

SIDNEY SUSSEX COLLEGE

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Registered Charity

Number 1137586

SIDNEY SUSSEX COLLEGE
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

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SIDNEY SUSSEX COLLEGE

HISTORY AND GOVERNANCE

YEAR ENDED 30 JUNE 2014

History

Sidney Sussex College was founded in 1596 under the will of Lady Frances Sidney, Countess of Sussex and is one of the ancient colleges of the University of Cambridge. Its purposes are the admission and education of students matriculated in the University of Cambridge and the promotion of academic research by its Fellows. It is an independent, self-governing, corporate body whose affairs are regulated by statutes approved by the Queen in Council, and was an exempt charity until the 1st June 2010 from which date the Charity Commission became the principal regulator of the College. The College was formally registered with the Charity Commission on the 25th August 2010. The College provides accommodation and catering for its junior members through most of the year, and for academic and other conferences during vacations.

Governance

The College is governed, under its statutes, by three principal bodies:

The Master and Fellows: comprises the Master and all Fellows, including retired Fellows. Honorary Fellows are non members. It meets at least once a year and has the following duties: to make or amend the statutes of the College and to resolve issues concerning their interpretation; to authorise any substantial alterations or additions to the College buildings or grounds; and to hold the Annual Audit Meeting.

The Governing Body: comprises the Master, all unretired Fellows, and four students representing the junior members of the College. Honorary and Visiting Fellows are not members. The Governing Body meets 6 to 8 times a year and deals with matters affecting the election and remuneration of the Master; employment and remuneration of Fellows; the appointment of Officers; amending and interpretation of the ordinances and rules concerning membership of the College; and the appointment of the College Council.

The College Council: comprises the Master, four Fellows *ex officio* (the Vice-Master, Bursar, Senior Tutor and Steward), twelve Fellows elected for three-year terms by the Annual Meeting of the Governing Body, and four junior members, one of whom is elected *ex officio* and three directly. The Council usually meets 14 times a year, and deals with all matters of College administration not reserved to the two senior bodies. The College Council are the Charity Trustees.

The Governing Body and the College Council are served by sub-committees of which the principal ones are: Admissions, Building, Development, Education, Finance and Needs, Investments and Remuneration. The Remuneration Committee contains members who are external to the College.

It is the duty of the Finance and Needs Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to maintain and review the Risk Register; to advise the Council on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Council. Members of the Finance and Needs Committee during the year were;

Ex Officio members

Master, Professor RV Penty (Chair)

Vice Master, Professor RD McKitterick

Bursar, Mr NG Allen

Senior Tutor, Mr MM Beber

College Accountant, Mr M Smy (to 31.12.13)

Head of Accounting & Finance, Mr C Faiers (from 1.01.14)

Fellow, staff & student members:

Professor E Biagini

Professor K Glover (to 31.08.13)

Professor W Jones (from 1.09.13)

Dr J Longley

Dr M Pollitt

SIDNEY SUSSEX COLLEGE

MANAGEMENT, AGENTS AND ADVISERS

YEAR ENDED 30 JUNE 2014

A Register of Interests is maintained for the Trustees and members of the Council, Finance and Needs Committee and senior administrative officers. Declarations of interest are made systematically at meetings.

The members serving on the principal bodies above during the year are given on the following pages.

Governing Body (serving during the financial year ended 30 June 2014)

Master:	Professor RV Penty
Vice-Master:	Professor RD McKitterick
Bursar:	Mr NG Allen
Senior Tutor:	Mr MM Beber

Mr WJL Abraham (to 31.12.13)	Dr M Olamaie
Dr A Al-Tabbaa	Professor CH Page
Prof K Armstrong (from 1.10.13)	Dr MG Pollitt
Dr D Beckingham	Mr M Ramage
Professor E Biagini	Dr CA Roberts
Dr BJ Billups	Dr J Ross
Revd PEP Brice	Professor R Sepulchre (from 1.10.13)
Dr D Browne	Dr JK Seymour
Dr R Busch (to 31.08.13)	Dr T Simpson
Dr HR Castor (to 31.08.13)	Dr DG Skinner
Professor M Chatterji	Dr PA Sliwa
Dr JEI Craigwood	Dr R Sowerby (from 1.09.13)
Professor TM Cox	Dr N Ssorin-Chaikov (to 31.08.13)
Dr K Dickers	Dr S Strelchuk (from 1.09.13)
Dr CJL Doran	Dr AS Uhlig (to 31.08.13)
Dr D Doupé (to 31.08.13)	Professor AF Wallace-Hadrill
Professor Dame AP Dowling	Dr E Wilson-Lee
Dr M Eilstrup-Sangiovanni	
Dr E Eiser	
Dr AJ Flewitt	
Dr PD Flynn	
Mrs NV Franklin	
Dr B Fulda	
Dr I Galanakis	
Dr E Gilby	
Professor AL Greer	
Dr B Groisman	
Dr FC Hall	
Dr S Harris (from 1.10.13)	
Professor CJ Hill	
Professor RR Horgan	
Dr AP Jackson	
Professor W Jones	
Professor RM Kilner	
Professor M Lamb	
Dr JP Longley	
Professor PG McHugh	

Junior Members

Miss L Cantwell (to 14.03.14)
Miss N Cohen-Lask (to 14.03.14)
Ms S Henderson (from 15.03.14)
Mr J Hobbs (from 8.10.13)
Mr S Lohead (to 7.10.13)
Miss P Morris (to 6.12.13)
Mr H Remillard (from 7.12.13)
Mr C Robertson (from 15.03.14)

SIDNEY SUSSEX COLLEGE

MANAGEMENT, AGENTS AND ADVISERS

YEAR ENDED 30 JUNE 2014

Master and Fellows

All members of the Governing Body, excepting junior members, were members of the Master and Fellows. In addition, the following were also members of the Master and Fellows:

Professor DE Beales	Mr DS Green	Professor Sir JE Walker
Professor TC Blanning	Professor A Hughes	Mr C Wilmer
Professor Sir TL Blundell	Professor JBL Mayall	Dr R Woods
Dr PJ Collier	Professor HB Nisbet	Professor GN Greaves (Visiting Fellow)
Professor AA Dashwood	Mr C Parish (Deceased 28.05.14)	Professor E Stenstadvold (Visiting Fellow)
Professor Dame S Dawson	Dr PF Scott	Professor B Little (Visiting Fellow)
Professor K Glover	Dr J Stargardt	Professor GP Lepage (Visiting Fellow)

Council & Charity Trustees (serving during the financial year ended 30 June 2014)

Professor RV Penty, Master
Professor RD McKitterick, Vice-Master
Mr NG Allen, Bursar
Mr MM Beber, Senior Tutor
Professor AL Greer, Steward (to 31.08.13)
Professor RR Horgan (from 1.09.13)
Professor E Biagini
Dr K Dickers
Dr AJ Flewitt
Dr B Fulda
Professor K Glover (to 31.08.13)
Dr B Groisman
Professor CJ Hill
Professor W Jones
Dr CA Roberts (to 31.08.13)
Dr JK Seymour, Secretary
Dr DG Skinner (to 31.08.13)
Dr AS Uhlig (to 31.08.13)
Dr JEI Craigwood (from 1.09.13)
Dr E Wilson-Lee

Junior Members

Miss L Cantwell (to 14.03.14)
Miss N Cohen-Lask (to 14.03.14)
Ms S Henderson (from 15.03.14)
Mr J Hobbs (from 8.10.13)
Mr S Lohead (to 7.10.13)
Miss P Morris (to 6.12.13)
Mr H Remillard (from 7.12.13)
Mr C Robertson (from 15.03.14)

SIDNEY SUSSEX COLLEGE

MANAGEMENT, AGENTS AND ADVISERS

YEAR ENDED 30 JUNE 2014

Registered Office

Sidney Street
Cambridge, CB2 3HU

Auditors

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

Bankers

Barclays Bank plc
Barclays Corporate
PO Box 885, Mortlock House
Histon
Cambridge, CB24 3DE

Buildings Consultants

Pleasance, Hookham & Nix
1 Northampton Street
Cambridge, CB3 0AD

Property Managers

Cheffins
Clifton House, 1-2 Clifton Road
Cambridge, CB1 7EA

Solicitors

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

Investment Fund Managers

BlackRock Advisors (UK) Limited
Murray House, 1 Royal Mint Court
London, EC3N 4HH

SIDNEY SUSSEX COLLEGE

REPORT OF THE COUNCIL

YEAR ENDED 30 JUNE 2014

Aims and objectives

The College is a place of education, religion, learning and research, and it aims to promote academic excellence and freedom of thought and belief.

