

**CAMBRIDGE COLLEGES
FEDERATED PENSION SCHEME**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2014**

**CAMBRIDGE
COLLEGES FEDERATED PENSION SCHEME
TRUSTEE'S REVIEW**

The Trustee presents its report and accounts for the year ended 31 March 2014.

Trustee

The Trustee is Cambridge Colleges Superannuation Trustees Ltd, a limited company (No.1388310).

The Directors of the Company and the Committee of Management throughout the year were:

Name	Basis of nomination*	Additional information
J M Womack (Chairman)	END	Interim Bursar, Clare Hall
P J Brindle	END	Bursar, Darwin College
S Clayson	END	Finance Manager, Selwyn College
C Pratt	END	Bursar, Jesus College (External)
R Ellison	END	Solicitor (External)
J Wells	END	Director of Operations, CRUK/CRI (External)
J Taylor (to 19 September 2013)	MND	Christ's College
R Rickcord	MND	Retired member, Emmanuel College
B Anderson	MND	Gonville & Caius College
C Howell (from 20 December 2013)	MND	Robinson College

*END Employer Nominated Director, MND Member Nominated Director

Employer Nominated Directors are appointed by the Management Committee and at each Annual General Meeting one third of the Employer Nominated Directors will resign by rotation, but can be re-appointed. Member Nominated Directors (MNDs) are appointed by the MND Selection Committee following the relevant nomination process and at each Annual General Meeting one third of the MNDs will resign by rotation, but can be re-appointed.

Full details of the provisions for the appointment and retirement of directors can be found in the Memorandum of Association of Cambridge Colleges Superannuation Trustees Ltd.

The Company Secretary and Scheme Administrator throughout the year was:

**Mrs S E Curryer
University Offices, HR Division
Pensions Administration Section
4 Mill Lane
Cambridge, CB2 1RZ**

If you have any enquiries about the Scheme you should contact the Scheme Administrator in the first instance.

Statement of Trustee's Responsibilities

It is the responsibility of the Trustee to prepare financial statements for each financial year which give a true and fair view of the financial transactions of the Fund and of the disposition of the assets and liabilities of the Fund and contain the information specified in Schedule 3 of the Occupational Pension

Schemes (Disclosure of Information) Regulations 1996. In preparing those financial statements the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the Statement of Recommended Practice, Financial Reports of Pension Schemes, published by the Accounting Standards Committee and with the Occupational Pension Schemes (Disclosure of Information) Regulations 1996, subject to any material departures disclosed and explained in the financial statements ;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in existence.

The Trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund. It is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee Knowledge & Understanding

The provisions of the Pensions Act 2004 require trustees of occupational pension schemes to have knowledge and understanding of the law relating to pensions and trusts and the principles relating to the funding of occupational schemes and the investment of scheme assets. Trustees are also required to be conversant with their own scheme's policy documents. The Pensions Regulator has taken the phrase 'conversant with' to mean having a working knowledge of those documents such that the trustees are able to use them effectively when carrying out their duties as a trustee.

The Management Committee has agreed that they will undertake the e-learning package introduced by the Pensions Regulator or appropriate agreed alternative which aims to equip trustees with the knowledge and understanding they need to effectively carry out their duties. The Management Committee has also agreed that if there are any areas of concern to one or more members of the Management Committee the Scheme's professional advisers will be asked to provide additional training, or when an appropriate training course becomes available they will attend this.

On appointment to the Management Committee each member of the Committee is issued with a 'trustee pack' which includes all the relevant documentation relating to the Scheme and updated copies are provided as required. Copies are also available from the Scheme's webpage.

Internal Controls

The Pensions Act 2004 requires trustees to have adequate internal controls in place to help them monitor the management and administration of the Scheme. In order to assist with this the Management Committee receives reports from the Scheme Office at each meeting as follows:

- details of members who have retired or died and the benefits which are payable from the Scheme in respect of those members;
- details of the amounts of contributions received from the Participating Employers and the date of receipt, plus details of any action taken by the Scheme Office in respect of late or incorrect payment of contributions
- confirmation that no events have occurred since the last meeting which need to be reported to the Pensions Regulator
- reports on outstanding work in the Scheme Office and the reasons for the work being outstanding

The Management Committee has also drawn up a risk register which is reviewed at each meeting.

Investments Sub-Committee

The Management Committee has prepared and agreed a Statement of Investment Principles and the implementation of investment policy and strategy is delegated to the investments sub-Committee.

Fees charged by Schroders are based on a percentage of the fund using the following scale. First £50 million; 0.45% pa, next £50 million; 0.30% pa, thereafter; 0.25% pa.

The balance of income, after payment of pensions, transfer payments to other pension schemes, and cash lump sum commutation of pensions, is invested by the Scheme's Investment Managers in accordance with general guidelines made by the Investments sub-Committee.

