

**CAMBRIDGE COLLEGES  
FEDERATED PENSION SCHEME**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2015**

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

The Trustee presents its report and accounts for the year ended 31 March 2015.

**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:

<b>Name</b>	<b>Basis of nomination*</b>	<b>Additional information</b>
J M Womack (Chairman)	END	Interim Bursar, Clare Hall (to 30/09/14)
P J Brindle	END	Bursar, Darwin College (to 31/12/14)
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 University of Cambridge
M Warwick (from October 2014)	MND	Emmanuel College
R Rickcord	MND	Retired member, Emmanuel College
B Anderson (to October 2014)	MND	Gonville & Caius College
C Howell	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

<b>Name</b>	<b>Additional information</b>
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 2015, 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

<b>Active Members</b>	
Active members at 1 April 2014	861
Adjustment for late notification	-6
New members during year	93
	948
Less:	
Leavers before retirement age (excluding Death in Service)	20
Retired during the year	32
Died in Service	4
To Deferred	46
	102
Active members at 31 March 2015	846

<b>Pensioners</b>	
Pensions in payment at 1 April 2014	1205
Adjustment for late notification	6
	1211
Retirements during year	32
Deferred pensioners retired during year	37
Widow/ers of Pensioners	13
	82
Pensioners dying during year	32
Pensions in payment at 31 March 2015	1261

<b>Deferred Members</b>	
Deferred members at 1 April 2014	820
Adjustment for late notification	-1
Active members to deferred	46
	865
Deferred Retirements	37
Deferred Transfers Outs	10
	47
Deferred members at 31 March 2015	818

### Summary of Pensioners at 31 March 2015

Female	Male	Total
626	635	1261

## 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
2.3%	1 November 2014
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

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 £25.84m to £166.55m at 31 March 2015.

Net new money available during the year for investment, that is excess of income over expenditure, was (£2.23m).

The overall capital value of the Scheme's investments, including cash at the Investment Managers, during the year increased by £25.76m. 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 2014 to 31 March 2015 total contribution rates to the Scheme ranged from **18.05%** to **35.34%** of Contribution Pay with an average of **23.09%**. Details of the contributions paid during the year to 31 March 2015 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 2015, the contributions payable to the Scheme were as follows:

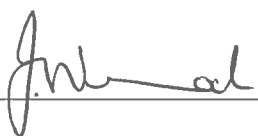
<b>Contributions payable under the Schedule of Contributions</b>	<b>£</b>
Contributions from employers:	
Normal	2,832,362
Deficit Funding	686,570
Administrative	374,997
Contributions from members	
Normal	1,421,591
	5,315,520
<b>Other contributions payable</b>	
Augmentation Contribution	518
Members' Additional Voluntary Contributions	85,573
	5,401,611
<b>Total contributions reported in the financial statements</b>	<b>5,401,611</b>

During the year ended 31 March 2015, the deficit funding contributions payable to the Scheme by the employers were as follows:

<b>College</b>	<b>Total received £</b>	<b>Payment frequency</b>
Christ's	-	n/a
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	-	n/a
Magdalene	-	n/a
Murray Edwards	-	n/a
Newnham	70,000	Annual (Voluntary)
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
<b>Total</b>	<b>686,570</b>	

The Trustee: CAMBRIDGE COLLEGES' SUPERANNUATION TRUSTEES LTD

Date: 8/7/2015

 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 2015

### Global Market Review

The year to 31 March 2015 again saw positive returns from growth assets. Developed equity markets performed strongly as the global economic recovery continued to progress. Emerging market equities recovered some of the falls experienced in the previous year resulting in a total equity return of over 15% for the year. Amongst the diversifying assets, infrastructure equity produced the strongest returns but hedge funds, property, private equity and insurance-linked securities all also contributed positively to performance. Gilt yields fell sharply over the year as inflation continued to remain subdued in the UK and elsewhere and expectations of rises in interest rates were deferred.

### Fund Performance

The Scheme's segregated growth portfolio returned 9.7% over the year. The total return on the portfolio including hedging assets was 21.0%.

### 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 continued its strategy of bi-annual increases in the extent to which it hedges exposure to changes in real interest rates. Accordingly the level of hedging was increased from 46% to 59% over the year. (Source: Redington.) The way in which the value of the liabilities is calculated was changed during the year from a swaps basis to a gilts basis to be a closer match to the methodology used by the scheme actuary. As a result, the increase in liability coverage made in December was implemented via synthetic gilt funds rather than via swap funds. The strategy was implemented by investing in derivatives via pooled funds.