The College provides, in conjunction with the University of Cambridge, an education for some 570 undergraduate and graduate students, which is recognised internationally as being of the highest standard. This education is both academic and personal in the sense that it enhances the students' potential to become leaders and effective communicators, so preparing them to play full and effective roles in society. It is a central aim of the College to promote academic excellence, just as it is to guard freedom of thought and belief, for all its members and for the public good.

In pursuit of these benefits, the College:

- Provides teaching, especially including individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems.
- Provides social, cultural, musical, recreational and sporting facilities enabling all students to realise their academic and personal potential to the full while studying at the College.
- Provides a specialist choral musical experience, involving both training and performance, for its choral and organ scholars, who form the College's internationally renowned choir, led by the Director of Music.
- Maintains an extensive library, so providing a valuable resource for students and Fellows of the College.

Review of Operations

Students

During the year, the College educated 350 (2013: 373) undergraduate and 220 (2013: 210) graduate students. In 2014 the College admitted 111 (2013: 105) undergraduates, made up as follows:

	<u>Arts</u>		<u>Sciences</u>		<u>Overall</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Men	21	25	38	34	59	59
Women	30	29	22	17	52	46
<i>Total</i>	<u>51</u>	<u>54</u>	<u>60</u>	<u>51</u>	<u>111</u>	<u>105</u>
Home Maintained School					51	53
Home & Independent Overseas School					60	52
<i>Total</i>					<u>111</u>	<u>105</u>

In order to assist undergraduates from families with low incomes the College provides bursary support, through a scheme operated in common with the University, other Colleges and the Newton Trust. In addition, the College provides a number of top up bursaries. Undergraduates in the College received £332k (2013: £279k) in bursaries. In addition, the College provided £26k (2013: £9k) in study awards and hardship grants to students in financial need.

The College provided £153k (2013: £116k) in financial support to graduate students in order to assist with their costs. This is in the form of a limited number of full studentships, top ups to external studentships and assistance with research expenses.

SIDNEY SUSSEX COLLEGE

REPORT OF THE COUNCIL

YEAR ENDED 30 JUNE 2014

To raise educational aspiration and attract outstanding applicants, who might not otherwise be considered applying, the College operates an outreach programme. The programme includes visits to schools, visits by schools, open days and published guidance for prospective applicants. Excluding bursaries the College spent £31k (2013: £30k) on access activity in the year.

Employees

The College had a Master and 69 (2013: 71) Fellows in the year. The College employs Fellows as College Lecturers, Supervisors, Directors of Studies, Tutors, Clergy and senior administrative officers. The Master and some of the Fellows are members of the College's Council, so are charity trustees. The College also employs 89 (2013: 90) other members of staff to provide the professional and services support necessary to run the College.

Financial Performance

The Income and Expenditure account showed an operating surplus of £490k for the year, compared to an operating surplus of £64k in 2013. The increase in the surplus has arisen from a £580k increase in income and a £154k increase in expenditure. The net assets have increased by £3m to £108m.

Income

The College had total income of £8,987k in the year, a 6.9% increase over the £8,407k for 2013. £55k of the increase in income came from fees as a result of an increase in numbers of students and in the level of fees. £202k of the increase came from accommodation and catering income, following an increase in conference income. Overall there was a 64K (3.8%) increase in investment income, of the increase £41k came from an improvement in rental income from property. The level of donations has increased by 48% to £851k

The College has several sources of income, which are as follows:

	<u>2013-14</u>	<u>2012-13</u>
Student Fees	25%	26%
Accommodation & catering charges to members	28%	30%
Conference & hospitality	10%	8%
Investment income	19%	20%
Trust Fund income	7%	8%
Donations & benefactions	10%	7%
Other	1%	1%

The academic fees cover only 50% of the cost of providing education and the College runs a deficit of £2,177k on education. The College is dependent on its investment and endowment income as well as donations to fund the education deficit. While dividend income is holding up, the current state of the economy is impacting retailers in Cambridge and this is having a significant negative impact on rental income.

Donations are a source of income with potential to provide a significant increase of funds. The College is extremely grateful for the donations and benefactions it receives as they enable the College to continue to provide high quality personalised teaching and do things it could not otherwise do. In the year, donations enabled the College to increase support for students and appoint a new teaching Fellow. The College believes that there is an opportunity to increase the level of donations significantly, so is investing in improving its development activities.

SIDNEY SUSSEX COLLEGE

REPORT OF THE COUNCIL

YEAR ENDED 30 JUNE 2014

Expenditure

In 2014 expenditure increased by £154k (1.8%) to £8,497k. Of this increase £264k was due to interest payments and financing charges, as result of the long term bond issue and this was offset by a reduction of £247k in major building works. The underlying expenditure, excluding financing costs and major works was flat.

Debt Issue

During the year the College raised £6.4m long term debt from a bond issue through Cambridge Colleges Funding plc. £2.9m for 30 years and £2.3m for 40 years at a fixed interest rate of 4.4%, and £1.2m for 30 years at 4.45%. In 2014 the College incurred interest of £213,740 and other financing costs of £50,596 relating to this bond issue. In a full year cost of the interest will be £288,200. These funds will be invested alongside donations in key building projects. Funds have already been used to purchase a new hostel for graduate students in Park Parade and to refurbish Garden Court.

Investment Performance

The College's investments are shown in two parts; part under College investments (Note 11) and part under Endowment Assets (Note 12). The value of the College's investments has remained flat at £34m and generated £1,740k during the year. The value of the endowment investment's increased by £2m to £36m and generated £661k in income. Of the quoted securities the greater part were held in Tracker Funds. Cash not required for immediate investment or to cover expenditure is placed on short term deposit with a number of banks at various rates of interest.

College 1975 Pension Fund

The College 1975 pension fund deficit increased during the year from £1,696k to £1,782k as a result of the cost of buying annuities. Under the amended recovery plan agreed between the College and the Trustees the additional payments paid in the year were £216k.

Reserves

The value of the College's general and revenue reserves at year-end totalled £69.6m (2013: £68.6m). The College believes that reserves at that level are commensurate with the scale of assets required to run the College's activities and that they provide the stability needed by an institution operating in perpetuity.

Risk Assessment

The major risks to which the College is exposed are reviewed regularly by the Finance & Needs Committee and the Council. Systems are in place, or in the process of being established, to mitigate the risks identified. The Risk Assessment is published on the College's website.

The College's Health & Safety Policy Statement is reviewed regularly and endorsed by Council.

Equal Opportunities

The College is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer.

Approved at the meeting of the Council on 3rd December 2014



Professor R Penty
Master

SIDNEY SUSSEX COLLEGE

STATEMENT OF PUBLIC BENEFIT

YEAR ENDED 30 JUNE 2014

Objects

The College is a place of education, religion, learning and research, and it aims to promote academic excellence and freedom of thought and belief.

Education

The College provides, in conjunction with the University of Cambridge, an education for some 570 undergraduate and graduate students which is recognised internationally as being of the highest standard. This education is both academic and personal in the sense that it enhances the students' potential to become leaders and effective communicators, so preparing them to play full and effective roles in society. It is a central aim of the College to promote academic excellence, just as it is to guard freedom of thought and belief, for all its members and for the public good.

In pursuit of these benefits, the College:

- Provides extensive teaching facilities, especially including individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems.
- Provides social, cultural, musical, recreational and sporting facilities enabling all students to realise their academic and personal potential to the full while studying at the College.
- Provides a specialist choral musical experience, involving both training and performance, for its choral and organ scholars, who form the College's internationally renowned choir, led by the Director of Music.
- Maintains an extensive library, so providing a valuable resource for students and Fellows of the College.