The membership of the Investments sub-Committee during the year was as follows

Name	Additional information
R Reason (Chairman)	Bursar, Robinson College
N Downer	Bursar, Selwyn College
C Pratt	Bursar, Jesus College (External)
P ffolkes Davis	Bursar, Trinity Hall
T Harvey-Samuel	Bursar, Corpus Christi College

During the year ended 31 March 2014, there were no employer related investments as defined in Section 40 of the Pensions Act 1995.

Scheme Registration

The Scheme is registered with the Pensions Tracing Service, whose principal function is to assist people to trace benefits with previous pension schemes. The Scheme's registration number is 102302571.

Professional Advisers

Scheme Actuary – Mr R Sweet, Cartwright Consulting
Legal Advisers - Mills & Reeve
Auditors - Peters, Elworthy and Moore
Insured Benefits Advisers - Money Wise
Investment Managers and Advisers – Schroders Investment Management
Investment Consultants – Redington Limited
Bankers: Barclays Plc and Bank of Scotland.

Membership Statistics

Active Members		
Active members at 1 April 2013		894
New members during year		58
		952
Less:		
Leavers before retirement age (excluding Death in Service)	48	
Retired during the year	37	
Died in Service	6	
		91
Active members at 31 March 2014		861

Pensioners		
Pensions in payment at 1 April 2013		1166
Retirements during year	37	
Deferred pensioners retired during year	26	
Widow/ers of Pensioners	13	
		76
Pensioners dying during year		37
Pensions in payment at 31 March 2014		1205

Deferred Members		
Deferred members at 1 April 2013		811
Active members to deferred		38
		849
Deferred Retirements	26	
Deferred Transfers Outs	3	
		29
Deferred members at 31 March 2014		820

Summary of Pensioners at 31 March 2014

Female	Male	Total
597	608	1205

Pension increases

The Rules of the Scheme provide for annual increases in pensions in payment, in excess of the Guaranteed Minimum Pension, in line with the Retail Prices Index. Increases are awarded on 1 November each year and in recent years have been:-

Increase	Date
3.2%	1 November 2013
2.6%	1 November 2012
5.6%	1 November 2011
4.6%	1 November 2010
0.0%	1 November 2009
5.0%	1 November 2008
3.9%	1 November 2007
3.6%	1 November 2006
2.7%	1 November 2005
3.1%	1 November 2004
2.8%	1 November 2003
1.7%	1 November 2002
1.7%	1 November 2001
3.3%	1 November 2000

Preserved pensions are increased in line with the statutory requirements.

Transfer Values

Transfer values to external schemes are calculated and verified in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996 and no such transfer values were reduced by reason of the Scheme being under funded. The calculation of transfer values excludes allowance for discretionary benefits.

Additional Voluntary Contributions (AVCs)

The fund has no separately invested AVCs.

Financial development of the Scheme

The Fund's net assets increased during the year by £3.64m to £140.71m at 31 March 2014.

Net new money available during the year for investment, that is excess of income over expenditure, was (£1.17m).

The overall capital value of the Scheme's investments, including cash at the Investment Managers, during the year increased by £3.81m. Further details of the financial development of the Fund may be found in the audited financial statements on pages 14 to 22 of this report.

For the period 1 April 2013 to 31 March 2014 total contribution rates to the Scheme ranged from **18.05%** to **33.82%** of Contribution Pay with an average of **22.84%**. Details of the contributions paid during the year to 31 March 2014 plus copies of the relevant Schedules of Contributions are included in the Appendix to this report and accounts.

The Pensions Regulator

The Trustee made no reports to The Pensions Regulator during the financial year.

Statement of Contributions

During the year ended 31 March 2014, the contributions payable to the Scheme by the employers were as follows:

Contributions payable under the Schedule of Contributions	£
Contributions from employers:	
Normal	2,833,646
Deficit Funding	958,276
Administrative	374,997
Contributions from members	
Normal	1,454,119
	5,621,038
Other contributions payable	
Augmentation Contribution	-
Members' Additional Voluntary Contributions	70,831
	70,831
Total contributions reported in the financial statements	5,691,869

During the year ended 31 March 2014, the deficit funding contributions payable to the Scheme by the employers were as follows:

College	Total received £	Payment frequency
Christ's	80,545	Monthly (to 31 July 2013)
Churchill	213,511	Monthly
Clare Hall	-	n/a
Corpus Christi	-	n/a
Darwin	-	n/a
Downing	85,671	Monthly
Emmanuel	-	n/a
Girton	-	n/a
Gonville & Caius	-	n/a
Hughes Hall	-	n/a
King's	247,388	Monthly
Lucy Cavendish	11,544	Annual (to 1 December 2013)
Magdalene	104,199	Monthly (to 31 December 2013)
Murray Edwards	90,977	Monthly (to 31 December 2013)
Newnham	54,441	Annual
Pembroke	-	n/a
Peterhouse	-	n/a
Queens'	70,000	Monthly
Robinson	-	n/a
St Catharine's	-	n/a
St Edmund's	-	n/a
St John's	-	n/a
Selwyn	-	n/a
Trinity Hall	-	n/a
Wolfson	-	n/a
Total	958,276	

The Trustee: CAMBRIDGE COLLEGES' SUPERANNUATION TRUSTEES LTD

Date:

02/07/14

 Director

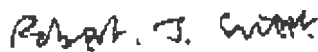
ACTUARIAL STATEMENT

Name of Scheme: Cambridge Colleges' Federated Pension Scheme

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2011 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Management Committee of the Scheme and set out in the Statement of Funding Principles dated 31 May 2012.

