

University of Cambridge Assistants' Contributory Pension Scheme

Trustee's Report and Financial Statements

For the year ended 31 July 2017

Cambridge University Assistants' Contributory Pension Scheme

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Cambridge University Assistants' Contributory Pension Scheme

Scheme Management and Advisers

Trustee:

CU Pension Trustee Ltd

The Trustee Directors during the year were:

Appointed by the Finance Committee

Mr. H Jacobs (Chairman)

Appointed by Council

Mrs. J Rippeth - UCLES Group

Mr. D P Hearn - Clare College

Mr S Hutson - Assistant Director of Finance

Mrs E Stone - Director of Human Resources

Elected by a ballot of active members

Mr. W Smith - University Computing Service

Elected by a ballot of retired members

Mr. W Galbraith

Appointed by Trades Unions

Mr. G Cross - UNISON

Mr. P Stokes - Department of Materials Science and Metallurgy – Unite the Union

The Investments Committee members during the year were:

Appointed by the Trustee

Mr. D P Hearn - Chairman

Mr. H Jacobs

Dr. D Chambers - Judge Business School

Mr. B Wrey

Mr S Hutson

Cambridge University Assistants' Contributory Pension Scheme

Scheme Management and Advisers

The Scheme's professional advisers during the year were as follows:

Legal Advisers: Mills & Reeve LLP
Mayer Brown LLP

Actuarial Advice: Cartwrights Consulting Ltd

Auditors: Peters Elworthy & Moore (until 28 Feb 2017)
Crowe Clark Whitehill LLP (from 1 March 2017)

Investment Managers:

Kames Capital
Majedie Asset Management
State Street Global Advisors
Genesis Asset Management
Black Rock Alternative Advisors
Payden & Rygel
Och Ziff (until 31 March 2017)
Credit Suisse Asset Management

Investment Consultant: Aon Hewitt

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

The audited financial statements for the year ended 31 July 2017, a copy of which is included with this report, show that the Scheme's net assets now stand at £660.6m.

Trustee of the Scheme

The Contributory Pension Scheme was established under the authority of the Oxford and Cambridge Act 1923.

The Trustee of the Scheme is CU Pension Trustee Ltd. The procedures for appointment and removal of Directors can be obtained, on request, from the Pensions Office.

The Trustee has prepared a Statement of Investment Principles in accordance with the Pensions Act 1995 and copies are available, on request, from the Pensions Office.

The Trustee is also responsible for the working and control of the Scheme.

Scheme Registration

The Scheme is registered with The Pensions Regulator. The Scheme's registration number is 101147703.

Actuarial Position and Contributions

The formal actuarial certificate required by statute to be included in this Annual Report appears on page 34. In addition, as required by FRS102, the Trustee has included the Report on Actuarial Liabilities on page 12, which forms part of the Trustee's Report.

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

Investment management

The Portfolio is monitored by the Investments Committee, which met four times during the year to determine policy and monitor performance.

The day to day management of the Fund is carried out by Kames Capital, Majedie Asset Managers, State Street Global Advisors, Genesis Asset Management, Black Rock Alternative Advisors, Payden & Rygel, Och Ziff and Credit Suisse Asset Management. These managers report regularly to the Investments Committee which is advised by Aon Hewitt.

The total investments of the Scheme (excluding AVC investments) were £655.6m at 31 July 2017 compared with £572.8m at the previous year-end. During the year the net return on the Scheme's investments amounted to £77.2m. After adding net income from dealings with members of £6.0m the net increase in the fund during the year was £83.2m.

Investment objectives

To achieve the overall financial and investment objective of the Portfolio, which is to meet the pension liabilities of the Scheme's Members, the Trustee has adopted:

- "funding objective" - to ensure that the Scheme is fully funded using assumptions that contain a modest margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;
- "stability objective" – to have due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy; and
- "security objective" – to ensure that the solvency position of the Scheme (as assessed on a gilt basis) is expected to improve.

In addition, the specific long term investment objectives of the Portfolio are:-

- to attain a real total return (net of investment management fees) sufficient to preserve the funding status of the Scheme, and to enhance the funding status should the Scheme be under-funded;
- to obtain annualised returns in line with the Portfolio's blended benchmark for the target asset mix selected by the Investment Committee (see Asset Allocation below), measured over a five year period.

Asset Allocation

The Scheme's long term strategic asset allocation is as follows:-

Asset Class	Target Allocation
UK Equity	30%
Overseas Equity	25%
Emerging Markets Equity	5%
Property	10%
Bonds	20%
Hedge Funds	10%
Cash	0%
Total	100%

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

Investments Committee Report

The table below shows the asset allocation during the year.

Asset Allocation over the last 12 months						
Percentage of Total Assets						Market Value as at 31/07/2017 £
	31/07/2016 %	30/09/2016 %	31/12/2016 %	31/03/2017 %	31/07/2017 %	
Equity						
U.K.	30.8	31.1	31.6	31.4	31.4	205,576,863
Global ex U.K.	22.7	22.4	23.3	23.4	23.6	154,465,977
Emerging Markets	8.9	9.0	8.7	9.2	9.4	61,366,172
Property	10.7	10.6	10.3	10.0	10.0	65,596,741
Bonds	14.4	14.0	13.3	12.9	18.8	123,231,151
Hedge Funds	11.6	11.5	11.2	5.5	6.6	43,209,601
Cash	0.9	1.4	1.6	7.6	0.2-	1,449,297
TOTAL ASSETS	100.0	100.0	100.0	100.0	100.0	654,895,802

Asset allocation includes cash held on audit hold back with Och Ziff

Manager Allocations and Performance

The asset classes are managed by eight different fund managers to provide additional diversification benefits.

A summary of the managers' activities is as follows:

State Street Global Advisors: The assets held with State Street are invested across four passive funds that are designed to track the benchmark, a UK Equity Index (£134.7m), a Global Equity Fund (£50.0m), a Fundamental Index (£104.5m) and an Emerging Markets Fund (£26.5m).

