

**UNIVERSITY OF CAMBRIDGE**



**REPORT AND ACCOUNTS  
OF THE ASSISTANTS' CONTRIBUTORY PENSION SCHEME  
FOR THE YEAR ENDED 31 JULY 2015**

## **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.

## **SCHEME MANAGEMENT AND ADVISERS**

The 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)

Professor S Young (Pro-Vice Chancellor) (to 31 July 2015)

Ms. S Gupta (Director of Human Resources) (from 1 October 2014)

*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

## **SCHEME MANAGEMENT AND ADVISERS** *(continued)*

The Investments Committee during the year was composed as follows:

### *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)

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  
UBS Global Asset Management  
Genesis  
Black Rock Alternative Advisors  
Payden & Rygel  
Och Ziff  
Credit Suisse Asset Management

*Investment Consultant:* AONHewitt

## REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 JULY 2015

The audited accounts for the year ended 31 July 2015, a copy of which is included with this report, show that the Scheme's net assets now stand at **£551,885,198**.

### INVESTMENTS

The Portfolio is monitored by the Investments Committee, which meet four times during the year to determine policy.

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, Loomis Sayle, 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 £546.6m at 31 July 2015 compared with £511.5m at the previous year-end. During the year the gain on the Scheme's investments amounted to £33.0m. After adding net income from dealings with members of £7.3m the net increase in the fund during the year was £40.3m.

### Investment objectives

The Scheme's Statement of Investment Principles sets out the investment objectives as follows:-

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 real total 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 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%
<b>Total</b>	<b>100%</b>

<sup>1</sup> Real total 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.

<b>Asset Allocation over the last 12 months</b>						
Percentage of Total Assets						Market Value
	31/07/2014	30/09/2014	31/12/2014	31/03/2015	31/07/2015	as at 31/07/2015
<b>Equity</b>						
U.K.	29.5	28.9	30.8	31.0	31.5	£172,091,499
Global ex U.K.	25.5	25.6	24.1	24.7	21.9	£119,682,715
Emerging Markets	5.1	5.0	5.9	8.7	7.8	£42,749,829
<b>Property</b>	9.9	9.8	10.0	9.8	10.2	£55,542,597
<b>Bonds</b>	13.5	14.2	14.1	13.8	14.7	£80,448,887
<b>Hedge Funds</b>	11.0	10.9	10.9	10.7	12.7	£69,163,816
<b>Cash</b>	5.5	6.8	4.2	1.3	1.3	£7,000,000
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>£546,679,343</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 (£112.5m), a Global Equity Fund (£34.3m), a Fundamental Index (£85.5m) and an Emerging Markets Fund (£18.7m).

**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 £59.7m as at 31 July 2015.

Majedie's benchmark is the FTSE All-Share Index and the target is to outperform the benchmark. Over the year Majedie returned 9.9% outperforming the benchmark of 5.4% by 4.5%.

**Genesis Asset Management:** The assets held with Genesis are invested in their Genesis Emerging Markets Fund, which had a market value of £24.0mm as at 31 July 2015. Over the year Genesis returned -9.0% underperforming the benchmark of -6.0% by 3%.

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

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 £55.5m as at 31 July 2015. 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 13.6% underperforming the benchmark of 15.5% by 1.9%.

**Och Ziff:** The assets held with Och Ziff are invested in the OZ Overseas Fund II and had a market value of £28.3m as at 31 July 2015. 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 8.4% outperforming the benchmark of 6.6% by 1.8%.

**BlackRock Alternative Advisors:** The assets held with BlackRock are invested in their Absolute Return Strategies, which had a market value of £40.8m as at 31 July 2015. 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 2.4% underperforming the benchmark of 6.6% by 4.2%

