

**University of Cambridge Assistants' Contributory Pension Scheme**

**Trustee's Report and Financial Statements**

**For the year ended 31 July 2016**

# Cambridge University Assistants' Contributory Pension Scheme

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# **Cambridge University Assistants' Contributory Pension Scheme**

## **Scheme Management and Advisers**

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### **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 (from 27 November 2015)

Ms. S Gupta - Director of Human Resources (until 12 February 2016)

Mrs E Stone - Director of Human Resources was appointed from 5 August 2016

#### **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. P Warren - Clare College

Mr. N Cavalla - University Investment Officer (until 11 February 2016)

Mr S Hutson (from 19 May 2016)

# **Cambridge University Assistants' Contributory Pension Scheme**

## **Scheme Management and Advisers**

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**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

Investment Managers:

Kames Capital  
Majedie Asset Management  
State Street Global Advisors Genesis Asset Management  
Black Rock Alternative Advisors  
Payden & Rygel  
Och Ziff  
Credit Suisse Asset Management

Investment Consultant: AONHewitt

# **Cambridge University Assistants' Contributory Pension Scheme**

## **Trustee's Report**

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The audited accounts for the year ended 31 July 2016, a copy of which is included with this report, show that the Scheme's net assets now stand at **£577.3m**.

### **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 Trustees' Report.

# Cambridge University Assistants' Contributory Pension Scheme

## Trustee's Report

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### 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 AonHewitt.

The total investments of the Scheme were £572.8m at 31 July 2016 compared with £546.6m at the previous year-end. During the year the net return on the Scheme's investments amounted to £19.3m. After adding net income from dealings with members of £6.1m the net increase in the fund during the year was £25.4m.

### Investment objectives

The overall financial and investment objective of the Portfolio is to meet the pension liabilities of the Scheme's members. The specific long term investment objectives of the Portfolio are:-

- To attain a total real return<sup>1</sup> (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 Investments Committee (see Asset Allocation below), measured over a five year period, of 4.6%.

### 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%
<b>Total</b>	<b>100%</b>

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<sup>1</sup> Total real return is the sum of realised and unrealised capital appreciation (or loss) and current income in the form of dividends and interest, adjusted for inflation as measured by the Retail Price Index.

# 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
	31/07/2015	30/09/2015	31/12/2015	31/03/2016	31/07/2016	31/07/2016
<b>Equity</b>						
U.K.	31.5	29.9	29.9	29.5	30.8	£176,567,011
Global ex U.K.	21.9	20.7	22.2	21.8	22.7	£129,974,952
Emerging Markets	7.8	7.5	7.5	8.2	8.9	£50,870,655
<b>Property</b>	10.2	11.7	11.7	11.7	10.7	£61,263,260
<b>Bonds</b>	14.7	15.2	14.7	14.8	14.4	£82,564,217
<b>Hedge Funds</b>	12.7	12.8	12.5	12.1	11.6	£66,588,967
<b>Cash</b>	1.3	2.2	1.5	1.9	0.9	£5,000,000
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>£572,829,062</b>

*Asset allocation includes cash held as this is earmarked for investment.*

### 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 (£117.1m), a Global Equity Fund (£42.1m), a Fundamental Index (£87.8m) and an Emerging Markets Fund (£21.7m).

**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 £59.5m as at 31 July 2016.

Majedie's benchmark is the FTSE All-Share Index and the target is to outperform the benchmark. Over the year Majedie returned -0.9% underperforming the benchmark of 3.8% by 4.7%.

**Genesis Asset Management:** The assets held with Genesis are invested in their Genesis Emerging Markets Fund, which had a market value of £29.1m as at 31 July 2016. Over the year Genesis returned 20.6% outperforming the benchmark of 17.1% by 3.5%.

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

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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 £61.2m as at 31 July 2016. 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 a negative of 3.1%.

**Och Ziff:** The assets held with Och Ziff are invested in the OZ Overseas Fund II and had a market value of £26.3m as at 31 July 2016. The fund is US Dollar denominated.