Majedie Asset Management: The assets held with Majedie are invested in their high alpha fund called the UK Equity Services, which had a market value of £70.9m as at 31 July 2017.

Majedie's benchmark is the FTSE All-Share Index and the target is to outperform the benchmark. Over the year Majedie returned 19.3% outperforming the benchmark of 14.9% by 4.4%.

Genesis Asset Management: The assets held with Genesis are invested in their Genesis Emerging Markets Fund, which had a market value of £34.8m as at 31 July 2017. Over the year Genesis returned 19.9% underperforming the benchmark of 26.2% by a negative of 6.3%.

Genesis' benchmark is the MSCI Emerging Market Index and the target is to outperform the benchmark over rolling 3-year periods.

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

Genesis Investment Management is a specialist investment manager for Emerging Markets. Genesis' investment approach is long-term. The currency exposure within this mandate is not hedged back to Sterling.

Kames Capital: The assets held with Kames are invested in their Property Fund, which had a market value of £65.5m as at 31 July 2017. The foreign currency exposure in this fund is not hedged back to Sterling.

Kames benchmark is the AREF/IPD UK Quarterly All Balanced Property Funds Index and their target is to outperform the benchmark by 0.5% p.a. over a rolling three year period. Over the year Kames achieved a return of 10.3% outperforming the benchmark of 7.2% by 3.1%.

Och Ziff: The Scheme's investment in Och Ziff was terminated in March 2017. The remaining £1.4m is being held on audit holdback and is not invested in the fund.

BlackRock Alternative Advisors: The assets held with BlackRock are invested in their Absolute Return Strategies, which had a market value of £43.2m as at 31 July 2017. The currency exposure in this fund is hedged back to Sterling.

BlackRock's target is to outperform the 3 month Sterling LIBOR rate by 6% net of fees. Over the year Black Rock returned 7.4% outperforming the benchmark of 3.7% by 3.7%

Payden & Rygel: Approximately £53.6m is invested with Payden & Rygel, a US-based manager with a global bond mandate, hedged to Sterling. The intention is to allow the Scheme to benefit from the opportunities available in the global bond markets while maintaining a focus on high quality government holdings.

Over the year Payden & Rygel returned 1.7% outperforming a weighted composite benchmark of 0.4% by 1.3%.

Credit Suisse Asset Management: The assets held with CSAM are invested in their Credit Suisse Nova (Lux) Global Senior Loan Fund, which had a market value of £69.6m as at 31 July 2017.

The currency exposure in this fund is fully hedged back to Sterling. CSAM employs a bottom-up approach, focusing on the analysis of individual stocks and de-emphasizing the significance of economic cycles and market cycles, to investing in loans, and is allowed the discretion to invest across the capital structure and globally. CSAM's benchmark is the Credit Suisse Leveraged Loan Index and the target is to outperform the benchmark.

Over the year CSAM returned 7.6%, equalling the benchmark of 7.6%.

Statement of investment principles

The Trustee is required under The Occupational Pension Schemes (Investment) Regulations 2005 to prepare and maintain a Statement of Investment Principles as described by Section 35 of the Pensions Act 1995. A statement has been prepared in accordance with these regulations, approved by the Trustee. A copy of the statement may be obtained from the Secretary to the Trustee at the administration office.

The Trustee aims to be a responsible investor in a manner which is consistent with its investment objectives and legal duties, believing this approach to protect and to enhance the value of the Scheme's assets. The Trustee therefore expects its investment managers

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

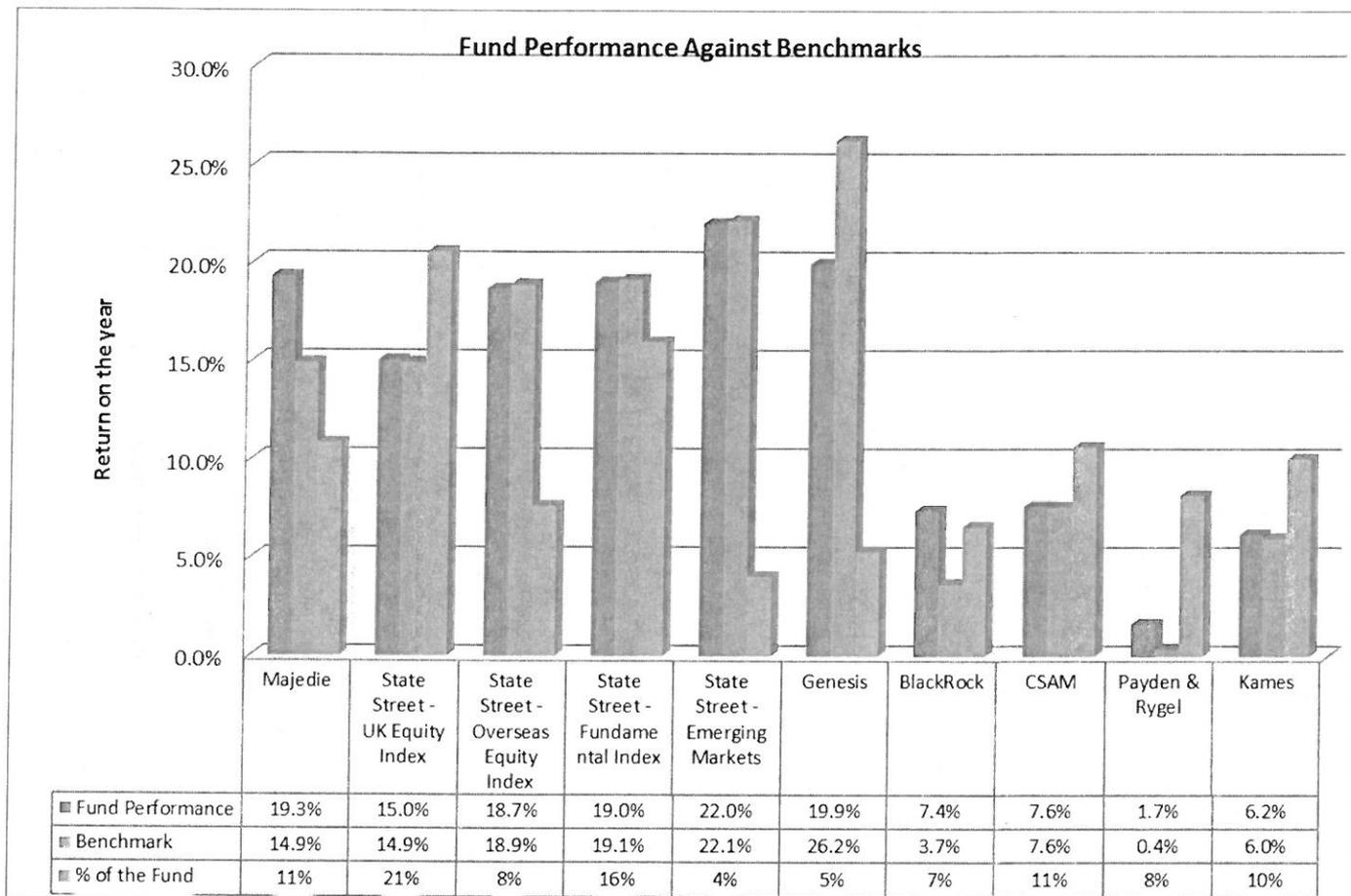
- to integrate material extra-financial factors (such as corporate, environmental, social, governance and ethical considerations) into the selection, retention and realisation of the Scheme's investments;
- to give appropriate weight to such extra-financial factors in the monitoring of the policies and practices of current and potential investee companies;
- to follow good practice themselves;
- to encourage good practice in investee companies, including where feasible by the exercise of voting rights attaching to the Scheme's investments;
- to consider collaboration with others, as permitted by relevant legal and regulatory codes, where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed;
- to choose the investment which seems best to reflect material extra-financial factors if there is a choice to be made between two or more investments with identical financial properties.