Signature:



Date:

31 May 2012

Name:

Robert Sweet

Qualification:

Fellow of the Institute and
Faculty of Actuaries

Address:

Mill Pool House
Mill Lane
Godalming
Surrey
GU7 1EY

Name of
Employer:

Cartwright Group Ltd.

Schroders Investment Review

12 Months to 31 March 2014

Global Market Review

The year to 31 March 2014 again saw positive returns from growth assets. Most developed equity markets performed strongly as the global economic recovery continued to progress. However, emerging market equities fell sharply as investors became concerned about a withdrawal of liquidity resulting from an end to quantitative easing in the US. Private equity and property produced strong performance but returns from many hedge funds were disappointing. Gilt yields moved higher over the year as confidence in the UK economy grew whilst inflation continued to remain subdued.

Strong returns from global equities and property were offset by weak returns from hedge funds and emerging market equities. Performance was below the benchmark return principally due to hedge fund returns lagging their objective.

Fund Performance

The Scheme's segregated growth portfolio returned 6.4% over the year. The total return on the portfolio including hedging assets was 4.3%.

Investment Approach

The Scheme adopts a strategy of hedging part of its liabilities through investment in pooled LDI funds and invests the bulk of the remainder of the portfolio in growth assets.

The Scheme's hedging strategy was altered during the year. Previously, the Scheme hedged 37.5% of its sensitivity to changes in inflation but this was changed during Q2 2013 to a hedge of 50% of both the inflation exposure and the interest rate exposure. This real rate hedge was increased further towards the end of 2013 to 56.4% of the exposure.

Investment Activity

During the year the Scheme further disinvested its growth assets by making an additional investment of £3m in a second insurance linked fund. Like the fund already held, this fund provides a diversified exposure to a range of insurance risks and has the attraction of providing returns that are uncorrelated with equities but the new fund targets a slightly higher return. In addition, the Scheme invested £7m in infrastructure investments via two specialist investment trusts. Infrastructure offers stable, long term returns linked to inflation as well as diversification benefits. Both these investments were financed by the sale of global equities.

Outlook

The global economy is expected to strengthen in 2014, as the headwinds which have held back activity last year are expected to abate somewhat and allow demand to lift. However, regional performance is still patchy with the upturn being primarily led by the developed economies, the US and Europe, whilst the emerging economies experience a more modest improvement. Against this backdrop, inflation is expected to remain relatively subdued given the spare capacity in the world economy, limiting significant upward pressure on commodity prices or wages.

Equities remain our preferred asset class despite valuations generally looking less compelling following a period of strong performance. We still believe that equities remain well-supported in the medium-term particularly as earning growth comes through on the back of the global recovery. Although, we recognise that there is the risk of greater volatility this year driven by the normalisation of the macro environment and the impact on rate expectations.

In recent months, we have turned neutral on government bonds promoted by the softness in the economic data and geopolitical concerns in the emerging world, such as the standoff between Ukraine and Russia. However, we still believe that the gradual recovery in the world economy, particularly in the US, and the normalisation of monetary policy by the Federal Reserve will lead to upward pressure on yields.

After a period of positive growth momentum in the UK, softer economic data and a fall in inflation of late have tempered market expectation that the Bank of England would adopt a more hawkish stance and raise interest rates. Over the medium-term, we expect the UK economy to be positive but remain neutral on duration at present.

Asset Allocation

	2014	2013
Equity Portfolio		
Emerging Markets	3.4	4.1
Global	36.0	42.4
	39.4	46.5
LIBOR Bonds	11.3	14.4
Alternative Investments		
Property	7.6	7.7
High Yield Debt	1.7	1.6
Hedge Funds	10.4	9.2
Private Equity	10.0	10.2
Insurance Linked	4.7	2.5
Infrastructure	4.8	-
	39.2	31.2
Cash	2.2	1.6
LDI Swaps	7.9	6.3
	100.0	100.0

Report of the Investments Committee for the year ended 31 March 2014

The Committee has set as its target 100% funding on a self-sufficiency to final maturity basis (SS). It has defined self-sufficiency as Gilts + 50 basis points (bps) i.e. the assets could be de-risked to only have to produce Gilts +50 bps. This is not as challenging as a full buyout would be (which would likely be at swaps -20 bps or thereabouts), but is considerably more challenging than the technical provisions (TP) basis of Gilts + 200bps. As at 31st March 2014 the scheme was estimated by Schrodgers to be 62% funded on a self-sufficiency basis and 81% funded on a TP basis. The Committee and its advisors and managers are in the process of diversifying the scheme's assets to reduce the volatility of their return whilst maintaining, or even slightly improving, their expected return. The main mechanism for doing this is by replacing part of the equity exposure with more illiquid assets (which attract higher returns) that better match the payments profile of a pension scheme, such as inflation linked secured leases. This transition is well underway with the equity weighting falling to 30% when decisions already taken are fully implemented. This compares with an historic equity weighting of 47% as recently as December 2013.