### Investment Activity

A new asset class was introduced to the portfolio during the year with an investment of approximately 10% of the scheme in the Schroder Strategic Beta Fund. The fund aims to provide exposure to a range of diversified risk premia providing a less volatile return than the equities from which the investment was financed. The scheme's investments in three UK property funds were switched into the AXA UK Long Lease Property Fund, which aims to provide stable long term income mostly with indexation linked uplifts in rents. The Scheme's investment in a value and quality equities were consolidated in a single blended fund. Similarly the investment in insurance linked securities was consolidated in a single fund, although a redemption order was placed before the year end in light of a fall in expected returns from the asset class. The private equity investments are now in their distribution phase and c£2.6m was received during the year which was re-invested in other growth assets.

### Outlook

Since the financial crisis, investors have grown accustomed to the term "extraordinary". Recent efforts by central banks to fight deflation have moved on from "extraordinary" to "unbelievable". Almost every central bank is now engaging in policies that promote a weaker currency, and this undeclared "currency war" has intensified. Although currency movements can help to redistribute growth, they may not necessarily lead to an increase in global demand, particularly if everyone is devaluing at the same time. As this is a war, there will be winners as well as losers, a condition that gives rise to higher levels of market volatility at a time when asset valuations are already stretched.

The cyclical outlook for Europe is encouraging but there may be a sting in the tail for the economy over the medium term as the ECB may not be able to deliver the structural reforms needed for a sustained recovery in growth. Our positive view on Europe is therefore counterbalanced by a negative view of the euro relative to the US dollar. On the whole, we are positive about the US dollar but expect a slower pace of appreciation compared to the rapid gains observed in the last few months. In any case, the policy dislocation between the US and the rest of the world should support the dollar over the medium term. However, a stronger US dollar can be challenging for the smaller economies, where US dollar funding remains important and the increasing debt servicing costs place downward pressure on the local currency. Consequently, our US dollar exposure is targeted towards highly levered economies, particularly those battling with deflation, such as Singapore.

## Asset Allocation

	2015 (%)	2014 (%)
<b>Equity Portfolio</b>		
Emerging Markets	3.1	3.4
Global	28.2	36.0
	<hr/> 31.3	<hr/> 39.4
<b>Alternative Investments</b>		
Property	6.2	7.6
High Yield Debt	-	1.7
Hedge Funds	9.8	10.4
Private Equity	7.3	10.0
Insurance Linked	4.9	4.7
Infrastructure	4.6	4.8
Risk Premia	9.5	-
	<hr/> 42.3	<hr/> 39.2
<b>Absolute Return Bonds</b>	<b>15.0</b>	<b>11.3</b>
<b>Cash</b>	<b>1.3</b>	<b>2.2</b>
<b>LDI Swaps</b>	<b>10.2</b>	<b>7.9</b>
	<hr/> 100.0	<hr/> 100.0

## Report of the Investments Committee for the year ended 31 March 2015

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 2015 the scheme was 63% funded on a self-sufficiency basis and 83% 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 reduced to 31% by the year end.

The year to 31 March 2015 again saw positive returns from growth assets. Developed equity markets performed strongly as the global economic recovery continued to progress. Emerging market equities recovered some of the falls experienced in the previous year resulting in a total equity return of over 15% for the year. Amongst the diversifying assets, infrastructure equity produced the strongest returns but hedge funds, property, private equity and insurance-linked securities all contributed positively to performance. Gilt yields fell sharply over the year as inflation continued to remain subdued in the UK and elsewhere and expectations of rises in interest rates were deferred.

The Scheme continued its strategy of bi-annual increases in the extent to which it hedges exposure to changes in real interest rates. Accordingly the level of hedging was increased from 46% to 59% over the year with the intention of reaching a point whereby the proportion of the sensitivity to real rate changes that is hedged matches the average funding level (on a TP basis) less 5% of the Colleges by December 2015. The way in which the fund manager calculates the value of the liabilities was changed during the year from a swaps basis to a gilts basis to be a closer match to the methodology used by the scheme actuary. As a result, the increase in liability coverage made in December was implemented via synthetic gilt funds rather than via swap funds. The strategy is implemented by investing in derivatives via pooled funds. The use of derivatives 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 real interest rates fell materially resulting in a rise in the value of the Scheme's swap positions and the consequent receipt of c£12m in collateral from counterparties which was invested in the growth portfolio.