The Trustee has delegated decisions to the relevant fund managers about voting and corporate governance in relation to the Scheme's assets.

The Trustee reviews the position regularly, to stay in line with good practice.

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report



Overall the Scheme's assets have outperformed the dynamic benchmark return of 12.7% by 0.8% for the year to 31 July 2017.

The Committee believes that the present asset allocation with its wide diversification is still appropriate for the long term. The asset allocation remains the key to successful investment performance and because the Scheme's liability profile extends for almost 20 years, the Committee takes a long term view looking for a total investment return of 6.9%.

The recent investment performance is shown below, together with the impact of RPI inflation for the years ending 31 July:

	2013 %	2014 %	2015 %	2016 %	2017 %
Total Return	16.1	11.1	5.7	4.7	13.5
RPI	3.1	2.5	1.0	1.4	2.6
Total Real Return	13.0	8.6	4.7	3.3	10.9

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

Transfer Values

Transfer values are calculated and verified in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1985, and no such transfer values were reduced. With effect from 1 January 2013 the scheme only accepts transfers at the discretion of the Principal Employer.

Pension Increases

With effect from 1 August 2017, the pensions in payment for members, who joined the Scheme after 1 January 2013, as at 1 August 2016 were increased by 3.7% (RPI). Pensions in payments for members who joined the Scheme after 1 January 2013 were increased by 2.9% (CPI). For retirements effective between 1 August 2016 and 30 June 2017 the increase was proportionate

Increases in recent years have been as follows: -

	2014 %	2015 %	2016 %
Pre 2013 Joiners	2.4	1.0	1.4
Post 2013 Joiners	N/A	0.1	0.3

Revaluation of deferred pensions		
Date of leaving	Guaranteed Minimum Pension	Excess over Guaranteed Minimum Pension
Prior to Jan 1986	lesser of 5% and increase in National Average Earnings	N/A
Jan 1986 - Jul 1990	lesser of 5% and increase in National Average Earnings	lesser of 5% and increase in Retail Prices Index
Aug 1990 - Jul 1993	lesser of 5% and increase in National Average Earnings	Annual increase in the Retail Prices Index (guaranteed up to 12%)
Aug 1993 -31 Dec 2012	Annual increase in the Retail Prices Index, guaranteed up to 12%	
1 Jan 2013 onwards	Pre 2013 members: Annual increase in the Retail Prices Index, guaranteed up to 5% Post 2013 members: Annual increase in the Consumer Prices Index, guaranteed to 5%	

Taxation Status

The Scheme is registered with Her Majesty's Revenue and Customs under the provisions of Part IV of the Finance Act 2004.

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

Membership Statistics

Active Members		
Active members at 31 July 2016		4719
Adjustment for late notification		1
Active members at 31 July 2016 restated		<u>4720</u>
New members during the year		889
		<u>5609</u>
Less:		
Leavers before retirement age (excluding Death in Service)	331	
To Preserved status	329	
Died in service	4	
Active members fully commuting	1	
Retired during the year	62	
		<u>727</u>
Active members at 31 July 2017		<u>4882</u>

Preserved Pensioners		
Preserved pensioners at 31 July 2016		3599
Adjustment for late notification		8
Preserved Pensioners at 31 July 2016 restated		<u>3607</u>
New preserved pensioners		329
		<u>3936</u>
Less:		
Preserved pensioners retired during the year	60	
Preserved pensioner deaths	2	
Preserved pensioners fully commuting	2	
Members transferring their preserved benefits	19	
		<u>83</u>
Preserved pensioners at 31 July 2017		<u>3853</u>

Pensioners		
Pensions in payment at 31 July 2016		3047
Adjustment for late notification		8
Pensions in payment at 31 July 2016		<u>3055</u>
New pensioners during the year	62	
Preserved pensioners retired during the year	60	
New child pensioners	3	
Widow/ers of pensioners dying during the year	29	
		<u>154</u>
Less:		
Pensioners dying during the year	94	
Child pensioners ceasing	3	
		<u>97</u>
Pensions in payment at 31 July 2017		<u>3112</u>

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

Data protection

The administrators of the Scheme have registered under the Data Protection Act to hold on computer information necessary for the management of the Scheme.