Och Ziff's target is to outperform the 3-month Sterling LIBOR rate by 6% net of fees. During the year Och Ziff returned -6.6% underperforming the benchmark of -2.8% by 3.8%.

**BlackRock Alternative Advisors:** The assets held with BlackRock are invested in their Absolute Return Strategies, which had a market value of £40.2m as at 31 July 2016. 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 -1.3% outperforming the benchmark of -2.8% by 1.5%

**Payden & Rygel:** Approximately £52.7m 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 5.6% underperforming a weighted composite benchmark of 8.0% by 2.4%.

**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 £29.7m as at 31 July 2016.

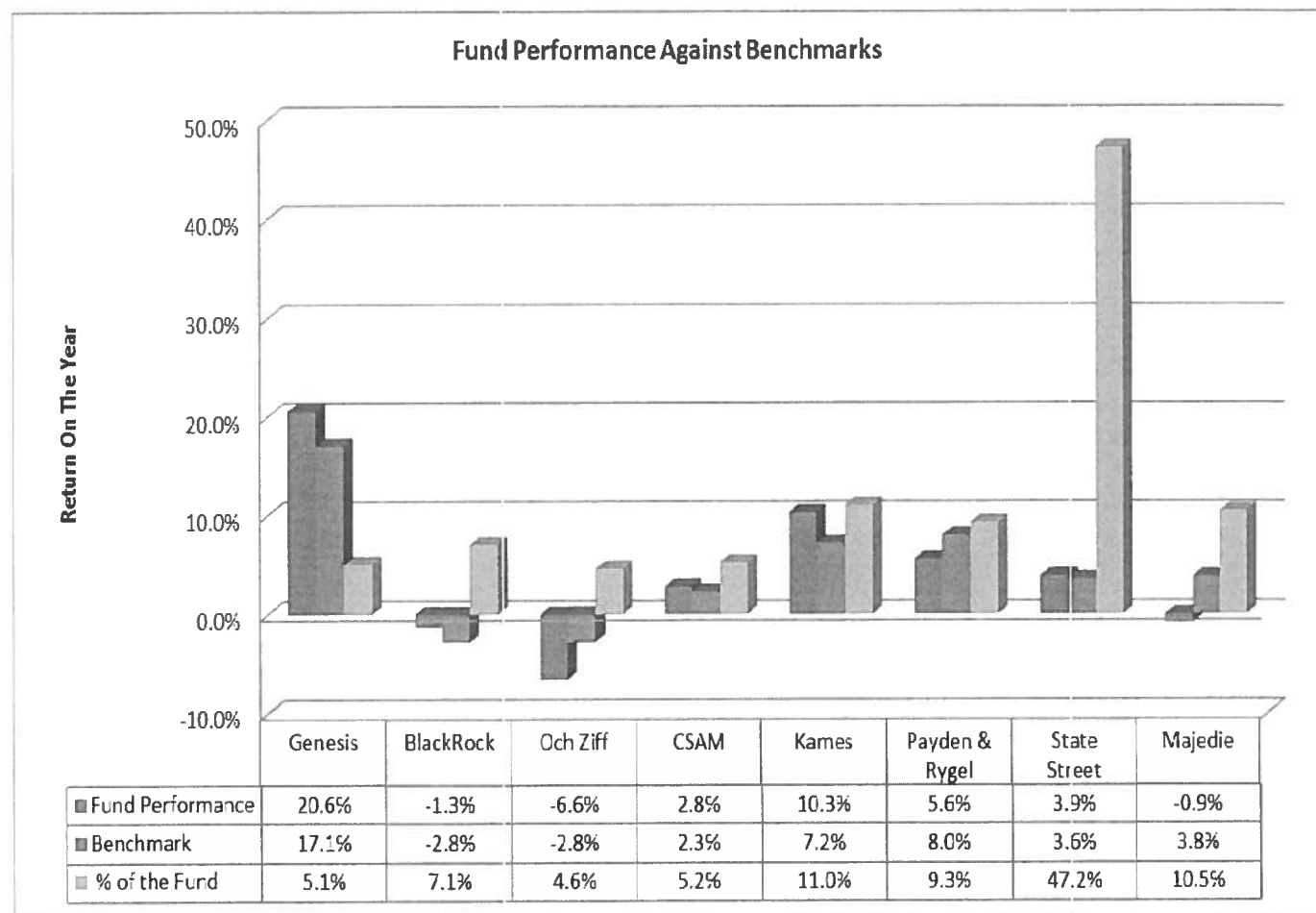
The currency exposure in this fund is fully hedged back to Sterling. CSAM employs a bottom-up approach to investing in loans, and is allowed the discretion to invest across the capital structure and globally. CSAM's benchmark is the Credit Suisse Leveraged Loan Index and the target is to outperform the benchmark.

