
Trinity Lane
Cambridge CB2 1TL

Key officers

Master: Lord A S Grabiner
Senior Tutor: Dr J Tasioulas from 01.10.2016 (Dr P Fara to 30.09.2016)
Bursar: Mr P C Warren

Registered charity number

1137531

VAT number

125 4984 96

Professional advisors:

Independent auditors

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

Principal bankers

Barclays Bank plc
9-11 St Andrews Street
Cambridge CB2 3AA

Principal solicitors

Ashton KCJ LLP
Chequers House
77-81 Newmarket Road
Cambridge CB5 8EU

Property managers

Bidwells Property Consultants
Trumpington Road
Cambridge CB2 2LD

Principal investment managers

State Street Global Advisors
25 Bank Street
London E14 5LE

Governing Body and Committees

for the year ended 30 June 2016

Status

The College is a corporate body consisting of the Master, the Fellows and the Scholars of Clare College, Cambridge as provided by the College's charter in 1359 and Statutes that were updated in 2013. The College is a registered charity with registration number 1137531 and registered office at Trinity Lane, Cambridge, CB2 1TL.

The names of the members of the Governing Body and the Committees charged with the governance of the College during the year ended 30 June 2016 were as follows:

Governing Body

Master: Lord A S Grabiner
Senior Tutor: Dr P Fara
Bursar: Mr P C Warren

Professor P M Allmendinger	Dr J Goodman (to 01.09.15)	Professor A Preston
Professor N H Andrews	Professor J M Goodman	Dr W A Pullan
Professor A P Balmford	Professor N C Greenham	Dr K F Riley
Ms A Blackham (to 01.08.15)	Professor H Griffiths	Professor J C Robertson
Dr P D Bristowe	Dr J A Guy	Mr G A C Ross
Mr T C Brown	Dr R M Harris	Dr C A Russell
Mr S Buczacki	Professor W A Harris	Dr H L Sanson
Professor W J Byrne	Rev'd Dr J Hawkey (from 01.09.15)	Mr T Schindler (from 01.10.15)
Dr R G Cacho	Dr D Hedley	Dr R S Schofield
Dr J Carroll	Professor D A Hodell	Dr R K Semple
Dr A P Carter	Dr N B Holdstock	Professor A S Sinclair
Professor P A Cartledge	Professor A B Holmes	Mr B Slingo (from 01.10.15)
Dr D Chambers	Professor D R Howarth	Dr M Smith (to 30.09.15)
Dr T Chesters	Dr K E Hughes	Professor M Sprik
Professor C J Clarke	Dr H F Jahn	Professor R Sterckx
Professor N S Clayton	Mr A L Johnson	Dr A M Stillman
Dr L Colwell	Professor P H Jones	Ms F Sutcliffe-Braithwaite (to 30.09.15)
Professor G Corsetti	Dr P F Knewstubb	Dr A Tapp
Dr N Crilly	Dr D Labonte (from 01.01.16)	Dr J A Tasioulas
Dr C H Duff	Dr M M Lahr	Professor A G Thomason
Dr M Dunajski	Dr H Laman	Professor H E Thompson
Dr F L Edmonds	Dr S Lazar	Dr F Toxvaerd
Dr P A W Edwards	Professor P F Leadlay	Dr E Turner
Dr D Essex (to 30.09.15)	Dr R Leary	Professor L K Tyler
Dr P B Faulkner	Dr I Lestas	Dr H Vaizey (to 30.09.15)
Dr J Fawcett	Professor T M Lewens	Professor J Vinales (from 01.10.15)
Dr A Ferguson	Professor O Leyser	Dr H W van Veen
Professor P C Fletcher	Dr K E McDougall	Dr R I Watson
Dr T Follini	Ms F Malaree	Dr M Weeks
Dr W A Foster	Mr C Matthiesen	Dr C G Weiss
Dr E A Foyster	Dr C W Melnyk (to 30.09.15)	Dr T A H Wilkinson
Professor S C Franklin	Dr T Moore	Dr N H Woodcock
Mrs E M Freeman	Dr R G R Naismith (to 30.09.15)	Professor J Woodhouse
Dr A D Friend	Professor G I Ogilvie	Dr G H Wright
Professor M Frolova-Walker	Dr G F Parker	Ms J Wyburd
Dr J S Gibson	Professor L C Paulson	Dr N Zammit (to 30.09.15)
Dr A de Gispert	Dr A Pauly (to 30.09.15)	Mr O McMillan, MCR President
Dr J Glaudic	Mr M J Petty (to 30.09.15)	Mr T Roeder, MCR Vice President
Professor R C Glen	Professor R T Phillips	Mr J Landman, UCS President (to 01.04.15)
Dr P Gonzalez-Bellido	Professor A Philpott	Ms L Minoli, UCS President (from 01.04.15)
	Professor J Prabhu	Mr Y Hemrich, UCS Vice President (to 01.04.15)
		Mr J Surkes, UCS Vice President (from 01.04.15)

All members of the Finance Committee and Council are trustees and are given, on appointment, copies of the Statutes of the College, together with a note drawing attention to the policy for the management of conflicts of interest, and the requirements of the Charity Commission regarding such conflicts of interest.

Governing Body and Committees for the year ended 30 June 2016

*Council

Lord Grabiner (The Master)
 Dr Fara (Senior Tutor)
 Mr Warren (Bursar)
 Dr McDougall (Admissions Tutor)
 Dr Dunajski (Graduate Tutor)
 Dr Tasioulas (Financial Tutor)
 Dr Ferguson
 Dr Gibson
 Professor Hodell
 Dr Matthiesen
 Dr Stillman
 Ms Wyburd
 Mr McMillan, MCR President
 Mr Landman, UCS President (to 01.04.15)
 Ms Minoli, UCS President (from 01.04.15)

Stipends and Salaries Committee

Dr Chambers (from 01.10.15)
 Professor Glen
 Professor Greenham (to 30.09.15)
 Mr Howarth (to 30.09.15)
 Professor Leyser
 Professor Ogilvie (from 01.10.15)

*Finance Committee

Lord Grabiner (The Master)
 Mr Warren (Bursar)
 Dr Tasioulas (Financial Tutor)
 Dr Fara (Senior Tutor)
 Professor Allmendinger
 Dr Chambers (from 01.10.15)
 Professor Glen
 Professor Greenham
 Professor Philpott
 Dr Russell
 Professor Thompson (to 30.09.15)
 Ms Fell (MCR Treasurer)
 Mr Pulver (UCS Treasurer to 01.04.15)
 Mr Harding (UCS Treasurer from 01.04.15)

Audit Committee

Professor Prabhu
 Dr Faulkner
 Mr Smith (Clare alumnus)
 Mr Moulder (Clare alumnus)

Investments Committee

Lord Grabiner (The Master)
 Mr Warren (Bursar)
 Professor Greenham
 Mr Cumming (Clare alumnus)
 Dr Chambers (from 01.10.15)
 Dr Guy (from 01.10.15)
 Mr Haynes (Clare alumnus)
 Mr Smithers (Clare alumnus)
 Mr Smout (Clare alumnus)
 Mr Spiers (Clare alumnus)

Estates Committee

Professor Allmendinger
 Professor Balmford
 Dr Carter
 Dr Faulkner
 Dr Follini (from 01.10.15)
 Professor Griffiths
 Dr Tasioulas
 Mr Warren (Bursar)

* All members of Council and Finance Committee are charity trustees.

Aims and Objectives of the College for the year ended 30 June 2016

The College's strategic plan sets out the College's long term aims in the context of national and global changes as follows:

- to maintain its emphasis on the individual in academic and pastoral provision; to deliver a world-class undergraduate education by safeguarding the provision of small-group teaching through the College-based supervision system and to achieve excellence in education at both undergraduate and postgraduate levels.
- to support a community of Fellows, students and staff, allowing the benefits of a large, internationally renowned university to be realised in a small-scale and close-knit community;
- to foster and support a community of active alumni contributing to the life and future of the College;
- to promote academic research of the highest quality; and
- to maintain and enhance the endowments and benefactions, historic buildings and grounds of the College for the benefit of future generations.