The College is committed to access:

- The College admits as undergraduate and graduate students those who have the highest potential for benefiting from the education provided by the College and the University.
- The College operates an outreach programme to raise educational aspiration, and to attract outstanding applicants who might not otherwise have considered entering Higher Education at all, so that they may be encouraged to apply to a University, to Cambridge in general and to Sidney Sussex College in particular. This programme involves an extensive round of visits to schools, school visits to the College, open days, taster days devoted to individual academic disciplines and admissions conferences for teachers, as well as extensive guidance and information available on the College website.
- The College's admissions policy ensures that students are selected without regard to their gender, sexuality, social background, geographic location, religious commitment, ethnic origin or financial position. No student is excluded on the grounds, or as a result, of these factors.
- The College charges the following fees:
 - a. A College fee of £4,500 (£4,500 in 2013) is charged to undergraduates entitled to student support and £2,424 (£2,349 in 2013) to graduates. These fees are externally regulated. A College fee of £6,000 (£5,400 in 2013) is charged to undergraduates from overseas and to home students not entitled to student support.
 - b. Accommodation and meal charges at reasonable rates.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PUBLIC BENEFIT

YEAR ENDED 30 JUNE 2014

Education *(continued)*

- In order to assist undergraduates entitled to Student Support, the College provides, through a scheme operated in common with the University, other Colleges and the Isaac Newton Trust, bursary support for those of limited financial means. For the academic year 2013-14, the number of awards made was 81 (2013: 92), out of a Home/EU undergraduate population of 343 (2013: 337); 55 (2013: 34) of the awards were at the maximum value of £3,500 (2013: £3,400); and the average value of the awards was £2,771 (2013: £2,357). That scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement. It is widely advertised on the University website, on the College website and in the College Admissions Prospectus.
- To support the costs of graduate students, the College provides substantial financial support. This includes scholarships to fund fees and living costs and 'top-up' funding to fill funding shortfalls in students' funding packages.
- The College also supports all students through a grants scheme, to assist with the purchase of books and equipment, attendance at conferences, study and research grants and travel grants.
- In addition to its other programmes, the College operates a hardship scheme for all students in financial hardship.

Religion

In pursuing its objective as a place of religion, the College carries forward the tradition, continuous since its foundation, of reflection upon the benefits, and moral and ethical commitments, entailed by religious belief, and upon the implications of that belief for the individual and society. It is, further, a central aim of the College to promote freedom of thought and belief among all its members, of any faith and none.

As part of this, the College:

- Maintains, in accordance with its Statutes and the law of the land, its historic connection with the work of the Church of England, particularly through its Anglican services in College, and through its involvement as Patron of three livings.
- Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services on weekdays and at weekends during term, which are open to the general public and to visitors.
- Supports the emotional and mental wellbeing of all members of the College community through its chaplaincy, and through the stimulus, to reflect upon the ethical dimension of human existence and the accompanying social responsibilities, that the chapel can provide to all, regardless of whether they have, or do not have, a particular faith commitment.
- Enriches its services in Chapel through its outstanding choral tradition carried forward by the College's world-renowned Choir.

Access to religion:

- The College's religious services (in all senses of the word 'services') are available to every member of the College, and benefit the wider public through the openness of all rites (twice-weekly Evensong, Sunday Eucharist and Wednesday Choral Vespers) to all members of the public, through charitable collections undertaken by members of the College, and through the promotion and dissemination into society at large of values and practices that foster moral and ethical well-being.
- Members of the public may book the use of the Chapel for concerts.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PUBLIC BENEFIT

YEAR ENDED 30 JUNE 2014

Learning and Research

Learning and research are capable of increasing knowledge and adding to the store of human well-being. It is a central aim of the College to promote academic excellence, just as it is to guard freedom of thought and belief, for all its members and for the public good.

In carrying out its objective of advancing research, the College:

- Provides six Research Fellowships tenable for a period of 3 to 5 years.
- Provides about six College Teaching Fellowships tenable for a period of 5 years, the duties of which require that a substantial proportion (over 50%) of time be devoted to developing the Fellow's research.
- Supports 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.
- Encourages visits from other academics, from home and abroad, through its Visiting Fellowships and other similar programmes.
- Maintains a library and College Archive, including important special collections of great value for which the College has a duty of perpetual and inalienable care, so providing a valuable resource of learning and scholarship.

Access to Learning & Research

- The academic staffs of the College are recruited for their potential to contribute to the College's aim of promoting academic excellence, regardless of their gender, sexuality, social background, religious commitment, ethnic origin or financial position.
- The College supports and encourages the dissemination of research undertaken by members of the College to the public at large through the publication of papers in academic journals or other suitable means, including the mass-media of radio, television and journalism.
- Research Fellowships, like College Teaching Fellowships, are awarded to outstanding academics at the early stages of their careers. Research Fellowships enable 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. Teaching Fellowships combine a proportion of teaching and administrative duties with a similar opportunity to develop and focus on research.

SIDNEY SUSSEX COLLEGE

RESPONSIBILITIES OF THE COUNCIL

YEAR ENDED 30 JUNE 2014

The Council has responsibility for the administration and management of the College's affairs (save for the few areas of College business reserved for the Master and Fellows).

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 preparing these financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

The Council is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

SIDNEY SUSSEX COLLEGE

STATEMENT OF INTERNAL CONTROL

YEAR ENDED 30 JUNE 2014

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

The system of internal control is risk based, so is designed to manage and mitigate rather than eliminate the risk of failure to achieve policies, aims and objectives.

The systems of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The Finance & Needs Committee have responsibility for overseeing this risk assessment. The last risk assessment was completed in June 2013.

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

The Fellows on Finance & Needs Committee, who are not officers of the College, act as an Audit Committee and the senior member is the Chair. They meet without officers being present and carry out independent investigations of complaints and are a point of independent contact for the Auditors.

SIDNEY SUSSEX COLLEGE

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL

YEAR ENDED 30 JUNE 2014

We have audited the financial statements of Sidney Sussex College for the year ended 30 June 2014 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Council, as a body, in accordance with College's Statutes, the Statutes of the University of Cambridge and with section 144 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 Council 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 Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and Auditors

As explained more fully in the Council's Responsibilities Statement set out on page 12, the College Council, as trustees of the charity, are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report of the Council to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- 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.

SIDNEY SUSSEX COLLEGE

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL

YEAR ENDED 30 JUNE 2014

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 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.

Peter Elworthy & Moore

PETERS ELWORTHY & MOORE

Chartered Accountants & Statutory Auditors

*Salisbury House,
Station Road,
Cambridge,
CB1 2LA*

8 December 2014

Peters Elworthy & Moore is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2014

Basis of Accounting

The financial statements have been prepared in accordance with the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards. In addition the accounts accord with the Statement of Recommended Practice for Accounting in Further and Higher Education (the SORP) with the exception that certain operational properties are included within endowment assets contrary to paragraph 146 of the SORP. However, this departure is considered necessary in order to present a true and fair view.

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. 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 as modified by the revaluation of investments and certain land and buildings.

The activities of student societies have not been consolidated.

Recognition of Income

Income is recognised on a receivable basis and is reported gross with the following exceptions:

- i. donations are recognised when received and if made under Gift Aid they are recorded inclusive of the tax recoverable.
- ii. legacies are recognised on the earlier of the receipt of proceeds or upon notification of imminent despatch.
- iii. all donations and legacies are credited to the income and expenditure account. Subsequent accounting treatment of the donation depends on the nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the College, and other donations with substantially restricted purposes, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.
- iv. grants and donations received for the purposes of funding the acquisition and construction of tangible fixed assets are in the case of depreciable assets credited to deferred capital grants. When the related capital expenditure is incurred the donation is released to income over the estimated useful life of the asset in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.
- v. all investment income is credited to the income and expenditure account in the period in which it is earned. It is then transferred to an Accumulated Income Account, from which the Council declares an annual dividend. This dividend forms the income for the Trust Funds for the year. The scheme is designed to smooth out fluctuations in Trust Fund income.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2014

Tangible Fixed Assets

i. Land and Buildings

Following confirmation of the College's ownership of the site occupied by the principal buildings, a valuation was commissioned and carried out by Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation as at 30 June 2012 was prepared in accordance with the requirements of the RICS Valuation Standards, Eighth Edition, March 2012 amendment and Financial Reporting Standard (FRS) 15 (UK GAAP). The valuation of non-specialised properties was undertaken on an Existing Use Value (EUV) basis. Specialised properties were valued on a Depreciated Replacement Cost (DRC) basis.