Over the year CSAM returned 2.8%, outperforming the benchmark of 2.3% by 0.5%.



# Cambridge University Assistants' Contributory Pension Scheme

## Trustee's Report



Overall the Scheme's assets have outperformed the dynamic benchmark return of 4.6% by 0.1% for the year to 31 July 2016.

All asset allocations are within acceptable tolerances with the exception of bonds. The bonds allocation is currently 14.4% which is below the current lower limit of the control range of 15%.

During the year the Investments Committee invested £13m previously held as cash with £11m being invested with State Street Global Advisors and £2m to Kames.

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:

	2012	2013	2014	2015	2016
<b>Total Return</b>	<b>4.1</b>	<b>16.1</b>	<b>11.1</b>	<b>5.7</b>	<b>4.7</b>
<b>RPI</b>	<b>3.2</b>	<b>3.1</b>	<b>2.5</b>	<b>1.0</b>	<b>1.4</b>
<b>Total Real Return</b>	<b>0.9</b>	<b>13.0</b>	<b>8.6</b>	<b>4.7</b>	<b>3.3</b>

# Cambridge University Assistants' Contributory Pension Scheme

## Trustee's Report

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### 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 transfer at the discretion of the Principal Employer.

### Pension Increases

With effect from 1 August 2016 all Pre 2013 pensions in payment as at 1 August 2015 were increased by 1.4% (RPI) and all Post 2013 pensions were increased by 0.3% (CPI). For retirements effective between 1 August 2014 and 30 June 2015 the increase was proportionate.

Increases in recent years have been as follows: -

	2013	2014	2015
Pre 2013 Pensions	3.1%	2.4%	1.0%
Post 2013 Pensions	N/A	N/A	0.1%

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

<b>Active Members</b>		
Active members at 31 July 2015		4455
Adjustment for late notification		-2
Active members at 31 July 2015 restated		4453
New members during the year		1071
		5524
Less:		
Leavers before retirement age (excluding Death in Service)		
To Preserved status	309	
Refunds	125	
Opt Outs	99	
Transferred all benefits	172	
		705
Retired during the year	99	
Died in service	1	
		100
<b>Active members at 31 July 2016</b>		<b>4719</b>

<b>Preserved Pensioners</b>		
Preserved pensioners at 31 July 2015		3368
New preserved pensioners		309
		3677
Less:		
Preserved pensioners retired during the year	50	
Preserved pensioner deaths	6	
Members transferring their preserved benefits	22	
		78
<b>Preserved pensioners at 31 July 2016</b>		<b>3599</b>

<b>Pensioners</b>		
Pensions in payment at 31 July 2015		2950
Adjustment for late notification		-1
Pensions in payment at 31 July 2015		2949
New pensioners during the year	99	
Preserved pensioners retired during the year	50	
Widows/ers of members dying in service	1	
New child pensioners	1	
Widow/ers of pensioners dying during the year	28	
		179
Less:		
Pensioners dying during the year	80	
Child pensioners ceasing	1	
		81
<b>Pensions in payment at 31 July 2016</b>		<b>3047</b>

## Trustees' Report

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### 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.

### 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

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### 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.

## Trustee's Report

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### 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

### Statement of Trustee Responsibilities

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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; and
- 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'.