Remaining an independent foundation within a collegiate University is fundamental to the College's long-term strategy. The College endorses the University's mission and core values and agrees that the partnership between the University and the Colleges is central to Cambridge's future development. The College will continue to play an active role in University bodies and in formulating University policy.

Within the collegiate University, Clare offers distinctive strengths. The College is committed to sustaining and enhancing its particular contribution to Cambridge and to society in general, by:

- maintaining and developing its long-standing commitment to encouraging applications from the most talented students, irrespective of background, in tandem with a needs-blind admissions system supported by a comprehensive programme of financial assistance;
- building on the College's strong international links to provide students with further opportunities for educational and cultural exchanges, recognising the importance of such exchanges in an increasingly global society;
- supporting active engagement by the College and its members in the local community and in community activities nationally and internationally; and
- fostering excellence in music, through support of the College Choir, the choral and organ scholarships, and instrumental awards.

Operating and Financial Review for the year ended 30 June 2016

During the year, the College has continued to pursue its charitable aims in promoting learning, study, and teaching in a community of scholars in the University of Cambridge. The intense pressure on students to achieve the highest academic standards places corresponding demands on the College. Clare alumni, who were themselves taught by the leading academics of their generation in one-to-one supervisions or small groups, understand those pressures and the need for financial resources to maintain this standard of education. Clare's financial resources are provided both by our alumni, through donations which are increasingly vital if we are to maintain our high standards, and also by our own operations as we recognise a clear need to run the College as an efficient organisation.

Standards at the top of Higher Education in global terms are continuing to rise and Clare is determined to stay in the top echelon. During the year this meant spending £10,370 on each undergraduate student, mainly on the intensive support provided by each student's Director of Studies and supervisors. The total cost of educating 434 undergraduates and supporting 205 graduate students increased to £5,499,000 (2015: £5,472,000), which can only be sustained through the generosity of benefactors. The College receives a contribution equating to £4,500 for each undergraduate by way of the College Fee, but this leaves a shortfall of £5,870 for each undergraduate student, amounting to 57% of the total cost.

Substantial changes to Higher Education funding and student finance will result in increased levels of debt for students which will also inevitably lead to heavy pressure on Clare's hardship funds. During the year the College made bursary and hardship grants totalling £555,159 (2015: £583,229) to students. In addition to the payment of bursaries and hardship grants, the College also offers subsidies on the cost of food and accommodation as additional undergraduate and graduate student support.

The College aims to raise sufficient funds from benefactors to preserve small-group teaching for undergraduates, provide bursaries in support of Clare undergraduates from low income backgrounds, and also support graduate study through scholarships and hardship grants. This will all entail a significant challenge in raising additional income, while continuing to exercise tight constraints on spending.

Financial Results

The College has a new form of financial accounts this year following the adoption of Financial Reporting Standard (FRS) 102. This change affects all Higher Education organisations including Cambridge Colleges. On page 19, the Statement of Comprehensive Income and Expenditure (SOCIE) shows a surplus of £6,723,000 (2015: £6,699,000). The SOCIE is a statement of all movements of the net assets of the College between one year and the next and therefore takes account of all operating income and expenditure, investment gains and losses and other adjustments including total return and pension provisions. The boxed sections (headed unrestricted) on page 19 is, in effect, the operating result on continuing operations before other gains and losses but including endowment drawdown and unrestricted donations. On this "operating before other gains and losses" basis the College therefore reported a surplus of £97,000 for 2016 compared to a deficit of £315,000 for 2015.

This operating result was achieved after total income increased by 8.2% to £11.4 million and expenditure increased by just 4.1% to £11.3 million. The increase in total income was largely attributable to a 10.4% increase in residences, catering and conference income to £6.6 million during the year. Despite this growth in operational income, the strict expenditure controls that were introduced in 2015 helped the College to limit the increase in expenditure on residences, catering and conferences to only 1.6% during the year.

The financial environment for the College is likely to remain challenging for the next several years. It will be necessary to address a number of significant financial issues including the need to refurbish Old Court and raise sufficient bursary funds to support undergraduate and graduate students in financial need. It is anticipated that academic fees, which have remained unchanged since 2012, will be allowed to increase in line with inflation from 2018. However, having seen modest growth in expenditure in recent years, there will be much greater pressure for costs to increase in future. Therefore, without the generous support of our alumni and donors, the College's financial performance is likely to be under considerable stress over the next several years.

Operating and Financial Review for the year ended 30 June 2016

Benefactions and Donations

The College is very grateful for the many donations and bequests it has received over the past year from Clare members, corporate donors, trusts and foundations which totalled £1,771,000 (Statement of Comprehensive Income and Expenditure) including the recovery of Gift Aid. This sum included significant gifts towards the refurbishment of Old Court, the establishment of new student bursaries, and the endowment of postgraduate studentships. The College received £264,400 in legacy income during the year and the Annual Fund raised a further £480,000. One-fifth of alumni make an annual donation to the College; this is one of the highest participation rates in Cambridge and is twice the Oxbridge college average, reflecting the loyalty of Clare alumni and the College's sustained investment in development. Total donation income and fund raising costs over the last five years were:

Year ended 30 June	2016	2015	2014	2013	2012
	£m	£m	£m	£m	£m
Donations					
Lerner Court	-	-	-	0.1	0.1
Old Court	0.5	0.4	0.4	0.2	-
Other	<u>1.3</u>	<u>2.9</u>	<u>4.1</u>	<u>3.4</u>	<u>1.7</u>
	1.8	3.3	4.5	3.7	1.8
Fundraising costs	0.5	0.5	0.4	0.4	0.4
Costs as % of donations	28%	15%	9%	11%	22%

The College has approved a fundraising strategy to launch a new Development Campaign for Clare. The campaign will aim to increase the overall size of the College's unrestricted funds to support teaching and bursaries by adding at least £25 million to the College's endowment. Following the completion of the feasibility design work for the refurbishment of Old Court and the creation of a new, much larger buttry, the College also aims to raise more than half of the £38 million costs by increasing the overall levels of donations to the College from alumni and other individuals, as well as from foundations and corporations.

Main Endowment

The market value of the endowment investment portfolio at 30 June 2016 was £106.4 million (note 9a), with 61% invested in global equities, 24% in commercial and agricultural property in the UK, 6% in cash deposits and short-dated bonds, 2% in private equity, 2% in alternative assets and 5% in the Cambridge University Endowment Fund. The College's global equity investments are held in regional tracker funds with 25% invested in the UK, 32% in the US, 15% in Europe, 15% in Japan, 11% in Emerging Markets, and 2% in the Pacific Rim. Foreign currency exposures are not hedged.

The Endowment benefited from strong return in 2016, having achieved a total return of 8.8% (2015: 9.8%) compared to a return of only 2.2% from the FTSE All Share index during the year. This good performance was largely attributable to strong returns from US and overseas equities where the the foreign exchange exposure had been unhedged and from property. The value of the endowment and total returns over the last five years were:

Year ended 30 June	2016	2015	2014	2013	2012
	£m	£m	£m	£m	£m
Investment assets	106.4	98.0	88.8	81.1	67.3
Actual net income	3.1	2.5	2.6	2.8	2.6
Gains/(losses)	<u>5.5</u>	<u>6.2</u>	<u>3.4</u>	<u>9.9</u>	<u>-3.4</u>
Total return	8.6	8.7	6.0	12.7	(0.8)
Endowment drawdown	2.8	2.8	2.8	2.8	2.7
Drawdown as a % of Endowment	3.1%	3.5%	3.9%	4.2%	4.4%

(Drawdown measured as % of the average value of the Endowment over the three previous financial years)

The Endowment is invested on a Total Return basis. The actual income and gains and losses in the year are taken to a reserve from which the planned Endowment drawdown, calculated as a percentage of the average value of the Endowment over the three previous financial years, is released to the Income and Expenditure Account. The remaining balance of the Total Return, after deducting the drawdown, is accumulated within the reserves as set out in note 21 which shows an accumulated surplus of £39.1 million on the main Endowment. From 2013 until 2015 the planned Drawdown rate was set at 3.5% of the three year average value of the Endowment and in 2016 this percentage was reduced to 3.0% to reflect the expected total returns that will be achieved in future.