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to be based on pensionable service to the valuation date. This is assessed using assumptions agreed between the Trustee and the University and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 July 2015. This showed that on that date:

	£'000
Value of the Technical Provisions	612,578
Value of the assets at that date	551,094

The method and significant actuarial assumptions used to determine the technical provisions are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Retail Price Inflation (RPI): The Retail Prices Index (RPI) assumption will be determined at the valuation date based on the Bank of England spot yield at a point consistent with the duration of the Scheme liabilities. This rate will be rounded to the nearer 0.05% per annum. At this valuation the weighted duration of the liabilities has been calculated as 19 years, and the spot yield at the valuation date is 3.40% per annum. The RPI assumption is therefore 3.40% per annum.

Consumer Price Inflation (CPI): An allowance for future CPI increases is included at an assumed rate equal to the assumption for future RPI increases less 0.7% per annum. As at 31 July 2015 this resulted in an assumption for future CPI increases of 2.7% per annum.

Discount Interest Rate: Technical provisions are determined using a single rate of interest for all pre and post-retirement benefits.

On retirement, Members' pensions are paid from the fund. Assets providing a risk free rate of return, such as Government bonds (gilts) provide a good match for pensions in payment.

The Trustee invests in a wide range of assets including equities and property, which are expected to give long term returns in excess of those available on gilts. The Trustee wishes to take credit for some of this out-performance and to that end will use an interest rate of Retail Price Inflation (RPI, as defined above) plus a margin of up to 4% pa to allow for this expected out-performance. The Trustee has determined that for the purposes of the calculations as at 31 July 2015 the margin to be adopted is 2.7% per annum.

Salary Increases: Pay increases are expected to exceed RPI increases by up to 1.5% per annum compound. This relationship with RPI is monitored for accuracy and may be subject to change in future valuations.

Pension Increases in payment: Pension increases in payment are defined in the Rules.

Pensions earned prior to 2013 increase in line with the RPI up to a maximum of 12% per annum compound.

For pensions earned on or after 1 January 2013:

- For Pre 2013 joiners, pensions increase in line with the RPI up to a maximum of 5% per annum compound.
- For joiners on or after 1 January 2013, pensions increase in line with CPI up to a maximum of 5% per annum compound.

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

Report on Actuarial Liabilities

For all pension increases the Trustee will use the same assumption as that used for RPI/CPI above up to the maximum.

Pension Increases in Deferment: For all pension earned prior to 2013, the Trustee main revaluation assumption is set to be the same as the assumption for future increases in the Retail Prices Index (RPI). There is also a revaluation underpin based on statutory revaluation. Statutory revaluation on the pension in excess of any GMP is in line with increases in the Consumer Prices Index (CPI), whilst the GMP is revalued in line with statutory requirements.

For pension earned on or after 1 January 2013, increases to pensions accrued in service and after leaving service are to be calculated by reference to the RPI (or CPI for joiners on or after 1 January 2013) capped at a maximum of 5% per annum compound.

Mortality: Currently the Trustee is using S2 base tables produced by the Continuous Mortality Investigation Bureau based upon mortality experience of Self-Administered Pension Schemes centred on 2007 but then projected to allow for subsequent improvements in longevity. After carrying out a mortality investigation on Scheme experience on data up to 31 July 2008 the Actuary recommended and the Trustee agreed to adjust the SAPS "Light" base tables for males and females by 125% and 95% respectively. The S2LPA "Light" base table has been used for the 2015 valuation.

In addition, the Actuary recommended and the Trustee agreed to make allowance for future longevity improvements using the CMI 2014 projection table, with long term rates of improvement of 1.25% per annum.

New Entrants: The Scheme is open to new entrants. The Trustee does not allow explicitly for new entrants. However, by adopting the Projected Unit Method, to give a stable normal contribution rate, they are implicitly assuming that the active membership average age remains relatively constant – i.e. that new entrants will continue to join the Scheme.

Commutation: On retirement, no allowance is made for Members who commute part of their pension for a cash lump sum at retirement.

Retirement: The Scheme Normal Retirement Age is 65 although members who joined prior to 1 December 2009 have the right to retire without actuarial reduction at age 60. The Trustee wishes to fund benefits to the average expected age of retirement of such members.

Investigations of the pattern of retirements between 2003 and 2008 (investigated as at 31 July 2008) suggest that, on average, Active males currently retire at age 63 and females retire at age 61, whilst Deferred males retire at age 61 and females retire at age 60. These average retirement ages will be reviewed by the actuary at each subsequent triennial valuation to ensure that they remain in line with actual Scheme experience.

Members who joined on or after 1 December 2009 are assumed to retire at age 65.

Age Difference of Dependants: Husbands are assumed to be 3 years' older than their wives.

Percentage with Dependant's Benefits at Death: 85% of male and female members are assumed to be married at death.

Expenses: Expenses of administering the Scheme are borne by the Scheme. Part of the expenses relates to past service and part relates to current and future service.

The Trustee policy is for the actuary to review the allowance for expenses at each valuation and make a recommendation for both elements.

The current assumption is for a past service reserve of 1% of the Technical Provisions and a future allowance of 0.9% of Pensionable Salaries (including an allowance of 0.5% to meet PPF levies). This is to cover all expenses and levies of administering the Scheme.

Cambridge University Assistants' Contributory Pension Scheme

Trustee's Report

Statement of Trustee Responsibilities

The audited Financial Statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- show a true and fair view, of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the Financial Statements have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'; and
- are prepared on the going concern basis unless it is inappropriate to presume that the Scheme will continue on this basis.