The College's operational properties are stated at valuation except for certain buildings on the main College site, which are considered to be fully impaired owing to their age, obsolescence and other economic factors. The value of land on the main College site has not been valued.

Where buildings are used for mixed operational and investment purposes and where such a building is separable into distinct parts for the different uses then each part is valued and accounted for separately according to its use.

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.

The cost of additions to operational property shown in the balance sheet includes the cost of land, where applicable.

Freehold buildings and those on the main College site are depreciated at 1% per annum to reflect the economic cost of the College of using them.

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

ii. Maintenance of Premises

The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred, unless it exceeds £200,000 when the cost is considered for capitalisation and depreciation over the expected useful economic life.

iii. Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £1,000 per individual item is written off in the year of acquisition unless the aggregate value of related items exceeds £50,000.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2014

Tangible Fixed Assets *(continued)*

iv. *Heritage assets*

The College owns, maintains and occasionally improves a collection of rare books, silver, pictures and other fine art assets. As the greater part of the collection was acquired historically and is not related to education, it is not included in the balance sheet. However, purchases or gifts since 1st July 2000 are shown in the balance sheet at cost or valuation. Owing to the volume of items and valuation issues, e.g. age, origin and accuracy, it has been decided that it is neither practical nor beneficial to identify and value heritage assets acquired before 1 July 2000.

Heritage Assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

The insured value of the collection is shown in note 10a.

Where a heritage asset is acquired by the College with the aid of a specific bequest or donation, the gift is credited to the Income and Expenditure Account.

v. *Lease Assets*

Leasing agreements, which transfer to the College substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown under creditors as 'obligations under finance leases'. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Income and Expenditure Account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the leases term or the useful economic life of equivalent owned assets. Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under hire purchase contracts are treated in a similar manner.

vi *Depreciation*

Depreciation is provided as follows

Land	Not depreciated
Freehold and Long Leasehold Buildings	1% reducing balance
Short Leasehold Buildings	Life of lease to a maximum of 50 years
Motor vehicles	33.3% reducing balance
Plant and equipment	15 – 25% reducing balance
Books	3.33% straight line
Furniture and fittings	2 – 25% reducing balance/straight line

SIDNEY SUSSEX COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2014

Investments

Investment properties are shown at market value. A formal valuation of the investment properties as at 30 June 2009 was carried out by Cheffins, Property Consultants, on the 22 July 2009.

For mixed-use properties (i.e. where the property is used partly for operations purposed and partly for investment purposes) the investment element is valued by reference to the capitalized rental income using a rate of 7%. (2013: 8%)

Investments listed on a recognised stock exchange are stated at market value. Unlisted investments are stated at market value where possible, otherwise at cost less any provision for permanent diminution of value.

Stocks

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

Pensions

Retirement benefits for employees, who started after the 2nd January 2004, and for the majority of Fellows are provided by the Universities Superannuation Scheme. Benefits for participating employees who started before the 1st January 2004 are provided by the College's own scheme, but this is now closed to new entrants. Both are defined benefit schemes which are externally funded and contracted out of the State Second Pension Scheme. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the schemes, and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' and Fellows' services.

The College also participates in the Church of England Funded Pensions Scheme in respect of its Chaplain.

The Church of England Funded Pensions Scheme is a defined benefit scheme, but the College is unable to identify its share of the underlying assets and liabilities; each employer in the scheme pays a common contribution rate. Under paragraph 9(b) of the accounting standard on Retirement Benefits, Financial Reporting Standard 17, the College is required to account for pension costs for schemes such as the Church of England Funded Pensions Scheme, on the basis of contributions actually payable to the Scheme in the year.

Provisions

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

Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Balance sheet items are recorded at the rate ruling at the balance sheet date. Gains or losses on exchange are shown as part of administrative costs.

SIDNEY SUSSEX COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2014

Taxation

The College is a charity within the meaning of Section 506 (1) of the Taxes Act 1988 and is therefore 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.

VAT

Irrecoverable VAT is treated as part of the expenditure to which it relates.

Contribution under University Statutes G, II

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

SIDNEY SUSSEX COLLEGE

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 30 JUNE 2014

	<i>Note</i>	<i>2014</i>	<i>2013</i>
		£	£
INCOME			
Academic fees and charges	1	2,213,283	2,158,119
Residences, catering, and conferences	2	3,408,704	3,206,881
Investment income	3a	1,739,616	1,675,707
Endowment	3b	661,383	665,877
Donations and benefactions	3c	850,673	573,579
Other income	4	113,444	126,671
Total income		<u>8,987,103</u>	<u>8,406,834</u>
EXPENDITURE			
Education	5	(4,390,041)	(4,141,364)
Residences, catering, and conferences	6	(3,650,493)	(3,578,198)
Other expenditure	7	(456,157)	(623,354)
Total expenditure		<u>(8,496,691)</u>	<u>(8,342,916)</u>
OPERATING SURPLUS		490,412	63,918
Contribution to Colleges' Fund		(36,921)	(38,279)
Transfer unspent endowment income and restricted donations to Accumulated Endowment Income		453,491	25,639
		<u>(1,291,493)</u>	<u>(972,999)</u>
NET (DEFICIT) carried forward		<u>(838,002)</u>	<u>(947,360)</u>

SIDNEY SUSSEX COLLEGE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 JUNE 2014

	<i>Restricted Funds</i>		<i>Unrestricted Funds</i>	<i>2014</i>	<i>2013</i>
<i>Note</i>	<i>Permanent</i>	<i>Expendable</i>		<i>Total</i>	<i>Total</i>
	£	£	£	£	£
Net deficit for the year	-	-	(838,002)	(838,002)	(947,360)
Unspent donations and endowment income	(3,403)	1,294,896	-	1,291,493	972,999
Realised gains	534,518	534,802	1,093,547	2,162,867	150,663
Change in market value of investments	211,365	334,900	458,960	1,005,225	4,433,057
Actuarial gain/(loss) on Pension Scheme	-	-	(352,900)	(352,900)	(498,400)
Charge from capital	-	-	-	-	2,800
Transfers from/(to) Deferred Grants	-	-	28,085	28,085	28,417
Revaluation of Freehold Buildings	-	-	(179,153)	(179,153)	-
Transfers between funds	(7,000)	(707,532)	714,532	-	-
Total recognised gains for the year	735,480	1,457,066	925,069	3,117,615	4,142,176
Balance at 1st July 2013	10,632,669	12,887,049	79,153,745	102,673,463	98,531,287
Balance at 30th June 2014	11,368,149	14,344,155	80,078,814	105,791,078	102,673,463

SIDNEY SUSSEX COLLEGE

BALANCE SHEET

YEAR ENDED 30 JUNE 2014

	<i>Note</i>	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible	10	42,286,386		39,854,180	
Investments	11	<u>34,175,819</u>		<u>34,259,770</u>	
			76,462,205		74,113,950
ENDOWMENT ASSETS	12		36,212,762		34,053,076
CURRENT ASSETS					
Stock	13	187,895		179,790	
Debtors due within one year	14	905,943		675,659	
Cash	15	<u>5,390,757</u>		<u>564,814</u>	
		<u>6,484,595</u>		<u>1,420,263</u>	
CURRENT LIABILITIES					
Creditors: amounts due within one year	16	<u>(2,033,842)</u>		<u>(1,886,899)</u>	
NET CURRENT ASSETS			<u>4,450,753</u>		<u>(466,636)</u>
			117,125,720		107,700,390
CREDITORS: amounts due after one year	17		<u>(6,830,284)</u>		<u>(580,284)</u>
NET CURRENT ASSETS EXCLUDING PENSION LIABILITIES			110,295,436		107,120,106
PENSION LIABILITIES	18		<u>(1,782,000)</u>		<u>(1,696,200)</u>
NET ASSETS INCLUDING PENSION LIABILITIES			<u>108,513,436</u>		<u>105,423,906</u>