Operating and Financial Review for the year ended 30 June 2016

The College Endowment has achieved a total return of 6.8% per annum over the last ten years, slightly less than the 7.5% annualised return in the S&P 500 index over the same period. While the endowment total returns have exceeded the long term target of an inflation adjusted "real" return of 4% over the last ten years, there are concerns that returns may not meet this target over the next ten years. The drawdown, which is the amount taken out of the Endowment as spendable income, amounted to £2,849,000 in 2016 as compared to the net investment income actually received of £3,138,000. The realised and unrealised gains on the portfolio amounted to £5,649,000 resulting in a positive total return of £8,583,000 as set out in note 3a. The Endowment drawdown of £2,849,000 represented 3.1% of the average value of the Endowment over the three preceding years, consistent with the 3.5% target that was set in 2013. The aim is to draw down sufficient funds each year to support the specific activities designated by the donors, while protecting the real value of the Endowment against inflation and preserving the capital for the future, consistent with the perpetual nature of the College Endowment.

Liquidity

The College generated positive cash flow from its operating activities during the year after drawing down cash of £2,849,000 from the Endowment. The operational cash balances available at 30 June 2016 amounted to £855,000 (2015: £1,096,000). The refurbishment work to the roof and K, L and M staircase in Memorial Court, completed in July 2016, was funded from operating cash flow and resulted in a further reduction in cash at bank and in hand during the year. A further £4.1million is held in cash holdings within the Endowment. These cash holdings are deposited in high interest accounts with the College's two principal banks to obtain beneficial interest rates.

Inflation Swap Investments

In October 2008 the College borrowed £15 million in the form of a conventional loan from Santander and an inflation swap contract with HSBC, structured to provide 40 year index-linked funding. The interest payments on the Santander loan are set at 4.4% per annum and the HSBC swap contract converts this into a real rate of 1.1% per annum. The annual inflation adjustment to the value of the loan on repayment is capped at a rate of 7%. Through this structure the College was able to take advantage of its ability to invest over the very long term at a time of very low real interest rates. The £15 million is largely invested in global equity tracker funds and will be left to accumulate over the 40 year period in a ring-fenced fund, over which HSBC has a security charge to cover the inflationary liability. The liability to Santander for the conventional loan of £15 million is secured on the College's outlying operational properties valued at £24 million. During the year to 30 June 2016 the 2048 Fund generated a total return of 6.3% gross and 5.3% net of the increase in inflation-linked liabilities and interest payments. The resulting surplus of £1,237,000 was added to the Total Return reserves as set out in Note 21. The cumulative inflation swap investment net surplus increased to £6,869,000 at 30 June 2016.

During the first period of the 40 year inflation swap (from October 2008 to June 2016) the level of RPI has risen by 20.7%, with the result that the College's liability to Santander and HSBC at June 2016 has increased to £18.1 million. At June 2016 the College had invested £9.7 million of the £15 million loan into global equity tracker funds, a further £2.5million into a UK commercial property fund and the outstanding cash balance stood at £2.8 million. The total value of inflation swap investments amounted to £25 million at 30 June 2016.

The complex financial structure of the inflation linked swap, and changes to accounting standards has made it necessary to value this on a mark to market basis in this year's financial statements, resulting in a significant increase in liabilities and a reduction in reserves. The estimated value of the inflation linked swap contract based on derivatives valuations as of 30 June 2016 shows a break cost of £8.3 million. As at 30 June 2016 a provision for £8.3 million has been included as a liability in the Balance Sheet (see note 16). However, at the present time the College has no intention to unwind the inflation swap facility.

Based on historical experience, the Governing Body considered that this investment in global equity tracker funds should make a positive real return of more than 4% per annum compound, consistent with the performance of global equity markets over 40 year periods since 1900. The Governing Body considered that this positive return would represent a significant addition to the College's Endowment, helping achieve the goal of financial independence in the long term, and that it outweighed the risks involved. In the event that changed economic circumstances make it appropriate, the College has the right to terminate the loan with Santander and the inflation swap with HSBC early at the prevailing cost of termination.

Operating and Financial Review for the year ended 30 June 2016

Capital Expenditure and Buildings Refurbishment

In 2015-16 the College carried out a major refurbishment of three staircases in Memorial Court at a cost of £2.2 million and there are plans to refurbish other parts of Memorial Court in coming years. Plans to completely rebuild St Regis at a cost of approximately £12 million are also under consideration. As a result of this ongoing refurbishment programme, capital expenditure has been maintained at a relatively high level. In the year to 30 June 2016, capital expenditure relating to buildings amounted to £3,342,000 and a further £72,000 of equipment capital expenditure was made. These figures include £706,000 spent on design work in anticipation of the future refurbishment of Old Court which is anticipated to commence in 2018. Witherford Watson and Mann, the winner of the 2013 Stirling Prize, were appointed in July 2014 to oversee this refurbishment project and it is now anticipated that the entire project, which will include the construction of a new river side cafe, will cost approximately £38 million. A final planning application that will include the replacement of the Old Court roof, the refurbishment of the public spaces, the creation of additional en suite facilities, and the construction of a new enlarged buttry space and cafe, will be made in 2017.

The cost of repairing the College's historic buildings represents a substantial financial commitment and the Governing Body recognises the need to set aside adequate sums to ensure that the historic buildings are properly maintained over the long term. A professional survey of the condition of all College buildings has confirmed that more than £2.3 million must be committed each year to the maintenance of the College's historic fabric and buildings. The Finance Committee has approved a longer term target to spend a sum equal to 1.5% of the insurance replacement value of the College's operational buildings each year on the repair and maintenance of the College's operational estate. The insurance replacement value of the College's operational buildings increased to £185 million as of 30 June 2016. The level of fixed asset costs on building is expected to increase to more than £2.6 million in coming years.

Reserves Policy

The College takes a long-term view of the investment portfolio using 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 those of future generations.

Any new donations or bequests received during the year are added to unrestricted funds, unless the donor has made it clear that the funds are to be spent on a specific project.

At June 2016 the College had £60.9 million in restricted reserves and unrestricted reserves of £176.6 million of which £134.1 million is represented by fixed assets.

Risk Assessment

As part of its supervision of the College's activities, the Finance Committee identifies and considers the major risks to which the College is exposed, and establishes procedures to manage those risks. Although risks can be identified and managed, the College is exposed to a number of risks which cannot be covered by insurance or mitigated in other ways. The age of the historic buildings means that problems can occur without warning and at considerable expense.

Public Benefit as a Charity

The College has met its responsibilities regarding public benefit by providing, in conjunction with the University, an education for some 639 undergraduate and graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, preparing them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision, as well as pastoral, administrative, and academic support through its
- tutorial and graduate mentoring 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; and
- specialist choral musical education for those students in the College's internationally renowned choir.

Operating and Financial Review for the year ended 30 June 2016

The College advances research through:

- providing Research Fellowships to outstanding academics at the early stages of their careers, enabling them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- the employment of College Teaching Officers who, in addition to their role as Directors of Studies and supervisors of students, maintain important research interests within the University;
- supporting research work pursued by 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 from abroad; and
- encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

The College maintains an extensive Library (including important special collections), that provides a valuable resource for students and Fellows of the College, for members of other Colleges and the University more widely, and for external scholars and researchers.