The Trustee has supervised the preparation of the Financial Statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for making available each year, commonly in the form of a Trustee report, information about the Scheme prescribed by pensions legislation, which they should ensure is consistent with the financial statements it accompanies.

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 81%. Attendance figures for individual directors at board meetings are below.

Director	Board Meetings
Mr. H Jacobs	4
Mrs. J Rippeth	3
Mr. D P Hearn	3
Ms. S Gupta (resigned 12 February 2016)	0
Mr. S Hutson	4
Mr. W Smith	4
Mr. W Galbraith	3
Mr. G Cross	3
Mr. P Stokes	2

# **Cambridge University Assistants' Contributory Pension Scheme**

## **Statement of Trustee Responsibilities**

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### **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

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We have audited the financial statements of the Cambridge University Assistants' Contributory Pension Scheme for the year ended 31 July 2016 that 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 UK accounting standards (UK Generally Accepted accounting Practice), which have been prepared under the accounting policies set out in the related notes.

This report is made solely to the scheme Trustee, as a body, in accordance with the Pensions Act 1995 and regulations made thereunder. Our audit work has been undertaken so that we might state to the scheme Trustee those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the scheme 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 explained more fully in the Statement of Trustee Responsibilities, the scheme 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 Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org/auditscopeukprivate](http://www.frc.org/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the scheme during the scheme year ended 31 July 2016 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 scheme 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.



**Paul Chapman**  
**For and on behalf of Peters Elworthy & Moore, Statutory Auditor**

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date: 28 / 2 / 2017

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

### Fund Account

	Note	31 July 2016 £	31 July 2015 £
<b>Contributions and Benefits</b>			
Contributions receivable	4	28,734,315	28,811,313
Transfers in	5	19,959	42
		<u>28,754,274</u>	<u>28,811,355</u>
Benefits payable	6	20,484,119	19,979,886
Payments to and on account of leavers	7	1,120,498	605,205
Administration expenses	8	1,080,316	916,947
		<u>22,684,933</u>	<u>21,502,038</u>
<b>Net income from dealings with members</b>		<u>6,069,341</u>	<u>7,309,317</u>
<b>Returns on investments</b>			
Investment income	9	4,942,027	2,912,219
Change in market value of investments	11.1	15,580,463	32,090,679
Investment management expenses		(1,082,204)	(1,853,336)
Investment consultant expenses		(86,437)	(134,285)
<b>Net return on investments</b>		<u>19,353,849</u>	<u>33,015,277</u>
<b>Net increase in fund during the period</b>		25,423,190	40,324,594
<b>Net Assets of the Scheme at 1 August 2015</b>		551,885,198	511,560,604
<b>Net Assets of the Scheme at 31 July 2016</b>		<u>577,308,388</u>	<u>551,885,198</u>

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

### Statement of Net Assets

	Note	31 July 2016 £	31 July 2015 £
<b>Investments</b>	10	573,553,004	547,470,066
<b>Current Assets</b>			
Cash at Bank		1,414,436	2,703,735
Debtors	14	<u>4,931,784</u>	<u>3,376,173</u>
		6,346,220	6,079,908
<b>Less Current Liabilities</b>			
Creditors	15	<u>2,590,836</u>	<u>1,664,776</u>
<b>Net Current Assets</b>		3,755,384	4,415,132
<b>Net Assets of the Scheme at 31 July 2016</b>		<u><u>577,308,388</u></u>	<u><u>551,885,198</u></u>

These financial statements were approved by the Trustee on

12/1/2017

and were signed on behalf of the Trustee by:

Mr H Jacobs



Chairman

Mr S Hutson



Director

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 12 of this Annual Report and these financial statements should be read in conjunction with them.

The notes on pages 19 to 29 form part of these financial statements.

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

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### 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).

This is the first year FRS102 and the revised SORP have applied to the scheme's financial statements.

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 falling due after the end of the scheme year.