A new asset class was introduced to the portfolio during the year with an investment of approximately 10% of the scheme in the Schroder Strategic Beta Fund. The fund aims to provide exposure to a range of diversified risk premia providing a less volatile return than the equities from which the investment was financed. The scheme's investments in three UK property funds were switched into the AXA UK Long Lease Property Fund, which aims to provide stable long term income mostly with indexation linked uplifts in rents. The Scheme's investment in separate "value" and "quality" themed equities funds were consolidated in a single blended fund. Similarly the investment in insurance linked securities was consolidated in a single fund, although a redemption order was placed before the year end in light of a fall in expected returns from the asset class. The private equity investments are now in their distribution phase and c£2.6m was received during the year which was re-invested in other growth assets.

**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.

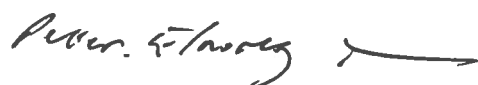
**Scope of the audit of the financial statements**

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 2015 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**  
Chartered Accountants and Registered Auditors

**CAMBRIDGE**  
Date: 1 September 2015

**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 2015, 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 2015, 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: 1 September 2015

**CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME**

**FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	2014 £
<b>Contributions and Benefits</b>			
Contributions receivable	4	5,401,611	5,691,869
Transfers in	5	343,163	342,298
Other income	6	516,636	539,007
		<u>6,261,410</u>	<u>6,573,174</u>
Benefits payable	7	7,007,741	6,110,635
Leavers	8	96,354	471,862
Other payments	9	504,509	503,228
Administrative expenses	10	892,682	660,352
		<u>8,501,286</u>	<u>7,746,077</u>
<b>Net additions from dealings with members</b>		<u>(2,239,874)</u>	<u>(1,172,903)</u>
<b>Returns on investments</b>			
Investment income	11	631,504	439,560
Change in market value of investments	12	28,027,317	4,923,200
Investment management expenses	13	(590,476)	(546,607)
<b>Net return on investments</b>		<u>28,068,345</u>	<u>4,816,153</u>
<b>Net increase/(decrease) in fund during year</b>		<u>25,828,471</u>	<u>3,643,250</u>
<b>At 1st April</b>		140,714,473	137,071,223
<b>Pension Fund at 31st March</b>	14	<u>166,542,944</u>	<u>140,714,473</u>

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

**CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME**

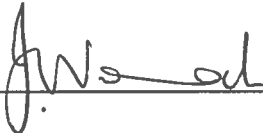
**NET ASSET STATEMENT AS AT 31 MARCH 2015**

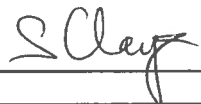
	Note	2015		2014	
		£	£	£	£
<b>Investments</b>	15		166,259,686		140,501,170
Current assets					
Bank current account		249,138		304,606	
Deposit account		87,422		87,117	
Debtors	16	<u>206,105</u>		<u>257,452</u>	
		542,665		649,175	
Less current liabilities					
Creditors	17	<u>259,407</u>		<u>435,872</u>	
Net current assets			283,258		213,303
<b>Net assets of the scheme at 31st March 2014</b>			<u>166,542,944</u>		<u>140,714,473</u>

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

The Trustee: CAMBRIDGE COLLEGES SUPERANNUATION TRUSTEES Ltd

Date 8/7/2015

 Director

 Director

**CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

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 2015 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 2015 (Continued)**

<b>4</b>	<b>Contributions Receivable</b>		
		2015	2014
		£	£
	From members		
	Ordinary contributions	1,421,591	1,454,119
	Additional voluntary contributions	<u>85,573</u>	<u>70,831</u>
		<u>1,507,164</u>	<u>1,524,950</u>
	From employers		
	Ordinary contributions	2,832,362	2,833,646
	Deficit funding contributions	686,570	958,276
	Administrative contributions	374,997	374,997
	Augmentation contribution	<u>518</u>	<u>-</u>
		<u>5,401,611</u>	<u>5,691,869</u>
<b>5</b>	<b>Transfers from other schemes</b>		
		2015	2014
		£	£
	Transfers from other schemes	<u>343,163</u>	<u>342,298</u>
		<u>343,163</u>	<u>342,298</u>
<b>6</b>	<b>Other Income</b>		
		2015	2014
		£	£
	Management fee rebate received from investment managers	228,876	259,230
	Death in service lump sums received from insurer	211,551	278,314
	Group income protection settlement received from insurer	76,209	-
	Pension sharing order fee	<u>-</u>	<u>1,463</u>
		<u>516,636</u>	<u>539,007</u>
<b>7</b>	<b>Benefits Payable</b>		
		2015	2014
		£	£
	Pensions payments to retired members	4,977,034	4,516,821
	Lump sum payment on retirement	240,793	159,282
	Extra lump sum commutation	1,487,790	1,156,218
	Death in service lump sum paid	211,551	278,314
	Death in deferment lump sum paid	14,364	-
	Group income protection settlement lump sum paid	<u>76,209</u>	<u>-</u>
		<u>7,007,741</u>	<u>6,110,635</u>

**CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Continued)**

**8 Payments to and on account of Leavers**

	2015	2014
	£	£
Refunds of contributions to members	5,264	2,121
Tax on refunds of contributions	1,316	530
State scheme premiums	2,668	1,172
Transfer values paid	87,105	224,957
Pension sharing order	-	243,082
	<u>96,354</u>	<u>471,862</u>

**9 Other Payments**

	2015	2014
	£	£
Premiums for insured benefits	504,509	503,228
	<u>504,509</u>	<u>503,228</u>

**10 Administrative Expenses**

	2015	2014
	£	£
Regulatory Costs		
PPF Levy	206,113	181,405
PPF Admin Levy	7,490	7,511
Pension Regulator Levy	6,754	6,774
	<u>220,357</u>	<u>195,690</u>
Other Costs		
Contribution to Salaries and Co. Secretary's Honorarium	208,128	206,127
Actuarial Fees - Valuation	224,064	24,312
Actuarial Fees - General	36,510	26,880
Investment advisor fees	120,000	120,000
Financial advisor fees	31,226	29,217
Electronic Data Management Project	-	15,911
Trustees indemnity insurance	13,318	13,318
Legal Fees	18,292	18,941
Office Expenses and Computer charges	9,875	415
Audit and accountancy fees	7,308	7,194
Printing & Stationery	1,659	1,087
NAPF Subscription	662	647
Other	494	188
Trustee Training	394	60
Bank fees	360	330
Registrar of Companies	35	35
	<u>672,325</u>	<u>464,662</u>
	<u>892,682</u>	<u>660,352</u>

**CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Continued)**

**11 Investment Income**

	2015	2014
	£	£
Dividends: Equities	401,007	9,262
Dividends: Property	221,823	415,154
Tax reclaim	-	15,145
Interest on cash deposits: Schroders*	8,369	(343)
Interest on cash deposits: Bank of Scotland	305	342
	<u>631,504</u>	<u>439,560</u>

\*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**

	2015	2014
	£	£
Market value of investments at 1 April	138,837,750	135,115,841
Cost of investments purchased	143,444,791	60,009,450
Proceeds of investments sold	(146,402,019)	(61,210,741)
Change in market value	28,027,317	4,923,200
Market value of investments at 31 March	<u>163,907,840</u>	<u>138,837,750</u>

**13 Investment Management Expenses**

	2015	2014
	£	£
Management expenses	590,476	546,607

**14 Pension Fund**

	£	2015	£	2014
		£		£
<u>General account</u>				
Balance at 1st April	141,346,512		137,626,719	
Net movement in year	25,828,471		3,643,250	
Transfer	283,484		76,543	
Balance at 31st March		167,458,467		141,346,512
<u>Administration account</u>				
Balance at 1st April	(632,039)		(555,496)	
Transfer	(283,484)		(76,543)	
Balance at 31st March		(915,523)		(632,039)
Pension Fund at 31st March		<u>166,542,944</u>		<u>140,714,473</u>

**CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Continued)**

**15 Investments**

	2015 £	2014 £
Listed Equities	110,336,541	65,012,588
Fixed Income	37,615,477	27,221,537
Property Unit Trusts	10,229,123	10,655,958
Unit Trusts	4,266,499	3,501,625
Hedge Funds	1,780,980	18,430,441
Private Equity	-	13,991,563
Derivatives	(320,780)	24,039
	<u>163,907,840</u>	<u>138,837,751</u>
Cash	2,351,846	1,663,419
Total	<u><u>166,259,686</u></u>	<u><u>140,501,170</u></u>

**16 Debtors**

	2015 £	2014 £
College contributions	205,480	257,452
Payroll returns	625	-
	<u>206,105</u>	<u>257,452</u>