The College's students are the primary beneficiaries of its educational activities. Students are selected in an open application process, based solely on academic merit, and hence form a section of the public that is not unreasonably restricted. The College operates a needs-blind admissions process, and (in conjunction with the University) provides a significant level of bursary support to students who might otherwise be deterred from applying by financial concerns. The educational benefits provided by the College extend to students from other Colleges, to visiting schoolchildren, and to alumni who have the opportunity to attend educational events at the College, and to use its academic facilities. The College also supports an extensive access and outreach programme to primary and secondary schools in the London Boroughs of Tower Hamlets and Hackney, and also in Warwickshire, through which it aims to raise the aspirations of younger people in these parts of the country. Furthermore, the public benefit of the provision of high-quality education goes beyond the benefits to the students themselves. Whether through the vocational skills or the broader intellectual development acquired at the College, its students are able to make valuable and distinctive contributions in the public sphere.

The research advanced by the College is disseminated through publications and oral presentations. Its results are therefore publicly available and constitute a clear public benefit. The beneficiaries include the international community of scholars in the fields concerned, and the wider public who benefit through the intellectual, economic, civic and cultural development that is facilitated through the dissemination of high-quality research.

The College within the Community

The College makes a particular point of sharing its facilities with the local community. The College's sports grounds on Bentley Road and the Boathouse on the Cam are used extensively by cricket, soccer and rowing clubs within the city. The College grounds in the historic heart of the city are open to the public for most of the year.

The College is committed to reducing its carbon, water and waste footprint. The College is participating in the Carbon Reduction Commitment scheme, and is actively promoting environmental awareness among Fellows, students, and staff. In 2016 the College was given a gold award in the NUS Green Impact within the University of Cambridge.

Lord A S Grabiner, Master

Mr P Warren, Bursar

21 November 2016

Statement of Corporate Governance for the year ended 30 June 2016

1. The following statement is provided by the Trustees of the College to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for its audit. The Trustees of the College are all members of the Council and Finance Committee.
2. The College is a registered charity (registered number 1137531) and is subject to regulation by the Charity Commission for England and Wales.
3. The Governing Body, which consists of the Master, the Fellows in Classes A, B, C, D and E, and four Student Members, holds at least three meetings each year. The Council, consisting of the Master, the Senior Tutor and ten Fellows elected by the Governing Body at its annual meeting, together with two Student Members, is responsible for the administration of the College in all matters not specifically assigned to the Governing Body or the Finance Committee. The Finance Committee, consisting of the Master, the Bursar, the Senior Tutor and seven Fellows elected by the Governing Body at its annual meeting, together with two Student Members, oversees the management of the College estates and investments and administers the revenues in accordance with the College Statutes, under the overall direction of the Governing Body. Since the Council and the Finance Committee exercise general control and management of the College, their members are the trustees of the charity and are responsible for ensuring compliance with charity law.
4. The Governing Body, Council, and Finance Committee are advised in carrying out their duties by a number of Committees including the Audit Committee, Investments Committee, Stipends and Salaries Committee, and Estates Committee. Membership of these Committees is set out on page 4. The Audit Committee includes two Clare alumni with extensive experience in professional auditing. While the Investments Committee is chaired by the Master and serviced by the Bursar, most of the other members are seasoned City professionals with extensive experience in managing global investments. The Stipends and Salaries Committee advises on the remuneration and benefits of Fellows and staff; the members are not employed by the College and as such are able to make a disinterested assessment of the College's remuneration policies. The Estates Committee is chaired by a member of the Finance Committee. It advises on the effective care and maintenance of all the College buildings and oversees the environmental aspects of the College's work.
5. The key officers of the College are the Master, Senior Tutor and Bursar. These officers meet each week during term, together with the President of the Fellowship, to review the business of the College.
6. It is the duty of the Audit Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; and to make an annual report to Council and the Finance Committee.
7. There is a Register of Interests for members of the Finance Committee and Council, including all the senior officers. Declarations of interest are made systematically at meetings.
8. The College's Members of the Governing Body, Council and Finance Committee during the year ended 30 June 2016 are set out on page 3.

Statement of Internal Control for the year ended 30 June 2016

1. The Finance Committee is responsible for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, while safeguarding funds and assets for which the Governing Body is responsible, in accordance with the College Statutes.
2. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve College policies, aims and objectives; it therefore provides reasonable, but not absolute, assurance of effectiveness. The system of internal control is designed to identify the principal risks to achieving those policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively, and economically. This process was in place for the year ended 30 June 2016, and up to the date of approval of the financial statements.
3. The Members of the Finance Committee and Council are responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:
 - a) The Finance Committee meets six times per year.
 - b) The Council meets seven times per year.
 - c) The Audit Committee normally meets twice each year. It receives reports from the external auditors, including their observations on the College's system of internal control and risk management, together with recommendations for improvement. In 2014 an internal audit group, with input from an external firm of auditors, was created to review departmental policies and procedures. Reports from this group are submitted to the Audit and Finance Committees for further review.
 - d) The Members of the Finance Committee and Council, as Trustees of the College, review the effectiveness of the system of internal control as informed by the work of the Audit Committee, Bursar and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.
 - e) The Finance Committee compares the College's costs and operational performance against the key performance indicators produced for all Cambridge Colleges to identify those areas where improvements can best be made.
4. The Finance Committee and the Audit Committee review the Risk Register which is checked and updated each year by the senior administrative staff and which is considered in detail by the College officers.

Statement of Responsibilities of the Trustees of the College for the year ended 30 June 2016

1. The Members of the Finance Committee and Council, as Trustees of the College, are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
2. In accordance with the College Statutes, the Finance Committee is responsible for the management of the College's estates and the administration of the College's revenues, subject to the overall control of the Trustees of the College. The Finance Committee is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept.
3. The College Statutes and the Statutes and Ordinances of the University of Cambridge require the Trustees of the College 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 year. In preparing those financial statements the Trustees of the College are required to:
 - select suitable accounting policies and apply them consistently;
 - make judgements 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 operation.
4. The Trustees of the College are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College, and enables them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the College and to prevent and detect fraud and other irregularities.
5. The Trustees of the College are responsible for the maintenance and integrity of the charity and financial information included on the College's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Trustees of the College for the year ended 30 June 2016

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

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

Respective responsibilities of the College's Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the Trustees of the College are 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 made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standard for Auditors.

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the College's affairs as at 30 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 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 Trustees Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors
Salisbury House
Station Road
Cambridge CB1 2LA

Statement of Principal Accounting Policies for the year ended 30 June 2016

Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom accounting standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 6.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary undertakings included are set out in note 10. Intra-group balances are eliminated on consolidation.

The consolidated financial statements do not include the activities of student societies as these are separate bodies in which the College has no financial interest and over whose policy decisions it has no control.

Recognition of income

Academic Fees

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

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income. Income is retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments - the donor has specified a particular objective and the College can convert the donated sum into income.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations with no restrictions are recorded within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

Investment income and change in value of investment assets

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

Total return

The College has adopted a total return policy where total return means investment return in terms of both income, whether received or accrued, and capital appreciation, whether realised or unrealised. The Finance Committee may appropriate and distribute for expenditure so much of the fair value of the endowment fund as it in its absolute discretion considers prudent, having regard to the availability of any surplus income, the total return achieved and reasonably to be expected in the long-term of the endowment.

Other income

Income is received from a range of activities including residences, catering, and conferences. Income is recognised on the exchange of the relevant services.

Statement of Principal Accounting Policies for the year ended 30 June 2016

Cambridge Bursary Scheme

In 2015-16, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence, Cambridge University reimbursed the SLC for the full amount and each College paid their portion (based on their own eligible students) to the University.