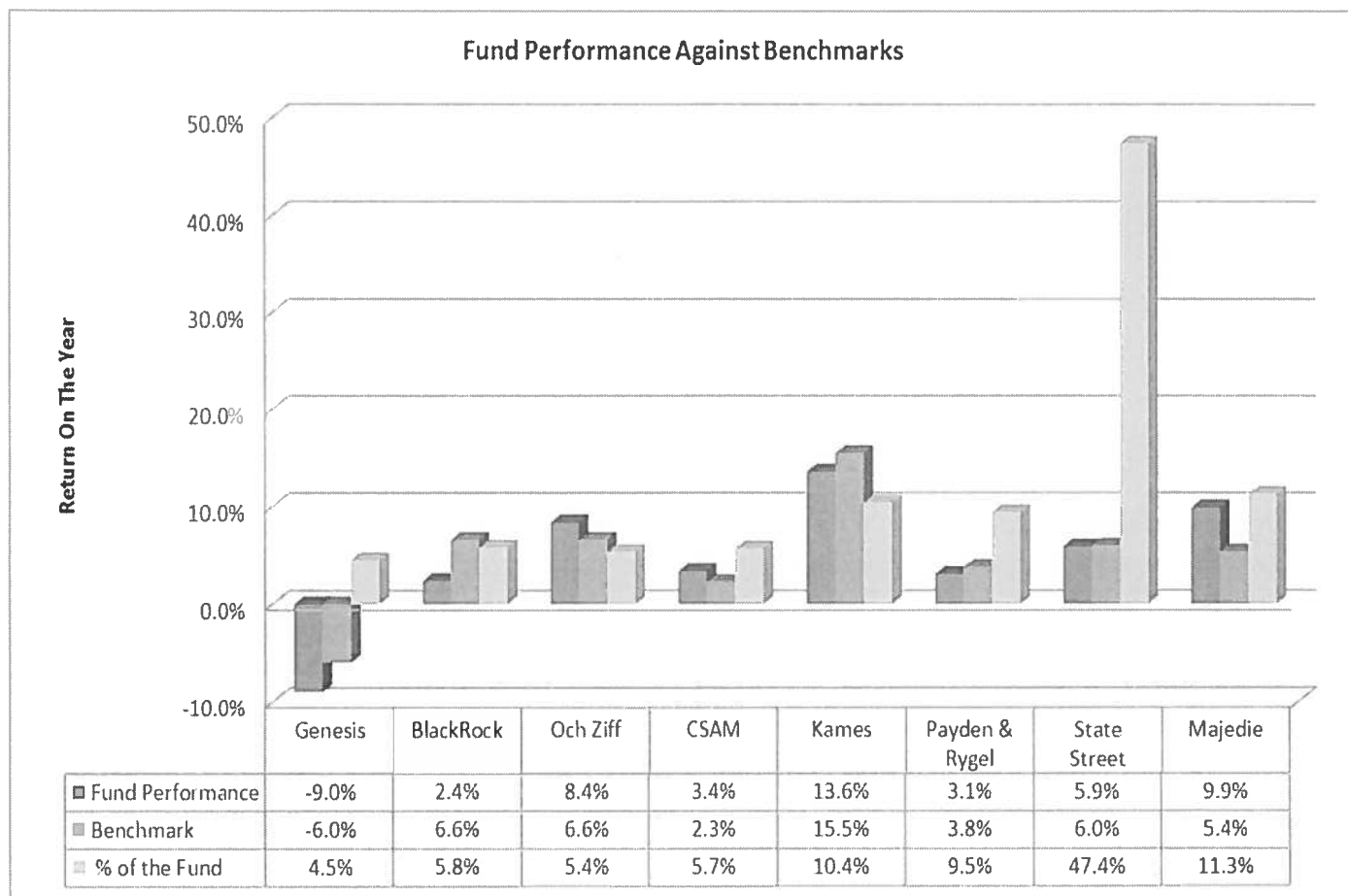
**Payden & Rygel:** Approximately £50.0m is invested with Payden & Rygel, a US-based manager with a global bond mandate, hedged to Sterling. The intention is to allow the Scheme to benefit from the opportunities available in the global bond markets while maintaining a focus on high quality government holdings.

Over the year Payden & Rygel returned 3.1% underperforming a weighted composite benchmark of 3.8% by 0.7%.

**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 £30.3m as at 31 July 2015.

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 3.4%, outperforming the benchmark of 2.3% by 0.9%.



Overall the Scheme's assets have matched the dynamic benchmark for the year to 31 July 2015.

All asset allocations are within acceptable tolerances with the exception of bonds. The bonds allocation is currently 13.7% which is below the current lower limit of the control range of 15%.

The investment mandate with UBS Global Asset Management was terminated during the year and the investments were placed with State Street Global Advisors.

During the year the Investment Committee took the decision to disinvest £20m from the equity portfolio held by SSGA given the weaker outlook for equities and this was invested with BlackRock, Och Ziff, Credit Suisse and Kames, each receiving an additional £5m.