The Trustee has supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis. The Trustee is also responsible for making available certain other information about the scheme in the form of an Annual Report.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee responsibilities in respect of contributions accompanying the Trustee summary of contributions.

The Trustee has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

The Trustee board met four times in the year. The average attendance for board meetings by directors was 72%. Attendance figures for individual directors at board meetings are below.

Director	Board Meetings
Mr. H Jacobs	4
Mrs. J Rippeth	1
Mr. D P Hearn	4
Mr. S Hutson	3
Mrs. E Stone	2
Mr. W Smith	3
Mr. W Galbraith	2
Mr. G Cross	4
Mr. P Stokes	3

Trustee's Report

Trustee Knowledge and Understanding

The provisions of the Pensions Act 2004 require Trustee Directors 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. Trustee Directors 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 Trustee Directors are able to use them effectively when carrying out their duties.

The Trustee Directors have agreed that they will undertake the e-learning package introduced by the Pensions Regulator which aims to equip Trustee Directors with the knowledge and understanding they need to effectively carry out their duties and the Trustee regularly monitors progress. The Trustee Directors have also agreed that if there are any areas of concern 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 each Trustee Director 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 the Trustee to have adequate internal controls in place to help monitor the management and administration of the Scheme. In order to assist with this the Trustee receives reports from the Scheme Office at each meeting as follows:

- Details of the amounts of any late payment or incorrect payments plus details of any action taken by the Scheme Office in respect of late or incorrect payment of contributions.
- Reports on outstanding work in the Scheme Office and the reasons for the work being outstanding.

Cambridge University Assistants' Contributory Pension Scheme

Independent auditors' report

Independent Auditor's Report to the Trustee of the Cambridge University Assistants' Contributory Pension Scheme

Opinion

We have audited the financial statements of the Cambridge University Assistants' Contributory Pension Scheme for the year ended 31 July 2017 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 July 2017, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Cambridge University Assistants' Contributory Pension Scheme

Independent auditors' report

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the statement of Trustee's responsibilities set out on page 15, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intend to wind up the scheme or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Crowe Clark Whitehill LLP

Statutory Auditor

London

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Cambridge University Assistants' Contributory Pension Scheme

Financial Statements for the year to 31 July 2017

Fund Account

	Note	2017 £	2016 £
Contributions and Benefits			
Contributions receivable	3	28,830,173	28,734,315
Transfers in	4	-	19,959
Other Income	5	81	-
		<u>28,830,254</u>	<u>28,754,274</u>
Benefits payable	6	21,256,533	20,484,119
Payments to and on account of leavers	7	701,689	1,120,498
Administration expenses	8	1,031,317	1,080,316
		<u>22,989,539</u>	<u>22,684,933</u>
Net income from dealings with members		<u>5,840,715</u>	<u>6,069,341</u>
Returns on investments			
Investment income	9	3,880,561	4,942,027
Change in market value of investments	10	73,818,390	15,580,463
Investment management expenses		(519,680)	(1,082,204)
Investment consultant expenses		(177,330)	(86,437)
Net return on investments		<u>77,001,941</u>	<u>19,353,849</u>
Net increase in fund during the period		82,842,656	25,423,190
Net Assets of the Scheme at 1 August 2016		577,308,388	551,885,198
Net Assets of the Scheme at 31 July 2017		<u>660,151,044</u>	<u>577,308,388</u>

The notes on pages 21 to 31 form part of these financial statements.

Cambridge University Assistants' Contributory Pension Scheme

Financial Statements for the year to 31 July 2017

Statement of Net Assets

	Note	2017 £	2016 £
Investments	10		
Pooled Investment Vehicles	11.1	653,446,505	567,829,062
AVC Investments - cash		708,241	723,942
Cash		1,449,297	6,226,740
Other Investment Values		<u>571,242</u>	<u>528,842</u>
		656,175,285	575,308,586
 Current Assets			
Cash at Bank		3,810,099	1,414,436
Debtors	14	<u>2,943,577</u>	<u>3,176,202</u>
		6,753,676	4,590,638
 Less Current Liabilities			
Creditors	15	<u>2,777,917</u>	<u>2,590,836</u>
 Net Current Assets		3,975,759	1,999,802
 Net Assets of the Scheme at 31 July 2017		<u><u>660,151,044</u></u>	<u><u>577,308,388</u></u>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities on page 13 of this Annual Report and these financial statements should be read in conjunction with them.

The notes on pages 21 to 30 form part of these financial statements.

These financial statements were approved by the Trustee on 20-XI-2017 and were signed on behalf of the Trustee by:

Mr H Jacobs



Chairman

Mr S Hutson



Director

Notes to the Financial Statements

1 Basis of preparation

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, with Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with and with the guidance set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (revised November 2014).

The Scheme has adopted in these financial statement, earlier than required, the amendments to the basis of the valuation hierarchy in FRS102 that will be applicable for periods beginning on or after 1 January 2017.

2 Accounting policies

The principal accounting policies of the scheme are as follows:

a) Investments

Investments are included at fair value as follows:

- i. Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.
- ii. Annuities purchased which provide the benefits for certain members that are in the name of the Trustees are not included as assets of the Scheme as the Trustees consider these to be not to be material in relation to the financial statements as a whole.

b) Investment income

- i. Interest is accrued on a daily basis.
- ii. Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.

c) Foreign currencies

The functional and presentational currency of the Scheme is Sterling. Balances denominated in foreign currencies are translated into Sterling at the rate ruling at the year-end date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the 'Change in Market Value' of investments during the year.

Notes to the Financial Statements

d) Contributions

- i. Employee normal contributions are accounted for when deducted from pay. Employer normal contributions which are expressed as a rate of salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedule of Contributions.
- ii. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are being paid.

e) Payments to members

- i. Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving.
- ii. Individual transfers in or out are accounted for when paid or received which is normally when member liability is accepted/discharged.

f) Expenses

Expenses are accounted for on an accruals basis. The Scheme bears all the costs of administration.