However, to remain consistent with previous years' presentation as well as the system agreed for 2016/17 (where the College pays Cambridge Bursaries to eligible students, via the SLC, and receives a contribution from the University), for 2015/16 the College has shown the gross payment made to eligible students and a contribution from the University as Income under 'Academic Fees and Charges', although strictly speaking this was not a College transaction for this year.

The net payment of £109,000 is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£174,000
Expenditure	£283,000

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates or, where there are forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of the comprehensive income and expenditure for the financial year.

Fixed Assets

Land and buildings

In accordance with FRS102, the land and buildings held for operational purposes are stated at depreciated replacement cost, as determined by professional valuers. A full revaluation of all College property assets was conducted by Gerald Eve as at 30 June 2014, being the transition date to the 2015 RCCA.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

When buildings are acquired with the aid of restricted bequests or donations, the policy for accounting for that income is as in the note above under Income Recognition, donations and endowments.

Finance costs that 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 assets is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

Maintenance and renewal of premises

The College has a five-year rolling maintenance plan, which is reviewed on an annual basis. The cost of routine maintenance is charged to the Statement of Comprehensive Income and Expenditure as it is incurred.

Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £3,000 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:

Boiler room and chapel organ	4% per annum
Furniture and fittings	10% per annum
Motor vehicles and general equipment	20% per annum
Computer equipment	20% and 25% per annum

When furniture, fittings and equipment are acquired with the aid of restricted bequests or donations, the policy for accounting for that income is as in the note above under Income Recognition, donations and endowments.

Heritage assets

The College holds and conserves a numbers of collections, exhibits, artefacts and other assets of historical, artistic and scientific importance. 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 cost, or in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Investments

Investments are included in the balance sheet at mid-market value. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Investment properties are valued annually based on open market values provided by third party valuers.

Statement of Principal Accounting Policies for the year ended 30 June 2016

Stocks

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

Provisions

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

Contingent liabilities and assets

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

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

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

Taxation

The College is a registered charity (number 1137531) 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.

Pension schemes

The College participates in the Universities Superannuation Scheme (the scheme) for all academic employees. Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 'Employee benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive income and Expenditure represents the contributions payable to the scheme, in respect of the accounting period. The College has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit) and the College recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the Statement of Comprehensive Income and Expenditure.

FRS102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised as profit or loss. The trustees are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The College also operates a defined contribution pension scheme, mainly for permanent non-academic employees, which is contracted into the State Second Pension (S2P), and also uses the government established National Employment Savings Trust (NEST) scheme for temporary staff. The assets of both schemes are held in separate trustee-administered funds. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure Account represents the contributions payable to the schemes in respect of the accounting period.

Statement of Principal Accounting Policies for the year ended 30 June 2016

Employment benefits

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

Transition to the 2015 RCCA

The College is preparing its financial statements in accordance with 2015 RCCA for the first time, amended for the adoption of FRS102, and subsequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 RCCA has affected the reported financial position, financial performance and cash flows of the results of the College is provided in note 27.

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

Fair value or revaluation as deemed cost at 30 June 2014, fair value has been used for deemed cost for properties measured at fair value.

Reserves

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

Consolidated Statement of Comprehensive Income and Expenditure Account for the year ended 30 June 2016

		2016					2015				
	Note	Unrestricted	Restricted	Endowment	Inflation Swap	Total	Unrestricted	Restricted	Endowment	Inflation Swap	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income											
Academic fees and charges	1	2,933	-	-	-	2,933	2,901	-	-	-	2,901
Residences, catering and conferences	2	6,599	-	-	-	6,599	5,976	-	-	-	5,976
Investment income	3a	-	-	3,138	-	3,138	-	-	2,518	-	2,518
Endowment return transferred	3a	855	1,994	(2,849)	-	-	897	1,869	(2,766)	-	-
Inflation swap	3c	-	-	-	369	369	-	-	-	427	427
Other income		307	-	-	-	307	194	-	-	-	194
Total income before donations and endowments		10,694	1,994	289	369	13,346	9,968	1,869	(248)	427	12,016
Donations	20	663	178	-	-	841	529	330	-	-	859
New endowments	19	-	-	460	-	460	-	-	2,032	-	2,032
Other capital grants for assets	20	-	470	-	-	470	-	447	-	-	447
Total income		11,357	2,642	749	369	15,117	10,497	2,646	1,784	427	15,354
Expenditure											
Education	4	4,483	1,016	-	-	5,499	4,052	1,420	-	-	5,472
Residences, catering and conferences	5	6,549	-	-	-	6,549	6,444	-	-	-	6,444
Other expenditure		159	152	204	455	970	254	196	161	376	987
Contribution under statute G,II		69	-	-	-	69	62	-	-	-	62
Total expenditure		11,260	1,168	204	455	13,087	10,812	1,616	161	376	12,965
Surplus/(deficit) before other gains and losses		97	1,474	545	(86)	2,030	(315)	1,030	1,623	51	2,389
Gains on investments	3	2,410	1,087	2,152	1,323	6,972	4,441	605	1,346	1,147	7,539
Surplus for the year		2,507	2,561	2,697	1,237	9,002	4,126	1,635	2,969	1,198	9,928
Other comprehensive income											
Inflation swap MTM valuation	16	-	-	-	(2,279)	(2,279)	-	-	-	(3,229)	(3,229)
Total comprehensive income for the year		2,507	2,561	2,697	(1,042)	6,723	4,126	1,635	2,969	(2,031)	6,699

The notes on pages 23 to 33 form part of these financial statements

Consolidated Statement of Changes in Reserves for the year ended 30 June 2016

	Income and expenditure reserve				Total
	Unrestricted	Restricted	Endowment	Inflation Swap	
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2015	173,381	22,712	35,101	(395)	230,799
Surplus from income and expenditure statement	2,507	2,561	2,697	1,237	9,002
Other comprehensive income	-	-	-	(2,279)	(2,279)
Release of restricted capital funds spent in year	712	(712)	-	-	-
Transfer between reserves	-	(361)	361	-	-
Balance at 30 June 2016	176,600	24,200	38,159	(1,437)	237,522

(note 20) (note19)

	Income and expenditure reserve				Total
	Unrestricted	Restricted	Endowment	Inflation Swap	
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2014	23,873	44,988	51,925	-	120,786
Prior year adjustments	145,175	(23,675)	(19,822)	1,636	103,314
Restated balance at 1 July 2014	169,048	21,313	32,103	1,636	224,100
Surplus from income and expenditure statement	4,126	1,635	2,969	1,198	9,928
Other comprehensive income	-	-	-	(3,229)	(3,229)
Release of restricted capital funds spent in year	828	(828)	-	-	-
Transfer between reserves	(621)	592	29	-	-
Balance at 30 June 2015	173,381	22,712	35,101	(395)	230,799

(note 20) (note19)