The year to 31 March 2014 again saw positive returns from growth assets. Most developed equity markets performed strongly as the global economic recovery continued to progress. However, emerging market equities fell sharply as investors became concerned about a withdrawal of liquidity resulting from an end to quantitative easing in the US. Private equity and property produced strong performance but returns from many hedge funds were disappointing. Gilt yields moved higher over the year as confidence in the UK economy grew whilst inflation continued to remain subdued.

The Scheme's hedging strategy was altered during the year. Previously, the Scheme hedged 37.5% of its sensitivity to changes in inflation but this was changed during Q2 2013 to a hedge of 50% of both the inflation exposure and the interest rate exposure. This real rate hedge was increased further towards the end of 2013 to 56.4% of the exposure. The intention is to increase this further in bi-annual stages until the proportion of the sensitivity to real rate changes that is hedged matches the average funding level of the Colleges. The strategy is implemented by investing in interest rate swaps and inflation swaps via pooled funds. The use of swaps minimises the proportion of the Scheme invested in these matching assets thereby maximising the capital available to invest in growth assets with the objective of improving the funding level.

During the year the Scheme made a further investment of £3m in a second insurance linked fund. Like the fund already held, this fund provides a diversified exposure to a range of insurance risks and has the attraction of providing returns that are uncorrelated with equities but the new fund targets a slightly higher return. In addition, the Scheme invested £7m in infrastructure investments via two specialist investment trusts. Infrastructure offers stable, long term returns linked to inflation as well as diversification benefits. Both these investments were financed by the sale of global equities.

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE

We have audited the financial statements of the Cambridge Colleges Federated Pension Scheme which comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Scheme's Trustee, as a body, in accordance with section 47 of the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the pension scheme and the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's [(APB's)] Ethical Standards for Auditors.

Scope of the audit of the 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 Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2014 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Peters Elworthy & Moore

PETERS ELWORTHY & MOORE
Chartered Accountants and Registered Auditors

CAMBRIDGE
Date: 31/7/2014

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS, UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR) REGULATIONS 1996, TO THE TRUSTEE OF THE CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

We have examined the summary of contributions to the Cambridge Colleges Federated Pension Scheme for the scheme year ended 31 March 2014, which is shown on page 6 of the Trustee's report.

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the pension scheme and the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and auditors

As described in the Statement of Trustee Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employers and the active members of the scheme. The Trustees is also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for monitoring whether contributions are made to the scheme by the employers in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid under the schedule of contributions and to report our opinion to you.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedule of contributions.

Statement about contributions payable under the schedule of contributions

In our opinion contributions for the scheme year ended 31 March 2014, as reported in the summary of contributions and payable under the schedule of contributions, have in all material respects been paid at least in accordance with the schedule of contributions certified by the scheme actuary on 31 May 2012 (Churchill and Lucy Cavendish Colleges) and 12 October 2012 (all other Participating Colleges).



PETERS ELWORTHY & MOORE
Chartered Accountants and Registered Auditors

CAMBRIDGE
Date: 31/3/2014

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014	2013
		£	£
Contributions and Benefits			
Contributions receivable	4	5,691,869	6,822,073
Transfers in	5	342,298	733,649
Other income	6	539,007	344,864
		<u>6,573,174</u>	<u>7,900,586</u>
Benefits payable	7	6,110,635	6,248,599
Leavers	8	471,862	73,126
Other payments	9	503,228	510,303
Administrative expenses	10	660,352	548,237
		<u>7,746,077</u>	<u>7,380,265</u>
Net additions from dealings with members		<u>(1,172,903)</u>	<u>520,321</u>
Returns on investments			
Investment income	11	439,560	428,461
Change in market value of investments	12	4,923,200	8,469,166
Investment management expenses	13	(546,607)	(497,706)
Net return on investments		<u>4,816,153</u>	<u>8,399,921</u>
Net increase/(decrease) in fund during year		<u>3,643,250</u>	<u>8,920,242</u>
At 1st April		137,071,223	128,150,981
Pension Fund at 31st March	14	<u>140,714,473</u>	<u>137,071,223</u>

The notes on pages 15-21 form part of these accounts

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME


NET ASSET STATEMENT AS AT 31 MARCH 2014

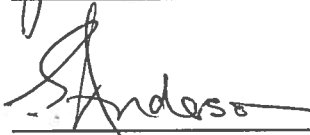
	Note	2014		2013	
		£	£	£	£
Investments	15		140,501,170		136,688,751
Current assets					
Bank current account		304,606		197,903	
Deposit account		87,117		86,775	
Debtors	16	<u>257,452</u>		<u>360,418</u>	
		649,175		645,096	
Less current liabilities					
Creditors	17	<u>435,872</u>		<u>262,624</u>	
Net current assets			213,303		382,472
Net assets of the scheme at 31st March 2014			<u>140,714,473</u>		<u>137,071,223</u>

The notes on pages 15-21 form part of these accounts

The Trustee: CAMBRIDGE COLLEGES SUPERANNUATION TRUSTEES Ltd

Date 02.07.2014

 Director

 Director

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. **The financial statements** summarise the transactions and net assets of the Scheme. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the fund which does take account of such liabilities is dealt with in the statement of the actuary on page 7 of the annual report and these financial statements should be read in conjunction with it.