**17 Creditors**

	2015 £	2014 £
Staff Costs	94,188	127,780
Inland Revenue	56,824	46,449
Retirement lump sums	38,501	-
Actuarial advice	31,800	4,788
Investment advisor fees	20,000	20,000
Legal Fees	6,816	4,196
Audit fee	6,325	6,325
Independent Financial Adviser fee	3,184	11,504
Pensions payments to retired members	1,769	-
Investment Management Fee	-	214,830
	<u>259,407</u>	<u>435,872</u>

**CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Continued)**

**18 Concentration of investment**

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

	2015	2014
	£	£
Schroder Pension Mgmt Ltd Schroder Life QEP Global Blend Fd	46,874,263	-
SISF Strategic Bond GBP Hedged I Acc	25,021,187	15,858,036
SISF Strategic Beta 10 GBP Hedged I Accumulation	15,838,509	-
AXA UK Long Lease Property Fund FVL:3	10,229,123	-
Juniper Catastrophe Fund Limited Class C	8,091,407	-
Schroder QEP Global Active Value Fund I Acc	-	27,911,885
SISF QEP Global Quality USD I Acc	-	22,715,100
Schroder Private EQ FDS IV Fd of Fds CLS 'B' Shs (65% Paid)	-	7,731,229
Schroder UK Property Fund GBP I Income (Gross)	-	7,186,259

**19 Administration Account**

	2015	2014
	£	£
<u>Income</u>		
Administration Charges from Colleges	608,891	583,467
Deposit Account Interest	305	342
	<u>609,196</u>	<u>583,809</u>
<u>Expenditure</u>		
Contribution to Salaries and Co. Secretary's		
Honorarium	208,128	206,127
Actuarial Fees - Valuation	224,064	24,312
Actuarial Fees - General	36,510	26,880
PPF Levy	206,113	181,405
PPF Admin Levy	7,490	7,511
Pension Regulator Levy	6,754	6,774
Investment advisor fees	120,000	120,000
Financial advisor fees	31,226	29,217
Trustees indemnity insurance	13,318	13,318
Legal Fees	18,292	18,941
Office Expenses and Computer charges	9,875	415
Audit and accountancy fees	7,308	7,194
Printing & Stationery	1,659	1,087
NAPF Subscription	662	647
Other	494	188
Trustee Training	394	60
Bank fees	360	330
Registrar of Companies	35	35
Electronic Data Management Project	-	15,911
	<u>892,682</u>	<u>660,352</u>
Net increase/(decrease) charged to income	<u>(283,484)</u>	<u>(76,543)</u>
Total absorbed within the fund since inception of scheme	<u>(915,523)</u>	<u>(632,039)</u>

**CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Continued)**

**20 Top 20 Holdings at Investment Managers**

	Stock Name	£ (Millions)	Weight (%)
1	Schroder Pension Mgmt Ltd Schroder Life QEP Global Blend Fd Series 1	46.874	28.19
2	SISF Strategic Bond GBP Hedged I Acc	25.021	15.05
3	SISF Strategic Beta 10 GBP Hedged I Accumulation	15.839	9.53
4	AXA UK Long Lease Property Fund FVL:3	10.229	6.15
5	Juniper Catastrophe Fund Limited Class C	8.091	4.87
6	Schroder Private EQ FDS IV Fd of Fds CLS 'B' Shs (65% Paid)	7.189	4.32
7	GMO Funds PLC Emerging Markets Equity Fund	5.174	3.11
8	HICL Infrastructure Company Limited Ordinary 0.01P	4.609	2.77
9	SSSF Sterling Liquidity Plus I Acc	4.266	2.57
10	Schroder Matching Plus index-Linked LDI Swap Fd (2038-2047)	3.137	1.89
11	International Public Partnerships Ltd Ordinary 1P	2.990	1.80
12	Schroder Matching Plus index-Linked LDI Swap Fd (2028-2037)	2.923	1.76
13	Schroder Gaijai Avoca Credit GBP Hedges C Accumulation	2.835	1.71
14	Schroder Matching Plus index-Linked LDI Swap Fd (2048-2057)	2.679	1.61
15	Schroder Private EQ FDS III Fd of Fds CLS 'B' Shs (87.5% Paid)	2.651	1.59
16	BH Macro Limited Ordinary NPV (GBP)	2.577	1.55
17	Pentwater Event Class F-V-U	2.467	1.48
18	Schroder Private EQ FDS III Fd of Fds CLS 'A' Shs (87.5% Paid)	2.362	1.42
19	Schroder Matching Plus index-Linked LDI Swap Fd (2018-2027)	2.025	1.22
20	Concordia G-10 Fixed Income Relative Value USD A Shares	1.781	1.07