Consolidated and College Balance Sheets as at 30 June 2016

	Note	2016 Consolidated £'000	2016 College £'000	2015 Consolidated £'000	2015 College £'000
Non-current assets					
Fixed assets	8a	134,128	134,094	133,516	133,482
Heritage assets	8b	62	62	62	62
Investments	9a	106,368	106,368	98,021	98,021
Inflation swap investments	9b	24,973	24,973	23,500	23,500
		<u>265,531</u>	<u>265,497</u>	<u>255,099</u>	<u>255,065</u>
Current assets					
Stock	11	247	247	282	282
Trade and other receivables	12	784	1,158	833	1,095
Cash and cash equivalents	13	870	2	1,096	416
		<u>1,901</u>	<u>1,407</u>	<u>2,211</u>	<u>1,793</u>
Creditors : amounts falling due within one year	14	<u>(3,255)</u>	<u>(2,761)</u>	<u>(2,370)</u>	<u>(1,953)</u>
Net current assets		<u>(1,354)</u>	<u>(1,354)</u>	<u>(159)</u>	<u>(160)</u>
Total assets less current liabilities		<u>264,177</u>	<u>264,143</u>	<u>254,940</u>	<u>254,905</u>
Creditors : amounts falling due after more than one year	15	(18,102)	(18,102)	(17,867)	(17,867)
Provisions					
Pension provisions	17	(245)	(245)	(245)	(245)
Inflation swap provisions	16	(8,308)	(8,308)	(6,029)	(6,029)
Total net assets		<u>237,522</u>	<u>237,488</u>	<u>230,799</u>	<u>230,764</u>
Restricted reserves					
Income and expenditure reserve - endowment	19	38,160	38,160	35,102	35,102
Income and expenditure reserve - restricted	20	24,200	24,200	22,712	22,712
Income and expenditure reserve - inflation swap	15	(1,437)	(1,437)	(396)	(396)
		<u>60,923</u>	<u>60,923</u>	<u>57,418</u>	<u>57,418</u>
Unrestricted reserves					
Income and expenditure reserve - unrestricted		176,599	176,565	173,381	173,346
Total reserves		<u>237,522</u>	<u>237,488</u>	<u>230,799</u>	<u>230,764</u>

The financial statements were approved by the Finance Committee on 21 November 2016 and signed on their behalf by:

Lord A S Grabiner, Master

Mr P Warren, Bursar

Consolidated Cash Flow Statement for the year ended 30 June 2016

	Note	2016 £'000	2015 £'000
Net cash inflow from operating activities	22	3,188	3,209
Cash flows from investing activities	23	(2,982)	(2,863)
Cash flows from financing activities	24	(432)	(354)
		<hr/>	<hr/>
Decrease in cash and cash equivalents in the year		(226)	(8)
Cash and cash equivalents at start of year		1,096	1,104
		<hr/>	<hr/>
Cash and cash equivalents at end of year	25	870	1,096
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 23 to 33 form part of these financial statements

Notes to the financial statements for the year ended 30 June 2016

	2016	2015
	£'000	£'000
1 Academic fees and charges		
Colleges fees:		
Fee income received at the Regulated Undergraduate rate	1,927	1,925
Fee income received at the Unregulated Undergraduate rate	263	287
Fee income received at the Graduate rate	569	471
Cambridge Bursary Scheme	174	218
	<u>2,933</u>	<u>2,901</u>
2 Income from residences, catering and conferences		
Accommodation		
College members	2,640	2,569
Conferences	1,477	1,388
Catering		
College members	627	611
Conferences	1,855	1,408
	<u>6,599</u>	<u>5,976</u>
3a Total return on investments		
Actual income from:		
Land and buildings	722	565
Quoted equity securities	1,999	1,485
Fixed interest securities	379	381
Other interest receivable	38	87
	<u>3,138</u>	<u>2,518</u>
Gains on endowment assets:		
Land and buildings	711	2,536
Quoted and other securities and cash	4,938	3,856
Investment management costs (note 3b)	(204)	(161)
Total return on investments	<u>8,583</u>	<u>8,749</u>
Total return transferred to income and expenditure reserve	2,849	2,766
Unapplied total return for the year included within Statement of Comprehensive Income and Expenditure (note 21)	5,734	5,983
Total return on investments	<u>8,583</u>	<u>8,749</u>
<p>The endowment investments are accounted for on a total return basis. The total actual income and gains/losses in the year are taken to a reserve, from which the planned endowment drawdown is released to the income and expenditure account. The remaining balance of the total return, after deducting the drawdown, is accumulated within the reserves, as set out in note 21.</p>		
3b Investment management costs		
Land and buildings	39	126
Quoted securities	12	15
Other investments	153	18
Cash	-	2
Total	<u>204</u>	<u>161</u>

Notes to the financial statements for the year ended 30 June 2016

	2016 £'000	2015 £'000
3c Total return on inflation swap contracts		
Actual income from:		
Quoted securities	276	366
Other interest receivable	93	61
	<u>369</u>	<u>427</u>
Gains on inflation swap asset	1,323	1,147
Increase in inflation-linked amount due to HSBC (note 15)	(235)	(159)
Interest and fees (note 3d)	(220)	(217)
Total return on inflation swap contracts (note 21)	<u>1,237</u>	<u>1,198</u>

The inflation swap contracts are accounted for on a total return basis. The total actual income and gains/losses in the year is accumulated within the reserves, as set out in note 21. There is no drawdown permitted under the terms of the inflation swap.

3d Interest and fees on inflation swap contracts

Interest paid to HSBC	(197)	(195)
Interest paid to Santander	(668)	(666)
	<u>(865)</u>	<u>(861)</u>
Interest received from HSBC	668	666
	<u>(197)</u>	<u>(195)</u>
Fees on inflation swap investments	(23)	(22)
	<u>(220)</u>	<u>(217)</u>

Interest paid to Santander and to/from HSBC is calculated on the £15 million loan and inflation swap repayable in 2048 (note 15).

4 Education expenditure

Teaching	2,419	2,378
Tutorial	871	904
Admissions and access	1,009	1,016
Research	573	618
Scholarships and awards	371	388
Other educational facilities	256	168
	<u>5,499</u>	<u>5,472</u>

5 Residences, catering and conferences expenditure

Accommodation			
College members	2,765		2,723
Conferences	1,719		1,667
Catering			
College members	805		795
Conferences	1,260		1,259
	<u>6,549</u>		<u>6,444</u>

Notes to the financial statements for the year ended 30 June 2016

6a Analysis of 2016 expenditure by activity

	Staff costs (note 7) £'000	Other expenses £'000	Depreciation £'000	2016 £'000
Education	2,779	1,675	1,045	5,499
Residences, catering and conferences	2,759	2,124	1,666	6,549
Other	-	904	66	970
Contribution under statute G,II	-	69	-	69
	<u>5,538</u>	<u>4,772</u>	<u>2,777</u>	<u>13,087</u>

Expenditure includes fundraising and alumni costs of £537,000.

6b Analysis of 2015 expenditure by activity

	Staff costs (note 7) £'000	Other expenses £'000	Depreciation £'000	2015 £'000
Education	2,896	1,532	1,044	5,472
Residences, catering and conferences	2,756	2,039	1,649	6,444
Other	-	932	55	987
Contribution under statute G,II	-	62	-	62
	<u>5,652</u>	<u>4,565</u>	<u>2,748</u>	<u>12,965</u>

Expenditure includes fundraising and alumni costs of £488,000.

	2016 £'000	2015 £'000
6c Auditors' remuneration		
Other operating expenses include:		
Audit fees payable to the College's external auditors (inclusive of VAT)	<u>24</u>	<u>27</u>

7 Staff costs

	College Fellows £'000	Other academic £'000	Non- academic £'000	2016 £'000	2015 £'000
Emoluments	1,053	244	3,430	4,727	4,768
Social security costs	81	-	281	362	360
Other pension costs (see note 28c)	135	-	314	449	524
	<u>1,269</u>	<u>244</u>	<u>4,025</u>	<u>5,538</u>	<u>5,652</u>

Average numbers:

College Fellows who are also members of the Governing Body, of whom 70 were remunerated (2015: 74)	114	114
Non-academic staff : full time equivalents	121	123
Total	<u>235</u>	<u>237</u>

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

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. This includes aggregated emoluments paid to key management personnel.

Key management personnel being the Master, Bursar and Senior Tutor	<u>181</u>	<u>172</u>
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During the year, emoluments paid to Trustees in their capacity as Fellows of the College were:

Aggregate emoluments	<u>481</u>	<u>472</u>
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The trustees received no emoluments in their capacity as Trustees of the Charity.