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:

	2011	2012	2013	2014	2015
<b>Total return</b>	<b>9.5</b>	<b>4.1</b>	<b>16.1</b>	<b>11.1</b>	<b>5.7</b>
<b>RPI</b>	<b>5.0</b>	<b>3.2</b>	<b>3.1</b>	<b>2.5</b>	<b>1.0</b>

## 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 no longer accepts transfers; the transfers shown in the Accounts relate to transfers in progress at 1 January 2013.

## PENSION INCREASES

With effect from 1 August 2015 all Pre 2013 pensions in payment as at 1 August 2014 were increased by 1.0% (RPI) and all Post 2013 pensions were increased by 0.1% (CPI). For retirements effective between 1 August 2014 and 30 June 2015 the increase was proportionate.

Increases in recent years have been as follows: -

Year	% Increase	Year	% Increase	Year	% Increase
2003	3.0	2007	4.3	2011	5.2
2004	2.8	2008	4.3	2012	3.1
2005	2.9	2009	0.0	2013	3.1
2006	3.0	2010	5.1	2014	2.4

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.

## ACTUARIAL VALUATION AND CONTRIBUTIONS

The most recent actuarial valuation of the Scheme was carried out with an effective date of 31 July 2012, and revealed a funding shortfall of £134,375,000. Following this valuation, a new Schedule of Contributions and Recovery Plan was agreed between the Trustee and the Principal Employer, dated 26 April 2013.

The revised Schedule of Contributions and Recovery Plan can be found on pages 10 - 14 of this report.



## MEMBERSHIP

<b>Active Members</b>		
Active members at 31 July 2014		4128
Adjustment for late notification		-9
Active members at 31 July 2014 restated		4209
New members during the year		852
		5061
<b>Less:</b>		
Leavers before retirement age (excluding Death in Service)		
To Preserved status	227	
Refunds	194	
Opt Outs	36	
Transferred all benefits	73	
		530
Retired during the year	74	
Died in service	2	
		76
Active members at 31 July 2015		4455

<b>Preserved Pensioners</b>		
Preserved pensioners at 31 July 2014		3223
Adjustment for late notification		16
Preserved members at 31 July 2014 restated		3239
New preserved pensioners		227
		3466
<b>Less:</b>		
Preserved pensioners retired during the year		
Members transferring their preserved benefits	77	
	21	
		98
Preserved pensioners at 31 July 2015		3368

<b>Pensioners</b>		
Pensions in payment at 31 July 2014		2855
Adjustment for late notification		15
Pensions in payment at 31 July 2014		2870
New pensioners during the year	74	
Preserved pensioners retired during the year	77	
Widows/ers of members dying in service	2	
New child pensioners	1	
Widow/ers of pensioners dying during the year	33	
		187
<b>Less:</b>		
Pensioners dying during the year		
Child pensioners ceasing	105	
	2	
		107
Pensions in payment at 31 July 2015		2950

<b>Summary of Pensioners at 31 July 2015</b>			
	Female	Male	Total
Members	1456	1069	2445
Dependants	360	65	410
Total	1816	1134	2950

## SUMMARY OF CONTRIBUTIONS

During the year ended 31 July 2015 the contributions payable to the Scheme were as follows:

<b>Contributions payable under the Schedule of Contributions</b>		£
Contributions from the employers:		
Normal		13,553,497
Deficit funding		14,595,000
		<hr/> 28,148,497
Contributions from the members:		
Normal		<hr/> 277,641
		<hr/> <hr/> 28,426,138
 <b>Other contributions payable</b>		
Employer augmentation payments on members' early retirement		3,276
Members additional voluntary contributions (added years)		331,423
Members additional voluntary contributions (Cambridge Building Society)		50,477
		<hr/> 385,176
		<hr/> <hr/>
<b>Total contributions reported in the financial statements</b>		<hr/> <hr/> <b>28,811,314</b>

Signed on behalf of the Trustee on 15/1/16, by:

Mr H Jacobs  Chairman

Mr D P Hearn  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 April 2013, after obtaining the advice of Robert Sweet, the Actuary to the Scheme.