## **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											
Notes		Start Date	End Date	Date of certification	Employee Rate (6)	Admin Contribution p.a.	DIS Rate	GIP Rate	Retirement Rate	Total Employer Rate	
<u>Contracted-out Colleges with BSP Offset Removed</u>											
Christ's College (1)	10	01/01/2015	30/06/2017	31/12/2014	10.00	20,398.29	1.23	0.88	8.65	10.76	
Churchill College	11	01/07/2012	30/06/2017	31/05/2012	-	15,047.84	-	-	-	-	
Corpus Christi College	12	01/01/2015	30/06/2017	31/12/2014	15.00	10,811.79	1.88	0.00	5.84	7.72	
Downing College	13	01/01/2015	30/06/2017	31/12/2014	15.00	9,619.97	2.03	0.00	10.49	12.52	
Emmanuel College	14	01/01/2015	30/06/2017	31/12/2014	8.00	14,464.74	1.97	1.01	11.83	14.81	
Girton College	15	01/01/2015	30/06/2017	31/12/2014	8.50	22,807.76	1.61	0.81	10.77	13.19	
Gonville & Caius College	16	01/01/2015	30/06/2017	31/12/2014	6.35	27,526.25	1.87	0.89	14.74	17.50	
Magdalene College	17	01/01/2015	30/06/2017	31/12/2014	15.00	11,080.10	1.87	0.00	14.46	16.33	
Murray Edwards College	18	01/01/2015	30/06/2017	31/12/2014	15.00	10,860.72	0.57	0.81	7.01	8.39	
Newnham College	19	01/01/2015	30/06/2017	31/12/2014	8.00	9,609.47	1.75	0.82	15.19	17.76	
Pembroke College	20	01/01/2015	30/06/2017	31/12/2014	6.46	12,893.59	1.79	0.95	16.78	19.52	
Peterhouse	21	01/01/2015	30/06/2017	31/12/2014	6.00	15,468.26	1.53	0.94	13.33	15.80	
Queens' College (2) (3)	22	01/01/2015	30/06/2017	31/12/2014	6.35	23,427.12	1.89	0.94	12.77	15.60	
Selwyn College	23	01/01/2015	30/06/2017	31/12/2014	6.35	16,791.68	1.86	0.90	12.18	14.94	
St Catharine's College	24	01/01/2015	30/06/2017	31/12/2014	9.00	16,291.18	1.79	0.92	9.00	11.71	
St John's College	25	01/01/2015	30/06/2017	31/12/2014	6.00	38,996.17	1.34	0.88	12.26	14.48	
Trinity Hall	26	01/01/2015	30/06/2017	31/12/2014	12.00	19,448.95	1.94	0.93	7.31	10.18	
<u>Contracted-out Colleges with BSP Offset Retained</u>											
King's College	27	01/01/2015	30/06/2017	31/12/2014	15.00	19,962.40	2.89	1.48	15.97	20.34	
Robinson College (3)	28	01/01/2015	30/06/2017	31/12/2014	8.50	16,525.96	2.36	0.00	11.70	14.06	
<u>Contracted-in Colleges with BSP Offset Removed</u>											
Clare Hall	29	01/01/2015	30/06/2017	31/12/2014	5.00	6,369.24	1.89	0.98	12.48	15.35	
Darwin College	30	01/01/2015	30/06/2017	31/12/2014	5.00	10,195.09	1.71	0.78	10.64	13.13	
Lucy Cavendish College	31	01/07/2012	30/06/2017	31/05/2012	-	3,871.99	-	-	-	-	
St Edmund's College	32	01/01/2015	30/06/2017	31/12/2014	5.00	5,574.67	1.60	0.82	10.84	13.26	
Wolfson College	33	01/01/2015	30/06/2017	31/12/2014	4.00	13,247.02	2.02	0.96	13.07	16.05	
<u>Contracted-in Colleges with BSP Offset Retained</u>											
Hughes Hall	34	01/01/2015	30/06/2017	31/12/2014	8.00	3,706.86	2.50	1.28	14.70	18.48	

**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 No Recovery Plan is needed as the deficit was paid off by 1 July 2012.
- Queens' & Robinson

**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
- 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:
- 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 2011
- 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

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**Name of Scheme** Cambridge Colleges' Federated Pension Scheme

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**Participating College** As specified in the above Schedule

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**Adequacy of Rates of Contributions**

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.

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**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.

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Signed : *Robert J. Sweet* Date: As specified in Schedule

Name : R J Sweet Qualification: Fellow of the Institute and Faculty of Actuaries

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