2. Accounting Policies

- (a) **Basis of Preparation** – The financial statements have been prepared on an accruals basis (except as noted below), that is income and expenditure is recognised as it is earned or incurred, not as it is received or paid. The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes.

Valuation of Investments – The scheme's investments are valued in line with the May 2007 revision of Statement of Recommended Practice where this information is available.

- (b) The increase/(decrease) in market value of investments is shown net of purchases and sales. Realised and unrealised gains or losses on investments are not separately identified in the financial statements.
- (c) **Translation of Foreign Currencies** – Foreign income is translated into sterling at the rate ruling at the date of the transaction. Assets liabilities and investments held in a foreign currency are translated into sterling at the rate ruling at the balance sheet date.
- (d) **Transfer Values** – Only those transfer values paid and received by 31 March 2014 have been accounted for.
- (e) **Investment Income** – All investment income has been taken into account on the basis of the due date for payment.

3. Spouses' Pensions

Spouses' pensions have been paid direct by the Norwich Union Life Insurance Society, the Guardian Royal Exchange Assurance Company, the Legal and General Assurance Society and Unum Provident, as a result of the benefits insured under the death in service arrangements (not shown in these financial statements).

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

4 Contributions Receivable

	2014	2013
	£	£
From members		
Ordinary contributions	1,454,119	1,505,485
Additional voluntary contributions	<u>70,831</u>	<u>92,148</u>
	1,524,950	1,597,633
From employers		
Ordinary contributions	2,833,646	3,226,000
Deficit funding contributions	958,276	1,717,513
Administrative contributions*	<u>374,997</u>	<u>280,927</u>
	<u><u>5,691,869</u></u>	<u><u>6,822,073</u></u>

* From 01/07/12 administrative contributions are received separately as a monthly lump sum based on a set flat rate plus an additional variable amount based on college size. This was previously included in Employer ordinary contributions.

5 Transfers from other schemes

	2014	2013
	£	£
Transfers from other schemes	<u>342,298</u>	<u>733,649</u>
	<u><u>342,298</u></u>	<u><u>733,649</u></u>

6 Other Income

	2014	2013
	£	£
Death in service lump sums received from insurer	278,314	-
Management fee rebate received from investment managers	259,230	153,554
Pension sharing order fee	1,463	-
Group income protection settlement received from insurer	-	191,310
	<u>539,007</u>	<u>344,864</u>

7 Benefits Payable

	2014	2013
	£	£
Pensions payments to retired members	4,516,821	4,203,499
Lump sum payment on retirement	159,282	232,884
Extra lump sum commutation	1,156,218	1,620,906
Death in service lump sum paid	278,314	-
Group income protection settlement lump sum paid	-	191,310
	<u>6,110,635</u>	<u>6,248,599</u>

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

8 Payments to and on account of Leavers

	2014 £	2013 £
Refunds of contributions to members	2,121	5,377
Tax on refunds of contributions	530	1,344
State scheme premiums	1,172	3,316
Transfer values paid	224,957	63,089
Pension sharing order	243,082	-
	471,862	73,126

9 Other Payments

	2014 £	2013 £
Premiums for insured benefits	503,228	510,303
	503,228	510,303

10 Administrative Expenses

	2014 £	2013 £
Regulatory Costs		
PPF Levy	181,405	158,977
PPF Admin Levy	7,511	7,650
Pension Regulator Levy	6,774	7,621
	195,690	174,248
Other Costs		
Contribution to Salaries and Co. Secretary's Honorarium	206,127	197,934
Investment advisor fees	120,000	20,000
Actuarial Fees - General	26,880	54,000
Actuarial Fees - Valuation	24,312	45,438
Financial advisor fees	29,217	19,098
Legal Fees	18,941	10,990
Electronic Data Management Project	15,911	-
Trustees indemnity insurance	13,318	13,318
Audit and accountancy fees	7,194	7,194
Inland Revenue	-	2,300
Printing & Stationery	1,087	1,533
NAPF Subscription	647	626
Office Expenses and Computer charges	415	403
Bank fees	330	599
Other	188	68
Trustee Training	60	453
Registrar of Companies	35	35
	464,662	373,989
	660,352	548,237

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

11 Investment Income

	2014 £	2013 £
Dividends: Property	415,154	366,593
Dividends: Equities	9,262	19,082
Tax reclaim	15,145	41,807
Interest on cash deposits: Schroders*	(343)	(84)
Interest on cash deposits: Bank of Scotland	342	1,063
	439,560	428,461

*The negative balance on interest on cash deposits is due to cleared or collateral interest paid relating to UBSW margins accounts being greater than interest received during the same period.