Cambridge University Assistants' Contributory Pension Scheme

Financial Statements for the year to 31 July 2017

Notes to the Financial Statements

3 Contributions

	2017	2016
	£	£
From Members:		
Normal contributions	308,554	289,570
Additional voluntary contributions (Added years)	265,143	291,941
Additional voluntary contributions (CBS)	32,931	38,301
	<u>606,628</u>	<u>619,812</u>
From Employer:		
Normal contributions	13,628,545	13,491,177
Augmentation payments on members' early retirement	-	28,326
Deficit Funding contributions	14,595,000	14,595,000
	<u>28,830,173</u>	<u>28,734,315</u>

Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to members by the Employer. During the year, in accordance with a long standing agreement between the University of Cambridge and the Trustee, the University of Cambridge overpaid employer normal contributions. For year ended 31 July 2017, employer contributions of £23,412,222 (2016: £22,855,242) were paid and of these contributions, £9,783,677 (2016: £9,364,065) was calculated to be overpaid and repaid back to the Employer from the Scheme.

Deficit funding contributions, in respect of the shortfall in funding, of £14,595,000 per annum are being paid in monthly instalments by the employer until 31 January 2019.

4 Transfers from other schemes

	2017	2016
	£	£
Individual transfers from other schemes amounted to:	-	19,959
	<u>-</u>	<u>19,959</u>

Transfer values are calculated and verified in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1985, and no such transfer values were reduced. With effect from 1 January 2013 the scheme only accepts transfer at the discretion of the Principal Employer.

5 Other Income

	2017	2016
	£	£
Fees for CETV's provided	81	-
	<u>81</u>	<u>-</u>

Cambridge University Assistants' Contributory Pension Scheme

Financial Statements for the year to 31 July 2017

Notes to the Financial Statements

6 Benefits Payable

	2017	2016
	£	£
Pension payments to retired members	17,692,850	17,044,642
Commutated to lump sum payments	2,893,230	3,125,515
Cash payment on death	670,453	313,962
	<u>21,256,533</u>	<u>20,484,119</u>

7 Payments in respect of leavers

	2017	2016
	£	£
Refunds of contributions to members	22,607	26,933
Payments to HM Revenue & Customs	5,194	6,485
Transfers out to other schemes for individuals	673,888	1,087,080
	<u>701,689</u>	<u>1,120,498</u>

8 Administrative expenses

	2017	2016
	£	£
Expenses borne by the Scheme comprise:		
Actuarial fees	44,706	220,962
Chairman Honorarium	10,000	10,000
Legal fees	107,581	32,173
Medical Reports	208	25
Salaries and other payroll costs	176,684	188,023
PLSA subscription	2,151	2,110
GO Pensions	31,998	-
PPF Levy	580,244	558,249
Pensions Regulator Levy	35,693	30,300
Printing costs	2,760	1,259
PS Pension Administration support costs	18,062	23,085
Travel and Subsistence	90	297
Audit Fee	17,420	11,560
Bank charges	286	234
Other expenses	3,434	2,039
	<u>1,031,317</u>	<u>1,080,316</u>

Cambridge University Assistants' Contributory Pension Scheme

Financial Statements for the year to 31 July 2017

Notes to the Financial Statements

9 Investment Income

	2017 £	2016 £
Income from pooled investment vehicles	3,751,993	4,618,088
Tax reclaims	108,469	303,367
Interest on cash deposits	13,610	10,480
Interest on building society deposits	3,804	6,541
Annuities received	2,685	3,551
	<u>3,880,561</u>	<u>4,942,027</u>

10 Investments

	As at 1 August 2016 £	Purchases £	Sale proceeds £	Change in market value £	As at 31 July 2017 £
Pooled investment vehicles (see Note 11.1)	567,829,062	39,500,000	(27,700,947)	73,818,390	653,446,505
AVC Investments	723,942	36,735	(52,436)	-	708,241
	<u>568,553,004</u>	<u>39,536,735</u>	<u>(28,233,383)</u>	<u>73,818,390</u>	<u>654,154,746</u>
Cash	6,226,740				1,449,297
Other investment balances	528,842				571,242
	<u>575,308,586</u>				<u>656,175,284</u>

Other investment balances relate to accrued investment income

11.1 Pooled Investment vehicles

	2017 £	2016 £
UK equity funds	205,576,863	176,567,010
Overseas equity funds	215,832,149	180,845,608
Hedge funds ¹	43,209,601	66,588,967
Bond funds	123,231,151	82,564,217
Property funds	65,596,741	61,263,260
	<u>653,446,505</u>	<u>567,829,062</u>

¹Hedge funds hold a variety of investments including bonds, equities, real estate and derivatives.

Cambridge University Assistants' Contributory Pension Scheme

Financial Statements for the year to 31 July 2017

Notes to the Financial Statements

11.2 Cambridge Building Society AVCs

Movement in value of the AVC account is shown below

	2017	2016
INCOME		
Contributions	32,931	38,301
Interest receivable	3,804	6,541
	<u>36,735</u>	<u>44,842</u>
EXPENDITURE		
AVC balances transferred to Fund Account	52,436	111,623
Net reduction from dealings with members	(15,701)	(66,781)
	<u>723,942</u>	<u>790,723</u>
Balance of members' Voluntary Contributions at 31 July 2016	723,942	790,723
	<u>708,241</u>	<u>723,942</u>

Money Purchase Additional Voluntary Contributions represent contributions invested in a special account at the Cambridge Building Society on behalf of the individuals concerned to provide additional benefits within the overall limits laid down by the HM Revenue and Customs.