#### 2 Transition to FRS 102

This is the first year that the Scheme has presented financial statements under FRS 102 and the SORP (2015). The last financial statements under existing UK GAAP and the previous SORP (revised May 2007) were for the year ended 31 July 2015. The date of transition to FRS 102 was 1 August 2015.

In applying FRS 102, the accounting policy for the valuation of annuity policies has been changed to include annuity policies in the financial statements at the value of the related obligation to pay future benefits funded by the annuity policy. Under the previous SORP, such policies were included in the financial statements at nil.

As at the date of transition and 31 July 2016 those annuities have been deemed to be not material by the Scheme Auditor and Actuary.

#### 3 Accounting policies

The principal accounting policies of the scheme are as follows:

##### a) Investments

- i. Investments are included at fair value
- ii. The majority of listed investments are stated at their bid price at the date of the Net Asset Statement.
- iii. Fixed interest securities are stated at their clean prices. Accrued income is accounted for within investment income.
- iv. 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.
- v. Derivatives are stated at fair value.
  - Exchange traded derivatives are stated at fair value determined using market quoted prices.
  - Swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
  - Over the counter (OTC) derivatives are stated at fair value using pricing models and relevant market data as at the year end date
  - Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

---

### Notes to the Financial Statements

- All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.
- Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments.

#### b) Investment income

- i. Dividends from quoted securities are accounted for when the security is declared ex-div.
- ii. Interest is accrued on a daily basis.
- iii. Investment income arising from the underlying investments of the pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Change in Market Value'
- iv. 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.

#### 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.
- iii. Group transfers are accounted for in accordance with the terms of the transfer agreement.

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

### Notes to the Financial Statements

#### f) Expenses

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

#### 4 Contributions

	31 July 2016 £	31 July 2015 £
From Members:		
Normal contributions	289,570	277,641
Additional voluntary contributions (Added years)	291,941	331,423
Additional voluntary contributions (CBS)	38,301	50,477
	<hr/> 619,812	<hr/> 659,541
From Employer:		
Normal contributions	13,491,177	13,553,497
Augmentation payments on members' early retirement	28,326	3,276
Deficit Funding contributions	14,595,000	14,595,000
	<hr/> 28,734,315	<hr/> 28,811,314

Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to members by the Employer.

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

#### 5 Transfers from other schemes

	31 July 2016 £	31 July 2015 £
Individual transfers from other schemes amounted to:	19,959	42

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.

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

### Notes to the Financial Statements

#### 6 Benefits Payable

	31 July 2016 £	31 July 2015 £
Pension payments to retired members	17,044,642	16,428,385
Commutated to lump sum payments	3,125,515	3,149,284
Cash payment on death	313,962	402,217
	<hr/> 20,484,119 <hr/>	<hr/> 19,979,886 <hr/>

#### 7 Payments in respect of leavers

	31 July 2016 £	31 July 2015 £
Refunds of contributions to members	26,933	32,376
Payments to HM Revenue & Customs	6,485	6,808
Transfers out to other schemes for individuals	1,087,080	566,021
	<hr/> 1,120,498 <hr/>	<hr/> 605,205 <hr/>

#### 8 Administrative expenses

	31 July 2016 £	31 July 2015 £
<b>Expenses borne by the Scheme comprise:</b>		
Actuarial fees	220,962	72,750
Chairman Honorary	10,000	10,000
Legal fees	32,173	35,272
Medical Reports	25	233
Salaries and other payroll costs	188,023	203,897
NAPF subscription	2,110	1,896
PPF Levy	558,249	519,453
Pensions Regulator Levy	30,300	34,856
Printing costs	1,259	2,209
PS Pension Administration support costs	23,085	17,673
Travel and Subsistence	297	789
Audit Fee	11,560	12,700
Bank charges	234	575
Trustee Training	-	1,827
Other expenses	2,039	2,817
	<hr/> 1,080,316 <hr/>	<hr/> 916,947 <hr/>