Continued on the next page

SIDNEY SUSSEX COLLEGE

BALANCE SHEET

YEAR ENDED 30 JUNE 2014

				2014	2013
	<i>Note</i>	£	£	£	£
Represented by:					
		<i>Restricted Funds</i>	<i>Unrestricted Funds</i>	<i>Total</i>	
DEFERRED CAPITAL GRANTS	19	<u>2,722,358</u>	<u>-</u>	<u>2,722,358</u>	<u>2,750,443</u>
ENDOWMENTS					
Permanent		11,368,149	10,500,498	21,868,647	21,166,027
Expendable		<u>14,344,115</u>	<u>-</u>	<u>14,344,115</u>	<u>12,887,049</u>
	20	<u>25,712,264</u>	<u>10,500,498</u>	<u>36,212,762</u>	<u>34,053,076</u>
RESERVES					
General		-	30,720,125	30,720,125	29,507,308
Pension		-	(1,782,000)	(1,782,000)	(1,696,200)
Other		-	2,158,096	2,158,096	2,125,935
Revaluation					
Operational Property		-	30,590,522	30,590,522	31,249,491
Fixed Asset and Investment		<u>-</u>	<u>7,891,573</u>	<u>7,891,573</u>	<u>7,433,853</u>
	21	<u>-</u>	<u>69,578,316</u>	<u>69,578,316</u>	<u>68,620,387</u>
TOTAL CAPITAL AND RESERVES		<u>28,434,622</u>	<u>80,078,814</u>	<u>108,513,436</u>	<u>105,423,906</u>

The financial statements on pages 16 to 43 were approved by the Master and Fellows on and are signed on their behalf by

Professor R Penty
Master

SIDNEY SUSSEX COLLEGE

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2014

	Note	£	2014 £	2013 £
OPERATING ACTIVITIES				
Operating surplus/(deficit) before transfers			490,412	63,918
<i>Add items not involving the movement of funds</i>				
Depreciation		478,230	474,818	
Project cost charged to income and expenditure account		14,463	-	
Movement in Pension Scheme Liability		<u>(267,100)</u>	<u>225,593</u>	<u>(178,200)</u>
				296,618
<i>Less items accountable under other headings</i>				
Rental income		(4)	(591)	
Investment income		(1,739,616)	(1,675,707)	
Interest payable		213,750	25,802	
Donations and Legacies		(850,673)	(573,579)	
Endowment income		<u>(661,383)</u>	<u>(3,037,926)</u>	<u>(665,877)</u>
				(2,889,952)
<i>Add movement in working capital</i>				
(Increase)/decrease in stock		(8,105)	(16,902)	
(Increase)/decrease in debtors & prepayments		(230,284)	(179,404)	
Increase/(decrease) in creditors & accruals		<u>540,508</u>	<u>302,119</u>	<u>27,241</u>
				(169,065)
Net cash (outflow) from operating activities			<u>(2,019,802)</u>	<u>(2,698,481)</u>
Returns on Investments and Servicing of Finance				
Rental income		4	591	
Investment income		1,739,616	1,675,707	
Endowment income		661,383	665,877	
Interest paid		<u>(213,750)</u>	<u>(25,802)</u>	
Net cash inflow from returns on investments and servicing of finance			2,187,253	2,316,373
Contribution to Colleges Fund				
Payments to University's College Fund			(38,686)	(40,593)
Capital Expenditure and Financial Investment				
<i>Receipts</i>				
Sale of Tangible Fixed Assets		1,572,537	-	
Charge from Capital		-	2,800	
Sale of Investments		23,167,629	1,507,576	
Donations & Legacies		850,673	573,579	
		<u>25,590,839</u>	<u>2,083,955</u>	

Continued on next page

SIDNEY SUSSEX COLLEGE

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2014

	Note	£	2014 £	£	2013 £
Capital Expenditures and Financial Investment					
<i>- continued</i>					
<i>Expenditure</i>					
Payments to acquire tangible fixed assets		(2,901,100)	(401,270)		
Payments to acquire investment assets		(23,466,942)	(1,865,782)		
		<u>(26,368,042)</u>	<u>(2,267,052)</u>		
Net Cash Inflow/(Outflow) from Investing Activities			(777,203)		(183,097)
Net Cash Inflow/(Outflow) before Financing			(648,438)		(605,798)
Financing					
Bank loan repayment			(150,000)		(150,000)
College Bond Funding			6,400,000		-
			<u>5,601,562</u>		<u>(755,798)</u>
Increase/(Decrease) in Cash					
Reconciliation of Net Cash Flow to Movement in Net Liquid Assets					
Increase/(Decrease) in cash in the period			5,601,562		(755,798)
Change in net debt resulting from cash flows			(6,250,000)		150,000
			(648,438)		(605,798)
Net funds brought forward at 1 July 2013			4,477,174		5,082,972
Net funds carried forward at 30 June 2014			<u>3,828,736</u>		<u>4,477,174</u>
Analysis of Changes in Net Debt					
			At 1 July 2013	Cash Flows	At 30 June 2014
Cash at bank and in hand			5,306,120	4,975,814	10,281,934
Bank overdraft			(391,800)	391,800	-
Cash held at fund managers			12,854	233,948	246,802
			4,927,174	5,601,562	10,528,736
Debt due within one year			(150,000)	-	(150,000)
Debt due after one year			(300,000)	(6,250,000)	(6,550,000)
			<u>4,477,174</u>	<u>(648,438)</u>	<u>3,828,736</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

1 Academic Fees and Charges	<i>2014</i>	<i>2013</i>
Fee income received on behalf of undergraduates eligible for student support - per capita fee £4,500 (2013: £4,500)	1,387,223	1,341,059
Other undergraduate fee income - per capita fee £5,670 (2013: £5,400)	237,082	240,561
Graduate fee income - per capita fee £2,424 (2013: £2,349)	309,478	321,505
Other	125,136	102,214
	<u>2,058,919</u>	<u>2,005,339</u>
Cambridge Bursaries Income	154,364	152,780
	<u>2,213,283</u>	<u>2,158,119</u>
2 Residences, Catering and Conference Income	<i>2014</i>	<i>2013</i>
Accommodation		
College members	1,684,455	1,692,138
Conferences	496,317	387,660
Catering		
College members	813,749	798,987
Conferences	414,183	328,096
	<u>3,408,704</u>	<u>3,206,881</u>
3 Investment and Endowment Income	<i>2014</i>	<i>2013</i>
a Investments		
Land and buildings	1,182,731	1,141,478
Quoted securities		
Equities	522,489	520,927
Fixed interest	-	-
Cash balances	34,396	13,302
	<u>1,739,616</u>	<u>1,675,707</u>
b Trust Funds		
Quoted securities		
Equities	648,809	637,731
Fixed interest	1,004	1,004
Cash balances	11,570	22,165
Other receipts	-	4,977
	<u>661,383</u>	<u>665,877</u>
c Donations and Benefactions		
Unrestricted	198,489	199,272
Restricted	652,184	374,307
	<u>850,673</u>	<u>573,579</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

4	Other Income	<i>Note</i>	<i>2014</i>	<i>2013</i>
	Rents		4	591
	Sundry Interest		30	74
	Royalties		18,147	12,941
	Miscellaneous		95,263	113,065
			<u>113,444</u>	<u>126,671</u>
5	Education Expenditure		<i>2014</i>	<i>2013</i>
	Teaching		1,868,831	1,729,536
	Tutorial		632,269	605,260
	Admissions		416,711	383,660
	Research		427,456	454,928
	Scholarships and Awards		490,464	389,402
	Other educational facilities		554,310	578,578
			<u>4,390,041</u>	<u>4,141,364</u>
6	Residences, Catering and Conference Expenditure		<i>2014</i>	<i>2013</i>
	Accommodation			
	College members		1,563,639	1,615,769
	Conferences		441,027	455,730
	Catering			
	College members		1,087,983	1,026,319
	Conferences		336,505	277,176
	Other			
	Conferences		221,339	203,204
			<u>3,650,493</u>	<u>3,578,198</u>
7	Other Expenditure		<i>2014</i>	<i>2013</i>
	Investments	7a	(15,563)	121,453
	Administration		104,316	115,833
	Fund Raising and Alumni Relations		320,384	300,109
	Other		24,945	15,975
	Trust & Appeal Fund charges and payments		22,075	69,984
			<u>456,157</u>	<u>623,354</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

7a	Investment Management Costs	Note	2014	2013	
	Land and buildings		(23,426)	104,728	
	Quoted securities		-	-	
	Equities		-	-	
	Fixed interest		-	-	
	Other		7,863	16,725	
	Cash balances		-	-	
		7	<u>(15,563)</u>	<u>121,453</u>	
8	Staff		<i>2014</i>	<i>2013</i>	
		Note			
			College Fellows	Other Academics	Non Academics
	Staff Costs				
	Emoluments		1,051,152	25,500	2,194,383
	Social Security costs		67,559	2,048	136,722
	Other Pension costs		132,121	-	327,029
		9	<u>1,250,832</u>	<u>27,548</u>	<u>2,658,134</u>
			<u>3,936,514</u>		<u>3,822,112</u>
	Average Staff Numbers (Full time equivalents)				
	Academic		51	6	-
	Non - Academic		8	-	88
			<u>59</u>	<u>6</u>	<u>88</u>
			<u>153</u>		<u>96</u>
			<u>154</u>		<u>154</u>

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

There were 52 (2013: 58) Fellows in the Governing Body as at the 30th June 2014, of which 44 (2013: 52) declared above are stipendiary.