Notes to the financial statements for the year ended 30 June 2016

8a Fixed Assets

Group	Land and buildings £'000	Assets in construction £'000	Equipment £'000	2016 £'000	2015 £'000
Cost					
At start of year	134,556	668	2,995	138,219	135,788
Additions and improvements at cost	2,573	769	72	3,414	2,563
Disposals at cost	-	-	(30)	(30)	(132)
At end of year	137,129	1,437	3,037	141,603	138,219
Depreciation					
At start of year	2,534	-	2,169	4,703	1,956
Charge for the year	2,560	-	242	2,802	2,747
Eliminated on disposals	-	-	(30)	(30)	-
At end of year	5,094	-	2,381	7,475	4,703
Net book value					
At end of year	132,035	1,437	656	134,128	
At start of year	132,022	668	826	133,516	

College	Land and buildings £'000	Assets in construction £'000	Equipment £'000	2016 £'000	2015 £'000
Cost					
At start of year	134,522	668	2,995	138,185	135,754
Additions and improvements at cost	2,573	769	72	3,414	2,563
Disposals at cost	-	-	(30)	(30)	(132)
At end of year	137,095	1,437	3,037	141,569	138,185
Depreciation					
At start of year	2,534	-	2,169	4,703	1,956
Charge for the year	2,560	-	242	2,802	2,747
Eliminated on disposals	-	-	(30)	(30)	-
At end of year	5,094	-	2,381	7,475	4,703
Net book value					
At end of year	132,001	1,437	656	134,094	
At start of year	131,988	668	826	133,482	

The insured value of all the College's operational buildings as at 30 June 2016 was £185 million (2015 : £179 million).

The Santander loan, as set out in note 15, is secured against certain outlying properties with a market value of £24 million as at October 2008.

Notes to the financial statements for the year ended 30 June 2016

8b Heritage Assets Group and College

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. As stated in the statement of principal accounting policies, heritage assets acquired since 1999 have been capitalised. However most of the assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result the total included in the balance sheet is partial.

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

	2016 £'000	2012 - 2015 £'000
Acquisitions purchased with College funds	-	12
Total cost of acquisitions purchased	-	12
Value of acquisitions by donation	-	-
Total acquisitions capitalised	<u>62</u>	<u>62</u>

9a Investments Group and College

	2016 £'000	2015 £'000
Market value at start of year	98,021	88,776
Acquisitions at cost	11,984	13,156
Proceeds on disposal	(9,286)	(10,303)
Realised gain on disposal	185	1,869
Net gain on revaluation	5,464	4,523
Market value at end of year	<u>106,368</u>	<u>98,021</u>
Represented by:		
Property investment	25,012	24,054
Quoted securities - equities	64,093	54,843
Quoted securities - fixed interest	8,710	6,907
Unquoted securities - equities	1,953	1,748
Alternative assets	2,431	-
Cash held for reinvestment	4,169	10,469
Total	<u>106,368</u>	<u>98,021</u>

9b Inflation swap investments Group and College

	2016 £'000	2015 £'000
Market value at start of year	23,500	22,144
Acquisitions at cost	8,503	615
Proceeds on disposal	(8,353)	(406)
Realised gain on disposal	465	-
Net gain on revaluation	858	1,147
Market value at end of year	<u>24,973</u>	<u>23,500</u>
Represented by:		
Quoted securities - equities	22,189	18,238
Cash held for reinvestment	2,784	5,262
Market value at end of year	<u>24,973</u>	<u>23,500</u>

The inflation swap investments are secured against the inflation-linked liability payable to HSBC in 2048, as set out in note 15.

Based on the mark to market valuation, the cost of breaking the inflation linked swap is shown as £8.3 million (2015: £6.0 million) as set out in note 16.

Notes to the financial statements for the year ended 30 June 2016

10 Subsidiary undertakings

	Country of Incorporation and Operation	Cost £	Class of shares	Proportion of shares held
Clare College Ltd	United Kingdom	20,001	Ordinary	100%
Clare College Conferences Ltd	United Kingdom	1	Ordinary	100%

Clare College Ltd was incorporated in 1994. The principal activity of the company is that of design and construction of buildings.

Clare College Conferences Ltd was incorporated on 29 February 2012. The principal activity of the company is that of conference accommodation and catering for non-educational clients.

	2016 £'000	2015 £'000
11 Stock		
Group and College		
Goods for resale	245	280
Other stocks	2	2
Total	<u>247</u>	<u>282</u>

12 Trade and other receivables

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Members of the College	76	76	64	64
Other receivables	435	214	343	193
Amounts due from subsidiary undertakings	-	595	-	418
Prepayments and accrued income	273	273	426	420
	<u>784</u>	<u>1,158</u>	<u>833</u>	<u>1,095</u>

13 Cash and cash equivalents

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank deposits	-	-	186	186
Current accounts	868	-	907	227
Cash in hand	2	2	3	3
	<u>870</u>	<u>2</u>	<u>1,096</u>	<u>416</u>

14 Creditors: amounts falling due within one year

Bank overdraft	15	15	-	-
Trade creditors	391	377	259	254
Members of the College	110	110	163	163
University fees	-	-	4	4
College student societies	170	170	160	160
Contribution to Colleges' fund	69	69	62	62
Other creditors	383	383	266	266
Accruals and deferred income	2,117	1,637	1,456	1,044
	<u>3,255</u>	<u>2,761</u>	<u>2,370</u>	<u>1,953</u>

The College holds investments of £136,000 (2015: £127,000) on behalf of student societies which is included within the £170,000 (2015: £160,000) owed to College student societies.

Notes to the financial statements for the year ended 30 June 2016

15 Creditors: amounts falling due after more than one year Group and College

	2016 £'000	2015 £'000
Loan repayable in 2048 to Santander	15,000	15,000
Inflation-linked amount due to HSBC	3,102	2,867
	<u>18,102</u>	<u>17,867</u>

On October 2008 the College entered into a contract with Santander to borrow £15 million at 4.4% repayable in full in October 2048, and with HSBC for an inflation swap to turn the conventional loan into an index-linked loan at a real interest rate of 1.1%. This inflation swap includes a 7% inflation cap. The Santander loan of £15 million is secured against outlying operational properties with a market value of £24 million (net book value £7.5 million). The HSBC inflation swap is secured on the £15 million investment fund over which HSBC has a lien. The College is investing the £15 million in global equity tracker funds, accumulating income over the next 40 year period to meet the RPI index-linked liability to HSBC and the £15 million liability to Santander.

At 30 June 2016 the value of the investments was £24,973,000 (2015: £23,500,000) and the liabilities to Santander and HSBC totalled £18,102,000 (2015: £17,867,000). The increase of £235,000 in the inflation-linked liability during the year is shown as a reduction on total return as set out in note 3c and the liability is included in creditors as set out above.

16 Inflation swap provisions Group and College

	2016 £'000	2015 £'000
Balance at start of year	6,029	2,800
Charge to comprehensive income	2,279	3,229
Balance at end of year	<u>8,308</u>	<u>6,029</u>

Derivatives mark to market valuation on inflation linked swap.