12 Concentration of Investment

As at 31 July 2017, the following investments represented greater than 5% of the Scheme's Net Assets

	2017	2017	2016	2016
	£	%	£	%
Genesis Emerging Markets Fund	34,891,102	5.3%	29,098,175	5.0%
Majedie AM UK Equity Service Fund	70,977,702	10.7%	59,494,882	10.3%
Payden Global Funds Int. Bond Fund	53,680,057	8.1%	52,774,747	9.1%
State Street Passive Equity - UK Equity Fund	134,599,160	20.4%	117,072,128	20.3%
State Street Passive Equity - Global Equity Fund	49,985,168	7.6%	42,140,570	7.3%
State Street Passive Equity - Fundamental Index Fund	104,480,807	15.8%	87,834,381	15.2%
BlackRock Absolute Return Strategies Fund	43,209,601	6.5%	40,284,101	7.0%
Credit Suisse Nova (Lux) Global Senior Loan Fund	69,867,167	10.6%	29,789,470	5.2%
Kames Property Income Fund	61,959,422	9.4%	61,263,260	10.6%

13 Self Investment

The Scheme has no funds held on deposit with the University.

Cambridge University Assistants' Contributory Pension Scheme

Financial Statements for the year to 31 July 2017

Notes to the Financial Statements

14 Debtors

	2017	2016
	£	£
Contributions due for July 2017	<u>2,943,577</u>	<u>3,176,202</u>

15 Creditors

	2017	2016
	£	£
Pension payments due for July 2017	1,485,587	1,436,769
Deficit Recovery payment July 2017	827,991	792,885
Overpayment of Contributions (CCDC)	-	52,908
Investment Manager Fees	178,727	168,784
Lump Sum Payments	63,102	-
Death in Service	154,161	-
Audit Fees	15,000	10,000
Legal Fees	-	1,193
Actuarial Fees	1,584	13,596
SEI contributions due to the University	-	58,062
Staff Costs	27,002	32,544
Tax due on Refunds	-	1,936
Cambridge Building Society AVC's for July 2017	2,604	-
Other accruals	<u>22,159</u>	<u>22,159</u>
	<u>2,777,917</u>	<u>2,590,836</u>

16 Transaction costs

Transaction costs are borne by the Scheme in relation to transactions within the investment portfolio managed by the Investment Managers, comprising fees, commissions and stamp duty. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

17 Investment fair value hierarchy

Financial instruments held at fair value in the financial statements must be analysed according to the appropriate level in the following fair value hierarchy. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

- a. Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- b. Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Cambridge University Assistants' Contributory Pension Scheme

Financial Statements for the year to 31 July 2017

Notes to the Financial Statements

c. Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investments have been analysed using the above hierarchy categories as follows:

As at 31 July 2017	Level 1 £	Level 2 £	Level 3 £	TOTAL £
Pooled investment vehicles	-	653,446,505	-	653,446,505
Cash (including AVC investments)	2,157,538	-	-	2,157,538
Other investment balances	-	571,241	-	571,241
Total	2,157,538	654,017,746	-	656,175,284

As at 31 July 2016	Level 1 £	Level 2 £	Level 3 £	TOTAL £
Pooled investment vehicles	-	567,829,062	-	567,829,062
Cash (including AVC investments)	6,950,682	-	-	6,950,682
Other investment balances	-	528,842	-	528,842
Total	6,950,682	568,357,904	-	575,308,586

18 Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management

Notes to the Financial Statements

agreements in place with the Scheme's investment managers and monitored by the Trustee's Investment Committee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Scheme's exposures to credit and market risks are set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

(i) Credit risk

The Scheme invests in pooled funds, and is therefore directly exposed to credit risk in relation to solvency of the investment manager and custodian of those funds. Direct credit risk arising from pooled funds is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the investment managers, the regulatory environments in which the pooled managers operate and diversification of the Scheme's investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers, and on an on-going basis monitor any changes to the operating environment of the pooled fund with the help of their investment advisers. The Scheme's holdings in pooled investment vehicles are unrated.

The Scheme is subject to further direct credit risk as the scheme has cash balances. Cash is held within financial institutions which are at least investment grade credit rated.

The Scheme is indirectly exposed to credit risk arising from the underlying investments held by the pooled funds. The indirect exposure to credit risk arises from the Scheme's investments in bonds, cash and derivatives via the Hedge Funds and Bond funds as detailed in Note 11.1 although the extent of the risk is dependent on the portfolio held at the time. The Trustee acknowledges that the assessment of credit risk on underlying debt instruments is delegated to the investment manager. The Trustee however ensure that they are comfortable with the amount of risk that the Scheme's investment manager takes

(ii) Currency risk

As at 31 July 2017, £105,433,489 (2016: £60,537,327) of the Scheme's fund were accessed via a US Dollar and Euro share class and as a result was directly exposed to currency risk.

In addition, the Scheme is subject to indirect currency risk because some of the Scheme's investments are held in overseas markets through Overseas Equity Funds, Hedge Funds, Bond Funds and Property Funds as detailed in Note 11.1. The Trustee limits overseas currency exposure through a currency hedging policy

(iii) Interest rate risk

The Scheme is indirectly exposed to interest rate risk arising from the underlying investments held by the pooled funds. The indirect exposure to interest rate risk arises from the Scheme's investments in bonds, cash and derivatives via the Hedge Funds and Bond funds as detailed in Note 11.1 although the extent of the risk is dependent on the portfolio held at the time. However, the interest rate exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's actuarial liabilities. The net effect will be to reduce the volatility of the funding level, and so the Trustee believes that it is appropriate to have exposures to these risks in this manner.

Notes to the Financial Statements

(iv) Other price risk

The Scheme is indirectly exposed to other price risk arising from the underlying investments held by the pooled funds. The indirect exposure to other price risk arises from the Scheme's investments in equities, property and derivatives via the Equity Funds, Hedge Funds and Property funds as detailed in Note 11.1 although the extent of the risk is dependent on the portfolio held at the time. The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

19 Contingent liabilities and commitments

Other than the liability to pay future retirement benefits, there were no contingent liabilities or capital commitments as at 31 July 2017.