The Trustees receive no emoluments in their role of trustees of the charity. However, during the year the trustees received a total of £497,478 (2013: 456,489) in remuneration for their normal college duties.

9 Expenditure by Activity – 2014

	Note	Staff costs	Other operating expenses	Depreciation	Total
Education		1,960,696	2,202,103	227,242	4,390,041
Residences, Catering and Conferences		1,759,133	1,646,771	244,589	3,650,493
Other		216,685	233,073	6,399	456,157
	8	<u>3,936,514</u>	<u>4,081,947</u>	<u>478,230</u>	<u>8,496,691</u>

SIDNEY SUSSEX COLLEGE
NOTES TO THE ACCOUNTS
YEAR ENDED 30 JUNE 2014

9 (continued)

Expenditure by Activity - 2013

	Staff costs	Other operating expenses	Depreciation	Total
Education	1,931,822	1,983,175	226,367	4,141,364
Residences, Catering and Conferences	1,654,864	1,681,278	242,056	3,578,198
Other	235,426	381,533	6,395	623,354
	<u>3,822,112</u>	<u>4,045,986</u>	<u>474,818</u>	<u>8,342,916</u>

9a Auditors' Remuneration

	2014	2013
Audit fees payable to the College's external auditors	22,668	23,414
Other fees payable to the College's external auditors	6,279	7,749
	<u>28,947</u>	<u>31,163</u>

10 Tangible Assets

	Land and Buildings		Vehicle, Equipment & Furniture	Books & Journals	Assets under construction	Total
	Freehold	Leasehold				
Cost or valuation						
As at 1st July 2013	37,790,074	875,562	693,947	1,838,189	312,410	41,510,182
Additions	1,362,072	-	108,063	25,657	1,405,308	2,901,100
Disposals	(1,206,770)	-	-	(5,337)	-	(1,212,107)
Transfers	2,853,982	-	127,795	-	(1,608,977)	1,372,800
Transfer to Income & Expenditure	-	-	-	-	(14,463)	(14,463)
Revaluation of land & buildings	(179,153)	-	-	-	-	(179,153)
As at 30th June 2014	<u>40,620,205</u>	<u>875,562</u>	<u>929,805</u>	<u>1,858,509</u>	<u>94,278</u>	<u>44,378,359</u>
Accumulated Depreciation						
As at 1st July 2013	(375,529)	(250,313)	(298,824)	(731,336)	-	(1,656,002)
Charge for the year	(315,121)	(17,832)	(51,922)	(60,495)	-	(445,370)
On Disposals	9,399	-	-	-	-	9,399
On Transfers	-	-	-	-	-	-
On Revaluation	-	-	-	-	-	-
As at 30th June 2014	<u>(681,251)</u>	<u>(268,145)</u>	<u>(350,746)</u>	<u>(791,831)</u>	<u>-</u>	<u>(2,091,973)</u>
Net Book Value						
As at 30th June 2014	<u>39,938,954</u>	<u>607,417</u>	<u>579,059</u>	<u>1,066,678</u>	<u>94,278</u>	<u>42,286,386</u>
As at 30th June 2013	<u>37,414,545</u>	<u>625,249</u>	<u>395,123</u>	<u>1,106,853</u>	<u>312,410</u>	<u>39,854,180</u>

The cost of rebuilding as at 30th June 2014 was insured for £114m (2013: £109m).

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

10a Heritage Assets

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 1 July 2000 have been capitalised. However, the majority of assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for those on a cost-benefit basis, they have not been capitalised. As a result, the total cost included in the balance sheet is partial.

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

	2010	2011	2012	2013	2014
Acquisitions purchased with specific donations	-	117,500	5,195	690	-
Acquisitions purchased with College funds	2,002	-	-	4,166	2,502
Total cost of acquisitions purchased	2,002	117,500	5,195	4,856	2,502
Value of acquisitions by donation	500	-	-	50	-
Total acquisitions capitalised	2,502	117,500	5,195	4,906	2,502

Works of art, pictures and silver were insured for £2.70m (2013: £3.38m).

11 Investments

	Note	2014	2013
		Total	Total
Valuation/cost at 1st July 2013		34,259,770	32,239,501
Additions		9,566,750	993,382
Disposals		(9,521,456)	(867,940)
Transfer to Tangible Assets		(1,372,800)	-
Transfers between investments		-	-
Increase/(decrease) in market value for the year		1,148,257	1,959,381
Increase/(decrease) in cash balances awaiting investment		95,298	(64,554)
Valuation as at 30th June 2014		34,175,819	34,259,770
Represented by			
Freehold Land and Buildings		15,239,949	16,612,749
Long Leasehold Building		92,500	92,500
Quoted Securities			
Equities		14,687,964	13,415,463
Fixed Interest		600,996	526,844
Unquoted Securities			
Equities		3,158,657	3,309,854
Cash held by Investment Managers		95,732	434
Wines		151,166	155,573
Heritage Assets		148,855	146,353
		34,175,819	34,259,770

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

12	Endowment Assets	<i>Note</i>	<i>2014</i>	<i>2013</i>
			<i>Total</i>	<i>Total</i>
	Valuation/cost at 1st July 2013		34,053,076	31,223,919
	Additions at cost		13,900,192	872,400
	Disposals at cost		(13,506,034)	(571,528)
	Transfer from Fixed Assets		-	-
	Depreciation		(32,860)	(33,187)
	Repayments		-	-
	Increase/(decrease) in market value for the year		1,650,009	2,560,675
	Increase/(decrease) in cash balances		148,379	797
	Valuation as at 30th June 2014		<u>36,212,762</u>	<u>34,053,076</u>
	Represented by			
	Freehold Land and Buildings		8,638,062	8,670,922
	Quoted Securities			
	Equities		21,353,329	19,421,137
	Fixed Interest		898,840	786,865
	Corporate Capital Loan 2017		280,284	420,426
	Cash held by Investment Managers		151,070	12,420
	Cash on Short Term Deposit		3,308,925	3,287,676
	Cash at Bank		1,582,252	1,453,630
			<u>36,212,762</u>	<u>34,053,076</u>
13	Stock		<i>2014</i>	<i>2013</i>
	Goods for Resale		170,396	156,548
	Other Stocks		17,499	23,242
			<u>187,895</u>	<u>179,790</u>
14	Debtors		<i>2014</i>	<i>2013</i>
	Due within one year			
	Members of the college		174,790	137,014
	Other debtors & prepayments		776,666	691,698
	Provision for bad debts etc		(45,513)	(153,053)
			<u>905,943</u>	<u>675,659</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