17 Pension provisions Group and College

Balance at start of year	245	134
Movement in year:		
Contributions	(8)	(25)
Change in expected contributions	1	132
Other finance cost	7	4
Balance at end of year	<u>245</u>	<u>245</u>

18 Capital and other commitments Group and College

Capital commitments at 30 June 2016 are as follows:

Authorised and contracted	1,668	3,028
Authorised but not yet contracted for	<u>3,706</u>	<u>3,434</u>

Notes to the financial statements for the year ended 30 June 2016

19 Endowment funds

Group and College

Restricted net assets relating to endowments are as follows:

	2016	2015
	Restricted	Restricted
	Permanent	Permanent
	£'000	£'000
Balance at start of year:		
Capital	35,102	32,104
New donations and endowments	460	2,032
Transferred from restricted reserves	361	29
Increase in market value of investments	<u>2,237</u>	<u>937</u>
Balance at end of year	<u><u>38,160</u></u>	<u><u>35,102</u></u>
Analysis by type of purpose		
Fellowship funds	2,087	1,560
Scholarship funds	7,078	6,716
Prize funds	570	540
Hardship funds	2,288	2,182
Bursary funds	5,896	4,941
Travel grant funds	524	495
Building renewals funds	6,200	5,921
Other funds	7,612	7,108
General endowments	<u>5,905</u>	<u>5,639</u>
Total	<u><u>38,160</u></u>	<u><u>35,102</u></u>
Analysis by asset:		
Property	9,006	8,600
Investments	27,857	22,746
Cash	<u>1,297</u>	<u>3,756</u>
Total	<u><u>38,160</u></u>	<u><u>35,102</u></u>

20 Restricted reserves

Group and College

	Capital grants unspent	Permanent other restricted income	Restricted expendable endowment	2016	2015
	£'000	£'000	£'000	£'000	£'000
Balance at start of year:					
Accumulated income	1,093	20,617	1,002	22,712	21,934
New grants	470	-	-	470	447
New donations	-	10	168	178	330
Transferred to endowment funds	-	(14)	(347)	(361)	(29)
Endowment return transferred	38	1,933	23	1,994	1,869
Increase in market value of investments	65	989	33	1,087	605
Expenditure	-	(1,010)	(158)	(1,168)	(1,616)
Capital grants utilised	<u>(212)</u>	<u>(500)</u>	<u>-</u>	<u>(712)</u>	<u>(828)</u>
Balance at end of year	<u><u>1,454</u></u>	<u><u>22,025</u></u>	<u><u>721</u></u>	<u><u>24,200</u></u>	<u><u>22,712</u></u>
Analysis by type of purpose					
Fellowship funds	-	5,937	20	5,957	5,911
Scholarship funds	-	8,160	154	8,314	7,833
Prize funds	-	1,102	8	1,110	1,010
Hardship funds	-	2,740	14	2,754	2,499
Bursary funds	-	416	123	539	425
Travel grant funds	-	343	5	348	313
Building renewals funds	1,454	-	1	1,455	1,377
Other funds	<u>-</u>	<u>3,327</u>	<u>396</u>	<u>3,723</u>	<u>3,344</u>
Total	<u><u>1,454</u></u>	<u><u>22,025</u></u>	<u><u>721</u></u>	<u><u>24,200</u></u>	<u><u>22,712</u></u>

Notes to the financial statements for the year ended 30 June 2016

21 Memorandum of Total Return Reserves Group and College

Within the reserves representing investments held by the College, the following are the cumulative surpluses of total return on the main investment portfolio and on the inflation swap investments and liabilities (after deducting the drawdowns) since 1 July 1999 :

	Main investments £'000	Inflation swap investments £'000	2016 £'000	2015 £'000
Balance at start of year	33,320	5,632	38,952	31,771
Surplus of total return for year (note 3)	5,734	1,237	6,971	7,181
Balance at end of year	<u>39,054</u>	<u>6,869</u>	<u>45,923</u>	<u>38,952</u>

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

	2016 £'000	2015 £'000
Surplus for the year	9,002	9,928
Adjustment for non-cash items		
Depreciation	2,802	2,747
Loss on disposal of non-current assets	-	47
Gain on endowments, donations and investment property	(6,972)	(7,539)
Decrease in stocks	35	16
Decrease in debtors	49	74
Increase in creditors	1,120	233
Pension costs less contributions payable	-	111
Adjustment for investing or financing activities		
Investment income	(3,138)	(2,518)
Inflation swap income	(369)	(427)
Interest payable	1,100	1,020
Interest receivable	(668)	(666)
Management fees	<u>227</u>	<u>183</u>
Net cash inflow from operating activities	<u>3,188</u>	<u>3,209</u>

23 Cash flows from investing activities

Non-current investment disposal	9,286	10,303
Inflation swap disposal	8,353	406
Investment income	3,507	2,945
Investment costs	(227)	(183)
Endowment funds invested	(11,984)	(13,156)
Inflation swap invested	(8,503)	(615)
Payments made to acquire non-current assets	<u>(3,414)</u>	<u>(2,563)</u>
Total cash flows from investing activities	<u>(2,982)</u>	<u>(2,863)</u>

24 Cash flows from financing activities

Interest paid	(1,100)	(1,020)
Interest received	668	666
Total cash flows from financing activities	<u>(432)</u>	<u>(354)</u>

25 Analysis of cash and cash equivalents

	At beginning of year £'000	Cash flows £'000	At end of year £'000
Bank overdrafts	-	(15)	(15)
Cash at bank and in hand	<u>1,096</u>	<u>(226)</u>	<u>870</u>
Net funds	<u>1,096</u>	<u>(241)</u>	<u>855</u>

Notes to the financial statements for the year ended 30 June 2016

26 Related Party Transactions

Owing to the nature of the College's operations and the composition of the 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 Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures.

Transactions totalling £250,000 relating to the subscription of units in The Diversified Property Fund for Charities took place with Sanne Group Nominees and Eskmuir FM Limited. The Bursar represents the College as a member of the Investment Advisory Board of the Diversified Property Fund for Charities. No compensation is received for acting in this capacity. There are no transactions outstanding at the balance sheet date.

27 Transition to 2015 RCCA

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

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

		At 30 June 2015
		£'000
Surplus for the year as previously stated		2,260
Revised treatment of deferred capital grants	(146)	
Endowment drawdown	(2,766)	
Investment income	2,518	
Inflation swap income	427	
New endowments and donations	2,809	
Adjustment for depreciation following revaluation	(1,322)	
Investment management fees	(161)	
Inflation swap charges and fees	(376)	
Adjustment for expenditure from restricted funds previously in STRGL	(652)	
Gains on investments	7,539	
Actuarial (loss) in respect of pension schemes (USS)	(134)	
Holiday pay provision	(68)	
Inflation swap MTM provision	(3,229)	
		<u>4,439</u>
Total comprehensive income as restated		<u><u>6,699</u></u>

Reconciliation of reserves and balances

	at 1 July 2014	At 30 June 2015
	£'000	£'000
Reserves balances as previously stated	120,786	132,218
Reclassification of trust fund	1,491	1,501
Accrual of employee holiday pay compensation	(68)	(68)
Pension deficit funding provision	(134)	(245)
Revaluation of fixed assets	104,826	103,422
Accrual of inflation swap MTM provision	(2,800)	(6,029)
	<u>224,101</u>	<u><u>230,799</u></u>

Notes to the financial statements for the year ended 30 June 2016

28 Pension Schemes

(a) Universities Superannuation Scheme

The total cost charged to the Statement of Comprehensive Income and Expenditure is £135,000 (2015: £245,000) as shown in note 20d.

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

Since the College cannot identify its share of the 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 increases (CPI)	2.2%	2.2%

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

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

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

	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
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%

(b) Clare College Contributory Pension Scheme and NEST

The College operates a defined contribution pension scheme, mainly for permanent contracted non-academic employees, which is contracted into the State Second Pension (S2P). During the last two years, with the help of the pension scheme's financial advisers (Dartington Wealth Management), the trustees of this scheme and the College have reviewed how best the scheme meets the needs of the members and complies with the requirements of the Pensions Act 2008 and Auto Enrolment. As a result, it was agreed that a new Group Personal Pension Scheme would better meet these requirements and this change was completed in July 2016. No further contributions were made into the Occupational Pension Scheme from that date and this scheme will be officially wound up.

Temporary employees are offered the National Employment Savings Trust (NEST) scheme, a defined contribution scheme set up by the Government. The assets of both schemes are held in separate trustee-administered funds. The amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the respective schemes in respect of the accounting year.

(c) Summary of pension costs

	2016	2015
	£'000	£'000
Universities Superannuation Scheme	135	245
Clare Contributory Pension Scheme	312	279
NEST	<u>2</u>	<u>-</u>
Total pension costs (note 7)	<u>449</u>	<u>524</u>