20 Related party transactions

Contributions are received in respect of 1 (2016: 1) Trustee Director and pensions are paid in respect of 1 (2016: 1) who are both members of the Scheme. These transactions have been made in accordance with the Trust Deed and Rules.

21 Events occurring after the year end

There were no subsequent events requiring disclosure in these financial statements (2016: nil).

Cambridge University Assistants' Contributory Pension Scheme

Independent auditor's statement about contributions

Independent auditor's statement about contributions to the Trustee of the Cambridge University Assistants' Contributory Pension Scheme

Statement about contributions payable under the schedule of contributions

We have examined the summary of contributions payable to the Cambridge University Assistants' Contributory Pension Scheme, for the scheme year ended 31 July 2017 which is set out on page 32.

In our opinion contributions for the scheme year ended 31 July 2017 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 26 February 2016.

Basis of opinion

Our objective is to obtain sufficient evidence 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 an 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustee's 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 employer and the active members of the scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the scheme and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.

Auditor's responsibilities for the statement about contributions

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

Use of our statement

This statement is made solely to the scheme's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this statement, or for the opinion we have formed.



Crowe Clark Whitehill LLP
Statutory Auditor
London

23-1-18

Cambridge University Assistants' Contributory Pension Scheme

Summary of Contributions Payable for the year ended 31 July 2017

Statement of Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The Trustee 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 employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee's summary of contributions payable under the Schedule of Contributions in respect of the scheme year ended 31 July 2017

This summary of contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the scheme under the Schedule of Contributions certified by the actuary on 26 February 2016 in respect of the scheme year ended 31 July 2017. The Scheme auditor reports on contributions payable under the schedule in the auditor's Statement about Contributions.

During the year ended 31 July 2017, the contributions payable to the Scheme by the employer were as follows:

Contributions payable under the schedule of contributions	2017 £	2016 £
Contributions from employers:		
Normal	13,628,545	13,491,177
Deficit funding	<u>14,595,000</u>	<u>14,595,000</u>
	28,223,545	28,086,177
 Contributions from members:		
Normal contributions	308,554	289,570
 Total contributions payable under the Schedule of Contributions	<u>28,532,099</u>	<u>28,375,747</u>
 Other contributions payable		
Employer augmentation payments on members' early retirement	-	28,326
Members additional voluntary contributions (added years)	265,143	291,941
Members additional voluntary contributions (Cambridge Building Society)	<u>32,931</u>	<u>38,301</u>
	298,074	358,568
 Total contributions reported in the financial statements	<u>28,830,173</u>	<u>28,734,315</u>

Signed on behalf of the Trustee on 20-XII-2017 by:

Mr H Jacobs



Chairman

Mr S Hutson



Director

Schedule of Contributions

Name of Scheme Cambridge University Assistants' Contributory Pension Scheme

Status This Schedule of Contributions has been prepared by C U Pension Trustee Limited ("the Trustee" of the Scheme) on 26 February 2016, after obtaining the advice of Robert Sweet, the Actuary to the Scheme.

Contributions to be paid to the Scheme from 1 March 2016 to 28 February 2021

1. In respect of the future accrual of benefits, the expenses of administering the Scheme, death in service benefits and PPF levies, the Members and the Employers will pay contributions at the following rates of Members' Pensionable Salaries:

	Salary Sacrifice Members		Non Salary Sacrifice Members	
	Active Members	Employers	Active Members	Employers
	%	%	%	%
Pre-2013 Members paying additional contributions under Rule 45.6	Nil	20.0	8.5	11.5
Other Pre-2013 Members	Nil	16.5	5.0	11.5
Post-2013 Members	Nil	8.8	3.0	5.8

Active Members' contributions are to be deducted from their Pensionable Salary by their Employer and, together with the Employers' own contributions, are to be paid to the Scheme on or before the 19th day of the calendar month following that to which the payment relates.

2. In respect of the shortfall in funding, in accordance with the Recovery Plan dated 26 February 2016 the Employers will pay an additional contribution of £14,595,000 per annum payable in monthly instalments over the period from 1 March 2016 to 31 January 2019, the allocation of this amount between the Employers to be decided by the Principal Employer.

To be paid to the Scheme on or before the 19th of the calendar month following that to which the payment relates

Cambridge University Assistants' Contributory Pension Scheme

Post-2013 Member

A Member who joined the Scheme on or after 1 January 2013.

Pre-2013 Member

A Member who joined the Scheme on or before 31 December 2012.

Pensionable Salary

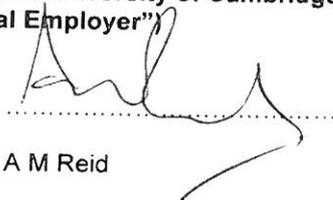
Basic salary plus any allowances and other emoluments that have been determined to be pensionable by the Employers. For Members who are participating in a Salary Sacrifice Arrangement, Pensionable Salary is deemed to be the amount which it would have been if the Member was not participating in a Salary Sacrifice Arrangement.

Salary Sacrifice Members

Members who are participating in a Salary Sacrifice Arrangement and who as a result of which have been relieved of the duty to pay Member's contributions.

On behalf of the University of Cambridge
("the Principal Employer")

Signed



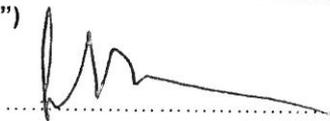
Name : A M Reid

Position : Director of Finance

Date : 26 February 2016

On behalf of CU Pension Trustee Limited
("the Trustee")

Signed



Name : H R Jacobs

Position : Director

Date : 26 February 2016

Actuary's Certification of Schedule of Contributions

Name of Scheme Cambridge University Assistants' Contributory Pension Scheme

Adequacy of Contribution Rates I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 31 July 2015 to be met by the end of the period specified in the Recovery Plan dated 26 February 2016

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 26 February 2016.

Adequacy of Contribution Rates on Winding Up The certification of the adequacy of the rates of contributions for the purposes 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: *Robert J. Sweet* Date: 26 February 2016

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