15	Cash	<i>2014</i>	<i>2013</i>
	Short-term money market investments	530,080	561,578
	Bank deposits	-	836
	Current accounts	4,860,427	2,267
	Cash in hand	250	133
		<u>5,390,757</u>	<u>564,814</u>
16	Creditors: amounts falling due within one year	<i>2014</i>	<i>2013</i>
	Bank Overdraft	-	391,800
	Payments on account	194,143	207,631
	Trade Creditors	536,495	250,532
	Taxation & Social Security	84,059	86,453
	University Fees	1,440	27,788
	Contribution to Colleges Fund	36,921	38,686
	Loan instalments	290,142	290,142
	Other Creditors	890,642	593,867
		<u>2,033,842</u>	<u>1,886,899</u>
17	Creditors: amounts falling due after more than one year	<i>2014</i>	<i>2013</i>
	Corporate Capital Indexed Loan 2017	280,284	280,284
	Bank Loan 2015	150,000	300,000
	College Bond (30 year) £2.9m - Issue	2,900,000	-
	College Bond (30 year) £1.2m - Issue	1,200,000	-
	College Bond (40 year) £2.3m - Issue	2,300,000	-
		<u>6,830,284</u>	<u>580,284</u>
18	Pension Liabilities	<i>2014</i>	<i>2013</i>
	Deficit in scheme at 1 st July 2013	1,696,200	1,376,000
	<i>Movement in year:</i>		
	Current service cost including Life Assurance	113,900	197,600
	Contributions paid by the College	(422,900)	(440,600)
	Finance cost	41,900	64,800
	Actuarial (gain)/loss recognised in the STRGL	352,900	498,400
	Deficit in scheme at 30 th June 2014 (see note 21b)	<u>1,782,000</u>	<u>1,696,200</u>

The unsecured bank loan is repayable by 1 further annual instalment of £150,000. Interest is payable at the fixed rate of 5.15% p.a. Following the revision of Statute G, II, 4(iv) on Sinking Fund Payments, repayments of the Corporate Capital Loan are no longer indexed. During 13-14, the College has borrowed from institutional investors, collectively with other Colleges, the College's share being £6.4 million. The Loans are unsecured and repayable during the period 2043-2053, and are at fixed interest rates of approximately 4.4%. The College has agreed a financial covenant of the ratio of Borrowings to Net Assets, and has been in compliance with the covenant at all times since incurring the debt.

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

19 Deferred Capital Grants

	<u>Donations</u>	<i>2014</i> <u>Total</u>	<i>2013</i>
Balance at 1 st July 2013			
Buildings	2,737,598	2,737,598	2,765,126
Furniture	12,845	12,845	13,734
Grants and Donations received			
Buildings	-	-	-
Furniture	-	-	-
Released to Income and Expenditure account			
Buildings	(27,254)	(27,254)	(27,528)
Furniture	(831)	(831)	(889)
Balance at 30 th June 2014	<u>2,722,358</u>	<u>2,722,358</u>	<u>2,750,443</u>

20 Endowments

	<u>Permanent</u>			<u>Expendable</u>	<i>2014</i> <u>Total</u>	<i>2013</i> <u>Total</u>
	Restricted	Unrestricted	<i>Total</i>	Restricted		
Balances as at 1st July 2013						
Capital	10,483,911	9,091,348	19,575,259	10,061,826	29,637,085	27,013,236
Cash	148,758	1,442,010	1,590,768	2,825,223	4,415,991	4,210,683
	<u>10,632,669</u>	<u>10,533,358</u>	<u>21,166,027</u>	<u>12,887,049</u>	<u>34,053,076</u>	<u>31,223,919</u>
Endowments received	-	-	-	652,185	652,185	368,428
Income from endowment investments	(3,403)	-	(3,403)	664,786	661,383	674,556
Expenditure	-	-	-	(22,075)	(22,075)	(69,985)
Gains/(Losses) realised	534,518	-	534,518	534,802	1,069,320	34,199
Transfers to/from Income and Expenditure account	-	(32,860)	(32,860)	(714,532)	(747,392)	(649,040)
Transfers between funds	(7,000)	-	(7,000)	7,000	-	-
Movement in market value of investments	211,365	-	211,365	334,900	546,265	2,470,999
Balances as at 30th June 2014	<u>11,368,149</u>	<u>10,500,498</u>	<u>21,868,647</u>	<u>14,344,115</u>	<u>36,212,762</u>	<u>34,053,076</u>
Comprising of:						
Capital	11,222,794	8,918,346	20,141,140	11,368,716	31,509,856	29,637,085
Cash	145,355	1,582,152	1,727,507	2,975,399	4,702,906	4,415,991
	<u>11,368,149</u>	<u>10,500,498</u>	<u>21,868,647</u>	<u>14,344,115</u>	<u>36,212,762</u>	<u>34,053,076</u>

SIDNEY SUSSEX COLLEGE
NOTES TO THE ACCOUNTS
YEAR ENDED 30 JUNE 2014

20 Endowments (continued)				2014		2013	
	Restricted	Permanent Unrestricted	Total	Expendable Restricted	Total	Total	Total
Represented by							
Fellowship Funds	5,510,945	-	5,510,945	5,924,136	11,435,081	10,711,790	
Scholarship Funds	2,158,732	-	2,158,732	1,955,487	4,114,219	3,852,842	
Prizes Funds	20,939	-	20,939	233,094	254,033	211,345	
Bursary Funds	887,023	-	887,023	1,193,345	2,080,368	1,871,778	
Hardship Funds	16,413	-	16,413	1,652,158	1,668,571	1,458,550	
Travel Funds	124,485	-	124,485	504,220	628,705	566,657	
Other Funds	2,649,612	-	2,649,612	2,881,675	5,531,287	4,846,756	
General Endowments		10,500,498	10,500,498		10,500,498	10,533,358	
	<u>11,368,149</u>	<u>10,500,498</u>	<u>21,868,647</u>	<u>14,344,115</u>	<u>36,212,762</u>	<u>34,053,076</u>	

21 Reserves	Note	General	Property	Shares & Fixed Assets	Building	Fellows Amenities	2014	2013
							Total	Total
			Revaluation					
Balances as at 1st July 2013		27,811,108	31,249,491	7,433,853	1,759,519	366,416	68,620,387	67,307,368
Surplus retained/Deficit absorbed for the year		(838,002)	-	-	-	-	(838,002)	(947,360)
Transfers from Deferred Grants		28,085	-	-	-	-	28,085	28,417
Charge from Capital		-	-	-	-	-	-	2,800
Other realised gains/(losses)		1,093,547	-	-	-	-	1,093,547	116,464
Change in market value of investments		458,960	-	-	-	-	458,960	1,962,059
Transfers to/from Reserves		737,327		458,961	-	32,161	1,228,449	890,040
Transfers in respect of depreciation		-	(147,613)	(1,241)	-	-	(148,854)	(154,001)
Transfers in respect of disposals/acquisitions		-	(332,203)	-	-	-	(332,203)	(87,000)
Actuarial gain/(loss)		(352,900)	-	-	-	-	(352,900)	(498,400)
Revaluation of operational land& buildings		-	(179,153)	-	-	-	(179,153)	-
Balances as at 30th June 2014		<u>28,938,125</u>	<u>30,590,522</u>	<u>7,891,573</u>	<u>1,759,519</u>	<u>398,577</u>	<u>69,578,316</u>	<u>68,620,387</u>

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

22 Capital Commitments	2014	2013
Expenditure authorised and committed at the 30th June 2014	<u>£1.160m</u>	<u>£0.555m</u>
Expenditure authorised but not committed at the 30th June 2014	<u>£0.000m</u>	<u>£2.440m</u>

23 Financial Commitments

At the 30th June 2014 the College had annual commitments under non-cancellable operating leases as follows:

	2014	2013
Land and buildings		
Expiring between 2 and 5 years	-	-
Expiring in over 5 years	<u>£85,575</u>	<u>£80,075</u>

24 Pension Schemes

The College operates a defined contribution pension scheme for those non-academic employees who started before the 31st December 2003. It also participates in the Universities Superannuation and the Church of England Funded Pension Schemes; the former was originally for academic employees, but from the 1st January 2004 has been opened to all new employees, and the latter is for the Chaplain.

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee acting on actuarial advice.

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 FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective and to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2014 are also included in this note.

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

24 Pension Schemes (continued)

Universities Superannuation Scheme - continued

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An “inflation risk premium” adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England’s target of 2% for CPI, which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members’ mortality	SINA (“Light”) YoB tables – No age rating
Female members’ mortality	SINA (“Light”) YoB tables – rated down 1 year

Use of the mortality tables reasonably reflects the actual USS experience, but also provides an element of conservatism; to allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% p.a. long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males/Females currently aged 65	23.7/25.6 years
Males/Females currently aged 45	25.5/27.6 years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme’s technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increase in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the Scheme’s historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts), the funding level was approximately 68%: under the Pension Protection Fund regulations introduced by the Pensions Act 2004, it was 93% funded: on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the benefits with an insurance company: and using the FRS 17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the Trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31st March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31st March 2014 would be £2.2 billion equivalent to a funding level of 95%.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

24 Pension Schemes *(continued)*

Universities Superannuation Scheme – continued

As work on the 2014 valuation is not yet complete the trustee cannot provide the final figure however, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the schemes liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 61%.