12 Change in market value of Investments

	2014 £	2013 £
Market value of investments at 1 April	135,115,841	126,563,739
Cost of investments purchased	60,009,450	59,360,098
Proceeds of investments sold	(61,210,741)	(59,277,162)
Change in market value	4,923,200	8,469,166
Market value of investments at 31 March	138,837,750	135,115,841

13 Investment Management Expenses

	2014 £	2013 £
Management expenses	546,607	497,706

14 Pension Fund

	£	2014 £	£	2013 £
<u>General account</u>				
Balance at 1st April	137,626,719		128,670,835	
Net movement in year	3,643,250		(8,920,242)	
Transfer	76,543		35,642	
Balance at 31st March		141,346,512		137,626,719
<u>Administration account</u>				
Balance at 1st April	(555,496)		(519,854)	
Transfer	(76,543)		(35,642)	
Balance at 31st March		(632,039)		(555,496)
Pension Fund at 31st March		140,714,473		137,071,223

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

15 Investments

	2014 £	2013 £
Listed Equities	65,012,588	63,509,027
Fixed Income	27,221,537	28,505,412
Hedge Funds	18,430,441	16,017,996
Private Equity	13,991,563	13,987,670
Property Unit Trusts	10,655,958	10,503,403
Unit Trusts	3,501,625	2,410,220
Derivatives	24,039	182,113
	<u>138,837,751</u>	<u>135,115,841</u>
Cash	1,663,419	1,572,910
Total	<u><u>140,501,170</u></u>	<u><u>136,688,751</u></u>

16 Debtors

	2014 £	2013 £
College contributions	257,452	360,060
Payroll returns	-	358
	<u>257,452</u>	<u>360,418</u>

17 Creditors

	2014 £	2013 £
Investment Management Fee	214,830	81,031
Staff Costs	127,780	98,431
Inland Revenue	46,449	41,005
Investment advisor fees	20,000	20,000
Independent Financial Adviser fee	11,504	2,982
Audit fee	6,325	6,325
Actuarial advice	4,788	2,538
Legal Fees	4,196	7,990
Pensions payments to retired members	-	2,195
Refunds of contributions	-	127
	<u>435,872</u>	<u>262,624</u>

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

18 Concentration of investment

The following investments account for more than 5% of the scheme's net assets:-

	2014 £	2013 £
Schroder QEP Global Active Value Fund I Acc	27,911,885	28,970,160
SISF QEP Global Quality USD I Acc	22,715,100	28,981,326
SISF Strategic Bond GBP Hedged I Acc	15,858,036	19,696,722
Schroder Private EQ FDS IV Fd of Fds CLS 'B' Shs (65% Paid)	7,731,229	7,135,467
Schroder UK Property Fund GBP I Income (Gross)	7,186,259	-

19 Administration Account

	£	2014 £	£	2013 £
<u>Income</u>				
Administration Charges from Colleges	583,467		511,532	
Deposit Account Interest	<u>342</u>		<u>1,063</u>	
		583,809		512,595
<u>Expenditure</u>				
Contribution to Salaries and Co. Secretary's Honorarium	206,127		197,934	
PPF Levy	181,405		158,977	
Investment advisor fees	120,000		20,000	
Actuarial Fees - General	26,880		54,000	
Actuarial Fees - Valuation	24,312		45,438	
Financial advisor fees	29,217		19,098	
Legal Fees	18,941		10,990	
Electronic Data Management Project	15,911		-	
Trustees indemnity insurance	13,318		13,318	
PPF Admin Levy	7,511		7,650	
Audit and accountancy fees	7,194		7,194	
Pension Regulator Levy	6,774		7,621	
Inland Revenue	-		2,300	
Printing & Stationery	1,087		1,533	
NAPF Subscription	647		626	
Office Expenses and Computer charges	415		403	
Bank fees	330		599	
Other	188		68	
Trustee Training	60		453	
Registrar of Companies	<u>35</u>		<u>35</u>	
		660,352		548,237
Net increase/(decrease) charged to income		<u>(76,543)</u>		<u>(35,642)</u>
Total absorbed within the fund since inception of scheme		<u>(632,039)</u>		<u>(555,496)</u>