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

### Notes to the Financial Statements

#### 9 Investment Income

	31 July 2016 £	31 July 2015 £
Income from managed or unitised funds	3,680,722	1,785,003
Bond Income	937,366	1,070,231
Tax reclaims	303,367	-
Interest on cash deposits	10,480	46,050
Interest on building society deposits	6,541	7,702
Annuities received	3,551	3,233
	<hr/> 4,942,027 <hr/>	<hr/> 2,912,219 <hr/>

#### 10 Investments

	31 July 2016 £	31 July 2015 £
Managed and unitised funds:		
Managed funds	567,829,062	539,679,343
Main scheme investments (see Note 11.1)	<hr/> 567,829,062 <hr/>	<hr/> 539,679,343 <hr/>
Cash on Deposit	5,000,000	7,000,000
AVC Investments		
Building society deposits (see Note 11.2)	723,942	790,723
	<hr/> 573,553,004 <hr/>	<hr/> 547,470,066 <hr/>

#### 11 Net movement in market value of investments

##### 11.1 Main scheme investments

	31 July 2016 £	31 July 2015 £
Market value of investments at 1 August 2015	539,679,344	483,720,445
Cost of investments purchased	21,751,141	72,613,458
Proceeds of investments sold	(9,181,886)	(48,745,238)
Change in market values	15,580,463	32,090,679
Market value of investments at 31 July 2016	<hr/> 567,829,062 <hr/>	<hr/> 539,679,344 <hr/>



# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

### Notes to the Financial Statements

#### 11.2 Cambridge Building Society AVCs

Movement in value of the AVC account is shown below

	31 July 2016	31 July 2015
<b>INCOME</b>		
Contributions	38,301	50,477
Interest receivable	6541	7,702
	<u>44,842</u>	<u>58,179</u>
<b>EXPENDITURE</b>		
AVC balances transferred to Fund Account	<u>111,623</u>	<u>148,523</u>
Net reduction from dealings with members	(66,781)	(90,344)
Balance of members' Voluntary Contributions at 31 July 2015	790,723	881,067
Balance of members' Voluntary Contributions at 31 July 2016	<u>723,942</u>	<u>790,723</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.

#### 11.3 Added years AVC's

Added Years Additional Voluntary Contributions represent contributions made to purchase additional pensionable service under the rules of the Main Scheme. A statement showing the contributions paid to secure additional pensionable service is shown below.

	31 July 2016 £	31 July 2015 £
Contributions received:		
Contributions received in current year	291,941	331,423
Contributions brought forward from previous years	4,071,073	3,739,650
Total contributions paid to secure added years AVCs	<u>4,363,014</u>	<u>4,071,073</u>

#### 12 Concentration of Investment

At 31 July 2016 the Scheme had investments totalling £506,565,797 (2015:£473,418,691) in 10 (2015:10) funds managed by Majedie, State Street, Genesis, Payden & Rygel, BlackRock, Och Ziff and Credit Suisse. These holdings represented 87.7% (2015: 85.7%) of the total assets of the Scheme.

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

### Notes to the Financial Statements

The funds in which the Scheme held investments at 31 July 2016 were as follows:-

Name of fund	No of units held 31 July 2016	Value of holding 31 July 2016 (£)	Value of holding 31 July 2015 (£)
Majedie Asset Management UK Equity Service	10,843,078	59,494,882	59,778,971
State Street Passive Equity Portfolio Account 1	28,146,767	117,072,128	112,312,527
State Street Passive Equity Portfolio Account 2	29,674,897	42,140,570	34,229,696
State Street Passive Equity Portfolio Account 3	2,602,741	21,772,481	18,702,154
State Street Passive Equity Portfolio Account 4	81,600,130	87,834,381	85,453,019
Genesis Emerging Markets Fund	677,346	29,098,173	24,047,675
BlackRock Absolute Return Strategies	38,773	40,284,101	30,091,115
Payden Global Funds International Bond	3,040,367	52,774,747	50,060,502
OZ Overseas Fund II	36,249	26,304,865	28,354,647
CS Nova (Lux) Global Senior Loan Fund	29,891	29,789,469	30,388,385
		<u>506,565,797</u>	<u>473,418,691</u>