Surpluses or deficits which arise at future valuations may impact on the college's future contribution commitment. A deficit may require additional funding in the form of higher contributions, whereas a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on shortfall</i>
Investment Return (Valuation rate of interest)	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI & CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve was included, in addition, on account of the variability mentioned above.

As at the 2011 valuation the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of pensionable salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these had been based on the Retail Prices Index measure of price inflation.

Since the valuation effective date of 31 March 2011 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

24 Pension Schemes *(continued)*

Universities Superannuation Scheme - continued

- **New Entrants**

Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

- **Normal Pension Age**

The normal pension age was increased for future service and new entrants to 65.

- **Flexible Retirement**

Flexible retirement options were introduced.

- **Member contributions increased**

Contributions were uplifted to 7.5% for FS members and 6.5% for CRB members.

- **Cost Sharing**

If the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and the members would pay the remaining 35% to the fund as additional contributions.

- **Pension Increase cap**

For service derived after 30th September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary as well as an independent assessment of the support available from the sponsoring employers. The trustees are confident that they can continue to take a long term view of scheme funding, backed as it is by a robust Higher Education (HE) sector.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and targeted at achieving returns required to meet the scheme's liabilities. Recently, the trustee has invested directly in infrastructure assets. These investments are typically illiquid, but can achieve attractive inflation-linked returns in ways often not available in the publicly traded markets and which can match the scheme's liabilities to a high degree.

At 31 March 2014, USS had over 162,000 active members and the College had 94 active members participating in the scheme.

The total pension cost for the College was £292,458 (2013: £271,896). This includes £29,581 (2013: £21,891) outstanding contributions at the balance sheet date. The contribution rate payable by the College was 16% of pensionable salaries.

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

24 Pension Schemes *(continued)*

Church of England Funded Pensions Scheme

The College participates in the Church of England Funded Pensions Scheme and employs 1 member of the Scheme out of a total membership of approximately 8,500 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the College is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% pa; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the College to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the 2012 valuation, the College's contribution rate is due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293m shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contributions rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2015.

Sidney Sussex College 1975 Pension Scheme

The College operates a defined benefits scheme in the UK, the Sidney Sussex College 1975 Pension Scheme. An actuarial valuation of the liabilities was carried out at 30 June 2014 by a qualified independent actuary.

At the 30 June 2014 the College had 14 (2013:17) active members participating in the scheme

The assets valued below are in the form of an insurance policy invested in the with-profits fund and five unit-linked funds with the Equitable Life Assurance Society. The value of the assets held in the with-profits fund has been taken as the value that would have been available had all members retired on 30 June 2014. The value of assets held in the unit-linked funds has been taken as the value of units at bid price on 30 June 2014. The value shown is not necessarily the value that would be available if the policy was to be surrendered, or that which would be available to provide contractual benefits.

The following results were measured in accordance with the requirements of FRS 17, based on the assumptions summarised below:

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

24 Pension Schemes (continued)

Sidney Sussex College 1975 Pension Scheme (continued)

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2014	2013	2014	2013	2014	2013
	£	£	£	£	£	£
Opening defined benefit obligation	(3,488,200)	(3,212,600)	1,792,000	1,836,600	(1,696,200)	(1,376,000)
Service cost	(113,900)	(176,627)	-	-	(113,900)	(176,627)
Employer contributions	-	-	422,900	419,627	422,900	419,627
Expected return on scheme assets	-	-	111,800	71,800	111,800	71,800
Contributions by members	-	(20,973)	-	20,973	-	-
Interest cost	(153,700)	(136,600)	-	-	(153,700)	(136,600)
Actuarial gains/(losses)	(422,500)	(686,600)	69,600	188,200	(352,900)	(498,400)
Benefits and expenses paid	483,100	745,200	(483,100)	(745,200)	-	-
Past Service Costs	-	-	-	-	-	-
Closing defined benefit obligation	(3,695,200)	(3,488,200)	1,913,200	1,792,000	(1,782,000)	(1,696,200)

The amounts recognised in the income and expenditure account are as	2014	2013
	£	£
In staff costs: current services cost (net of employee contribution)	113,900	113,200
In endowment and investment income:		
Interest on obligation	153,700	136,600
Expected return on plan assets	(111,800)	(71,800)
	<u>155,800</u>	<u>178,000</u>
Actual return on plan assets	<u>181,400</u>	<u>260,000</u>

The employer expects to contribute 37.3% of the basic pay of members active in the scheme each pay day plus an annual amount of £222,581 (2013: £216,098) to the scheme in the next year.

SIDNEY SUSSEX COLLEGE
NOTES TO THE ACCOUNTS
YEAR ENDED 30 JUNE 2014

24 Pension Schemes *(continued)*

Sidney Sussex College 1975 Pension Scheme *(continued)*

The major categories of plan assets as a percentage of total plan assets are as follows:

	2014	2013
Gilts	2%	2%
Corporate Bonds	1%	1%
Property	4%	6%
Equities	93%	90%
Cash	0%	1%

The expected rate of return on plan assets is determined as follows:

Gilts	the yield on the FT-SE Actuaries 15 year gilt index
Corporate Bonds	the yield on the iBoxx £ Corporate AA 15+ index
Cash	the Bank of England base rate
Equity and property	the above gilt yield plus 3.5% p.a.
Deduction for expenses:	0.53% p.a.

The overall expected rate of return for the year beginning 1st July 2014 is 6% (2013: 5.9%).

Principal actuarial assumptions at the balance sheet date:

	2014	2013	2012	2011
	p.a.	p.a.	p.a.	p.a.
Discount rate	4.2%	4.5%	4.3%	5.5%
Rate of increase in salaries	4.3%	4.1%	3.4%	4.5%
Rate of increase in pensions in payment for service from 6 April 1997	3.1%	2.9%	2.4%	3.2%
Inflation assumption	3.3%	3.1%	2.4%	3.5%
Rate of increases to deferred pensions in excess of GMP	2.1%	1.9%	1.7%	2.8%

Death after retirement: in accordance with 110% of the standard mortality tables PNMA00 and PNFA00, with an allowance for future improvements in accordance with the core CMI mortality projection model CMI 2013, with the long rates of improvement of 1% p.a.

SIDNEY SUSSEX COLLEGE

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2014

24 Pension Scheme (continued)

Sidney Sussex College 1975 Pension Scheme (continued)

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

	2014	2013	2012	2011	2010
Defined benefit obligation	(3,695,200)	(3,488,200)	(3,212,600)	(2,814,200)	(3,049,200)
Plan assets	<u>1,913,200</u>	<u>1,792,000</u>	<u>1,836,600</u>	<u>1,537,200</u>	<u>1,195,000</u>
Surplus/(deficit)	<u>(1,782,000)</u>	<u>(1,696,200)</u>	<u>(1,376,000)</u>	<u>(1,277,200)</u>	<u>(1,854,200)</u>
Experience gains/(losses) on liabilities	(113,100)	(369,900)	94,800	(24,300)	20,100
Experience gains/(losses) on plan assets	69,600	188,200	(173,100)	140,600	90,900

25 Related Party Transactions

Owing to the nature of the College's operations and the composition of its Governing Body it is possible that transactions will take place with organisations in which a member of the Governing Body may have an interest. For example with a Department of the University where a member of the Governing Body is Head of the Department. 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.

26 Contribution Assessment

The basis of computing the College's contribution to the University's College Fund is based on the net worth of the College, excluding operational assets and pension fund liabilities. The charge in the accounts is the provisional figure computed by the University of Cambridge in accordance with Statute G, II.

27 Post Balance Sheet Events

Mr Christopher Parish, a Fellow of the College, died on 28th May 2014 and he left a substantial legacy to the College. Probate was granted on 6th August 2014. He left Church Farm in Boxworth to the College which had a probate value of £1,340,000. In addition, the College will receive the residual estate and this was estimated to be £300,000 at probate value.