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

20 Top 20 Holdings at Investment Managers

	Stock Name	£ (Millions)	Weight (%)
1	Schroder QEP Global Active Value Fund I Acc	27.912	19.87
2	SISF QEP Global Quality USD I Acc	22.715	16.17
3	SISF Strategic Bond GBP Hedged I Acc	15.858	11.29
4	Schroder Private EQ FDS IV Fd of Fds CLS 'B' Shs (65% Paid)	7.731	5.50
5	Schroder UK Property Fund GBP I Income (Gross)	7.186	5.11
6	GMO Funds PLC Emerging Markets Equity Fund	4.767	3.39
7	HICL Infrastructure Company Ltd Ord 0.01P	4.002	2.85
8	Juniper Catastrophe Fund Limited Class C	3.329	2.37
9	Schroder Private EQ FDS III Fd of Fds CLS 'B' Shs (87.5% Paid)	3.313	2.36
10	Palmetto Fund Limited D (USD) Series	3.300	2.35
11	Schroder Private EQ FDS III Fd of Fds CLS 'A' Shs (87.5% Paid)	2.948	2.10
12	Schroder Gaiai Avoca Credit GBP Hedges C Accumulation	2.830	2.01
13	International Public Partnerships Ltd Ordinary 1P	2.786	1.98
14	Schroder Matching Plus index-Linked LDI Swap Fd (2028-2037)	2.597	1.85
15	SISF Global High Yield GBP Hedged I Acc	2.429	1.73
16	Schroder Indirect Real Estate Fund (A Units)	2.348	1.67
17	SSSF Sterling Liquidity Plus I Acc	2.106	1.50
18	Schroder Matching Plus index-Linked LDI Swap Fd (2018-2027)	2.069	1.47
19	Schroder Matching Plus index-Linked LDI Swap Fd (2038-2047)	2.024	1.44
20	Pentwater Event Class F-V-U	2.006	1.43

APPENDIX

1. Summary of Contributions Payable for each College
2. Actuary's Certification of Schedule of Contributions

CCFPS' SCHEDULE OF CONTRIBUTIONS - SUMMARY FOR ACCOUNTING PURPOSES

Source: Triennial Actuarial Valuation as at 31 March 2011

**Normal Contributions for future service accrual
as a percentage of Contribution Pay**

Notes	Start Date	End Date	Date of certification	Employee Rate (6)	Admin Contribution p.a.	DIS Rate	GIP Rate	Retirement Rate	Total Employer Rate
Contracted-out Colleges with BSP Offset Removed									
Christ's College (1) 10	01/11/2012	30/06/2017	12/10/2012	10.00	20,398.29	0.88	1.39	8.65	10.92
Churchill College 11	01/07/2012	30/06/2017	31/05/2012	-	15,047.84	-	-	-	-
Corpus Christi College 12	01/11/2012	30/06/2017	12/10/2012	15.00	10,811.79	1.21	0.00	5.84	7.05
Downing College 13	01/11/2012	30/06/2017	12/10/2012	15.00	9,619.97	1.24	0.05	10.49	11.78
Emmanuel College 14	01/11/2012	30/06/2017	12/10/2012	8.00	14,464.74	1.25	1.38	11.83	14.46
Grton College 15	01/11/2012	30/06/2017	12/10/2012	8.50	22,807.76	1.04	1.15	10.77	12.96
Gonville & Caius College 16	01/11/2012	30/06/2017	12/10/2012	6.35	27,526.25	1.21	1.30	14.74	17.25
Magdalene College 17	01/11/2012	30/06/2017	12/10/2012	15.00	11,080.10	1.08	0.00	14.46	15.54
Murray Edwards College 18	01/11/2012	30/06/2017	12/10/2012	15.00	10,860.72	0.27	1.01	7.01	8.29
Newnham College 19	01/11/2012	30/06/2017	12/10/2012	8.00	9,609.47	1.07	1.19	15.19	17.45
Pembroke College 20	01/11/2012	30/06/2017	12/10/2012	6.46	12,893.59	1.00	1.30	16.78	19.08
Peterhouse 21	01/11/2012	30/06/2017	12/10/2012	6.00	15,468.26	0.94	1.16	13.33	15.43
Queens' College (2) (3) 22	01/11/2012	30/06/2017	12/10/2012	6.35	23,427.12	1.12	1.26	12.77	15.15
Selwyn College 23	01/11/2012	30/06/2017	12/10/2012	6.35	16,791.68	1.20	1.17	12.18	14.55
St Catharine's College 24	01/11/2012	30/06/2017	12/10/2012	9.00	16,291.18	1.04	1.09	9.00	11.13
St John's College 25	01/11/2012	30/06/2017	12/10/2012	6.00	38,996.17	0.82	1.22	12.26	14.30
Trinity Hall 26	01/11/2012	30/06/2017	12/10/2012	12.00	19,448.95	1.16	1.16	7.31	9.63

Contracted-out Colleges with BSP Offset Retained

King's College 27	01/11/2012	30/06/2017	12/10/2012	15.00	19,962.40	1.72	1.13	15.97	18.82
Robinson College (3) 28	01/11/2012	30/06/2017	12/10/2012	8.50	16,525.96	1.46	0.00	11.70	13.16