### 13 Self Investment

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

### 14 Debtors

	31 July 2016 £	31 July 2015 £
Contributions due for July 2016	3,176,202	2,876,669
Accrued Investment Income	1,755,582	495,288
Prepayments and other accrued income	-	4,216
	<u>4,931,784</u>	<u>3,376,173</u>

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

### Notes to the Financial Statements

#### 15 Creditors

	31 July 2016	31 July 2015
	£	£
Pension payments due for July 2016	1,436,769	1,384,453
Deficit Recovery payment July 2016	792,885	-
Overpayment of Contributions (CCDC)	52,908	-
Investment Manager Fees	168,784	191,950
Audit Fees	10,000	10,500
Legal Fees	1,193	-
Actuarial Fees	13,596	-
SEI contributions due to the University	58,062	-
Trustee Liability Insurance	-	34,185
Payments Due in respect of deceased members	-	9,439
Staff Costs	32,544	-
Tax due on Refunds	1,936	-
Other accruals	22,159	34,249
	<u>2,590,836</u>	<u>1,664,776</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

The fair value of financial instruments has been determined using the following fair value hierarchy:

- |              |  |
|--------------|--|
| Category (a) | The quoted price for an identical asset in an active market.   |
| Category (b) | When quoted prices are unavailable, the price of a recent transaction for an identical asset adjusted if necessary.  |
| Category (c) | Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique which uses:<br><br>(c) (i) observable market data; or<br>(c) (ii) non-observable data. |

For the purposes of this analysis daily priced funds have been included in (a) and actuarially valued annuity contracts in (c) (ii).

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

### Notes to the Financial Statements

The Scheme's investment assets have been fair valued using the above hierarchy categories as follows:

As at 31 July 2016	Category (a)	Category (b)	Category (c) (i)	Category (c) (ii)	TOTAL
	£	£	£	£	£
Listed equities	357,412,618	-	-	-	357,412,618
Fixed income	-	82,564,217	-	-	82,564,217
Property Unit trusts	-	-	61,263,260	-	61,263,260
Hedge Funds	-	-	66,588,967	-	66,588,967
Cash	5,000,000	-	-	-	5,000,000
Total	362,412,618	82,564,217	127,852,227	-	572,829,062

As at 31 July 2015	Category (a)	Category (b)	Category (c) (i)	Category (c) (ii)	TOTAL
	£	£	£	£	£
Listed equities	334,524,044	-	-	-	334,524,044
Fixed income	-	80,448,885	-	-	80,448,885
Property Unit trusts	-	-	55,542,598	-	55,542,598
Hedge Funds	-	-	69,163,816	-	69,163,816
Cash	7,000,000	-	-	-	7,000,000
Total	341,524,044	80,448,885	124,706,414	-	546,679,343

### 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 Trustees' Report. The Trustees manage 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 agreements in place with the Scheme's investment managers and monitored by the Trustees' Investment Committee by regular reviews of the investment portfolios.

# Cambridge University Assistants' Contributory Pension Scheme

## Financial Statements for the year to 31 July 2016

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### Notes to the Financial Statements

Further information on the Trustees' 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 bonds and OTC derivatives. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles. The Scheme is subject to further credit risk as the scheme has cash balances.

Credit risk arising on bonds is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. The Scheme also invests in high yield and emerging market bonds which are non-investment grade. The Trustees manage the associated credit risk by requesting the investment manager to diversify the portfolio to minimise the impact of default by any one issuer. Credit risk arising on other investments is mitigated by investment mandates requiring counterparties to have at least investment grade credit quality.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

#### (ii) Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustees limit overseas currency exposure through a currency hedging policy.

A detailed analysis of the Scheme's total net unhedged exposure by major currency at the year end is not available.

#### (iii) Interest rate risk

The Scheme is subject to interest rate risk on the investments comprising bonds and interest rate swaps held either as segregated investments or through pooled investment vehicles and cash.

#### (iv) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities, equity futures, hedge funds, private equity and investment properties held in pooled vehicles.