Contracted-in Colleges with BSP Offset Removed

Clare Hall 29	01/11/2012	30/06/2017	12/10/2012	5.00	6,369.24	1.26	1.32	12.48	15.06
Darwin College 30	01/11/2012	30/06/2017	12/10/2012	5.00	10,195.09	1.20	1.21	10.64	13.05
Lucy Cavendish College 31	01/07/2012	30/06/2017	31/05/2012	-	3,871.99	-	-	-	-
St Edmund's College 32	01/11/2012	30/06/2017	12/10/2012	5.00	5,574.67	1.11	1.16	10.84	13.11
Wolfson College 33	01/11/2012	30/06/2017	12/10/2012	4.00	13,247.02	1.23	1.45	13.07	15.75

Contracted-in Colleges with BSP Offset Retained

Hughes Hall 34	01/11/2012	30/06/2017	12/10/2012	8.00	3,706.86	1.38	1.45	14.70	17.53
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College Notes:

- Christ's Deficit reduction amount increases to £258,540 p.a. from 1 July 2013
- Queens' The College have agreed to pay additional funding contribution of £70,000 p.a. for at least the duration of the Schedule of Contributions.
- Queens' & Robinson No Recovery Plan is needed as the deficit was paid off by 1 July 2012.

General notes:

- The allowance for administration expenses covers all of the expenses of administering the Scheme in relation to the College, except directly attributable legal and actuarial expenses and PPF levies.
- Monthly contributions are to be paid towards the Scheme on or before the 4th of the calendar month following that to which the payment relates.
- Contribution Pay is defined as:
If a College with BSP Offset removed, the gross taxable earnings for the week or month.
If a College with BSP Offset retained, the gross taxable earnings for the week or month, minus:
(a) if paid weekly, the current weekly rate of the single person's flat rate state retirement pension; or
(b) if paid monthly, 4 1/3 x the currently weekly single person's flat rate state retirement pension in force on the last day of the month.
- Additional Voluntary Contributions are not included in this schedule but may be paid in addition
- The Start Date shown above is an amended start date following agreement on revised DIS and GIP rates. The original Schedule of Contribution' Start Date was 1 July 2012.
- If a member participates in a Salary Sacrifice Arrangement for their contributions, then the College will pay the Employee's contributions on their behalf.

CCFPS' RECOVERY PLANS - SUMMARY FOR ACCOUNTING PURPOSES
Source: Triennial Actuarial Valuation as at 31 March 2011

Details of Recovery Plans

	Deficit Amount as at 31 March 2011	Recovery Plan Start Date	Recovery Plan End Date	Expected Date of meeting 50% Target	Amount p a	Frequency
<u>Contracted-out Colleges with BSP Offset Removed</u>						
Christ's College	544,000	01/07/2012	31/07/2013	31/01/2013	236,000	Monthly
Churchill College	396,000	01/07/2012	31/01/2013	31/10/2012	213,511	Monthly
Corpus Christi College						
Downing College	274,000	01/07/2012	30/06/2015	31/12/2013	85,671	Monthly
Emmanuel College						
Girton College						
Gonville & Caius College	370,000	01/07/2012	30/09/2012	31/08/2012	223,433	Monthly
Magdalene College	342,000	01/07/2012	31/12/2013	31/03/2013	138,932	Monthly
Murray Edwards College	306,000	01/07/2012	31/12/2013	30/04/2013	121,302	Monthly
Newnham College	95,000	01/07/2012	31/03/2013	31/03/2013	54,441	Single
Pembroke College	273,000	01/07/2012	31/12/2012	30/09/2012	153,168	Monthly
Peterhouse						
Queens' College	289,000		30/06/2012			
Selwyn College						
St Catharine's College						
St John's College						
Trinity Hall						
<u>Contracted-out Colleges with BSP Offset Retained</u>						
King's College	1,264,000	01/07/2012	31/03/2017	31/12/2014	247,388	Monthly
Robinson College	353,000		30/06/2012			
<u>Contracted-in Colleges with BSP Offset Removed</u>						
Clare Hall						
Darwin College						
Lucy Cavendish College	24,000	01/07/2012	01/12/2013	02/12/2012	11,544	Annually
St Edmund's College						
Wolfson College						
<u>Contracted-in Colleges with BSP Offset Retained</u>						
Hughes Hall						

Actuary's Certification of Schedule of Contributions

Name of Scheme: Cambridge Colleges Federated Pension Scheme

Participating College: As specified in the above Schedule

Adequacy of Contribution rates

a) If the Schedule shows a deficit at 31 March 2011

I hereby certify that, in my opinion, the rates of contribution shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 31 March 2011 to be met by the end of the period specified in the Recovery Plan.

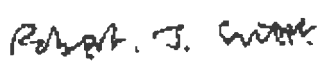
b) If the Schedule does not show a deficit at 31 March 2011

I hereby certify that, in my opinion, the rates of contribution shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 31 March 2011 to continue to be met for the period for which the Schedule is to be in force.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 31 May 2012.

The Certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound-up.

Signature:		Date:	As specified in Schedule
Name:	R J Sweet	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Mill Pool House Mill Lane Godalming Surrey GU7 1EY	Name of Employer:	Cartwright Group Ltd