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 2016.

# **Cambridge University Assistants' Contributory Pension Scheme**

## **Financial Statements for the year to 31 July 2016**

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### **Notes to the Financial Statements**

#### **20 Related party transactions**

Contributions received in respect of Trustees who are members of the scheme have been made in accordance with the Trust Deed and Rules.

#### **21 Events occurring after the year end**

There were no events occurring after the end of the scheme year to which members' attention should be drawn.

## **Cambridge University Assistants' Contributory Pension Scheme**

### **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 Trustees of the Cambridge University Assistants' Contributory Pension Scheme**

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We have examined the summary of contributions to the Cambridge University Assistants' Contributory Pension Scheme for the scheme year ended 31 July 2016, to which this statement is attached.

This report is made solely to the scheme's trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the scheme's trustees 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 responsibility to anyone other than the scheme's trustees, as a body, for our work, for this statement, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities, the scheme's trustees are 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 scheme's trustees are 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 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 July 2016 as reported in the attached 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 26 February 2016.



**Paul Chapman**  
**For and on behalf of Peters Elworthy & Moore, Statutory Auditor**

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date: 28/2/2017

# Cambridge University Assistants' Contributory Pension Scheme

## Summary of Contributions Payable For the year ended 31 July 2016

### Statement of trustees' responsibilities in respect of contributions

The Scheme's trustees are 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 Scheme trustees are also responsible for keeping records of contributions received in respect of any active member of the scheme and for procuring that contributions are made to the scheme by the employers in accordance with the schedule of contributions.

### Trustees' summary of contributions payable under the Schedule of Contributions in respect of the scheme year ended 31 July 2016

This summary of contributions has been prepared by, and is the responsibility of, the trustees. 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 2016. The Scheme auditor reports on contributions payable under the schedule in the auditor's Statement about Contributions.

During the year ended 31 July 2016, the contributions payable to the Scheme by the employer were as follows:

Contributions payable under the schedule of contributions	2016 £	2015 £
<b>Contributions from employers:</b>		
Normal	13,491,177	13,553,497
Deficit funding	<u>14,595,000</u>	<u>14,595,000</u>
	<b>28,086,177</b>	<b>28,148,497</b>
 <b>Contributions from members:</b>		
Normal contributions	289,570	277,641
	<u><b>28,375,747</b></u>	<u><b>28,426,138</b></u>
 <b>Other contributions payable</b>		
Employer augmentation payments on members' early retirement	28,326	3,276
Members additional voluntary contributions (added years)	291,941	331,423
Members additional voluntary contributions (Cambridge Building Society)	<u>38,301</u>	<u>50,477</u>
	<b>358,568</b>	<b>385,176</b>
 <b>Total contributions reported in the financial statements</b>	<b>28,734,315</b>	<b>28,811,314</b>

Signed on behalf of the Trustee on 12/1/2017, 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 19<sup>th</sup> 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 19<sup>th</sup> of the calendar month following that to which the payment relates

## Cambridge University Assistants' Contributory Pension Scheme

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**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**

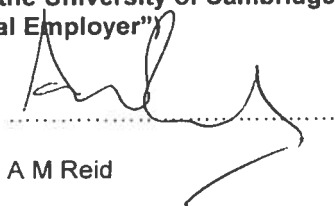
Basic salary plus any allowances and other emoluments that have been determined to be pensionable by the Employers. For Members who are participating in a Salary Sacrifice Arrangement, Pensionable Salary is deemed to be the amount which it would have been if the Member was not participating in a Salary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



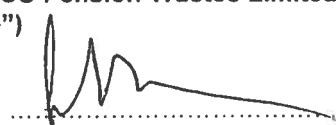
Name : A M Reid

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

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<b>Name of Scheme</b>	Cambridge University Assistants' Contributory Pension Scheme
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<b>Adequacy of Contribution Rates</b>	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
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<b>Adherence to Statement of Funding Principles</b>	I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 26 February 2016.
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<b>Adequacy of Contribution Rates on Winding Up</b>	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.
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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