**Contributions to be paid towards the Scheme from 1 May 2013 to 30 April 2023**

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			Other Members		
	Active Members	Employers		Active Members	Employers	
		Prior to 31 July 2013	1 August 2013 onwards		Prior to 31 July 2013	1 August 2013 onwards
	%	%	%	%	%	
Pre-2013 Members paying additional contributions under Rule 45.6	Nil	28.8	20.0	8.5	20.3	11.5
Other Pre-2013 Members	Nil	25.3	16.5	5.0	20.3	11.5
Post-2013 Members	Nil	23.3	8.8	3.0	20.3	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 April 2013 the Employers will pay an additional contribution of £14,595,000 per annum payable in monthly instalments over the period from 1 May 2013 to 30 April 2023, the allocation of this amount between the Employers to be decided by the Principal Employer.

To be paid towards the Scheme on or before the 19<sup>th</sup> of the calendar month following that to which the payment relates.

**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.

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**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.

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**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.

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

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

Signed .....

Signed .....

Name : A M Reid

Name : R K Hinkley

Position : Director of Finance

Position : Director

Date : 26 April 2013

Date : 26 April 2013

# Actuary's Certification of Schedule of Contributions

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

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**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 2012 to be met by the end of the period specified in the Recovery Plan dated 26 April 2013.


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**Adherence to Statement of Funding Principles** I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 26 April 2013.

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**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.

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Signature: 

Date: 26 April 2013

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

# Recovery Plan

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<b>Name of Scheme</b>	Cambridge University Assistants' Contributory Pension Scheme
<b>Status</b>	<p>This Recovery Plan has been prepared by CU Pension Trustee Limited (the "Trustee" of the Scheme) on 26 April 2013 after obtaining the advice of Robert J Sweet, the Actuary to the Scheme.</p> <p>The actuarial valuation of the Scheme as at 31 July 2012 revealed a funding shortfall (technical provisions minus value of assets) of £134,375,000.</p>
<b>Steps to be taken to ensure that the statutory funding objective is met</b>	To eliminate this funding shortfall, the Trustee and the Principal Employer have agreed that additional contributions will be paid to the Scheme by the Employers, payable in equal monthly instalments of £14,595,000 per annum from 1 August 2012 to 30 April 2023.
<b>Period in which the statutory funding objective should be met</b>	<p>The funding shortfall is expected to be eliminated by 30 April 2023. This expectation is based on the following assumptions:</p> <ul style="list-style-type: none"><li>▪ technical provisions calculated according to the method and assumptions set out in the Statement of Funding Principles dated 26 April 2013;</li><li>▪ a return on existing assets and on new contributions during the period of 6.35% p.a.</li></ul>
<b>Progress towards meeting the Statutory Funding Objective</b>	It is expected that 50% of the deficit funding contributions will be paid by 31 December 2017.

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

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

Signed .....

Signed .....

Name : A M Reid

Name : R K Hinkley

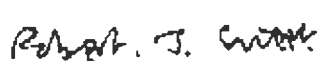
Position : Director of Finance

Position : Director

Date : 26 April 2013

Date : 26 April 2013

**This Recovery Plan has been agreed by the Trustee at its meeting on 26 April 2013 after obtaining my actuarial advice.**

Signed : 

Name : R J Sweet

Position : Scheme Actuary

Date : 26 April 2013

## STATEMENT OF THE RESPONSIBILITIES OF THE TRUSTEE

The Trustee has responsibility for the audited accounts. Pension scheme regulations require the Trustee to make available to scheme members, beneficiaries and certain other parties, audited accounts 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 accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustee has supervised the preparation of the accounts and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. The Trustee is also responsible for making available each year, commonly in the form of a trustees' annual report, information about the scheme prescribed by pensions legislation, which it should ensure is consistent with the audited accounts it accompanies.

The Trustee is responsible under pensions legislation for ensuring that there is prepared and from time to time revised a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which those contributions are due. The Trustee is also responsible for keeping records of contributions received in respect of any active member of the Scheme and for ensuring that contributions are made to the Scheme in accordance with the schedule of contributions.

The Trustee also 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.

The Trustee board met five times in the year. The average attendance for board meetings by directors was 77%. Attendance figures for individual directors at board meetings are below.

<b>Director</b>	<b>Board Meetings</b>
Mr. H Jacobs	5
Mrs. J Rippeth	4
Mr. D P Hearn	4
Professor S Young	3
Ms. S Gupta	4
Mr. W Smith	3
Mr. W Galbraith	4
Mr. G Cross	5
Mr. P Stokes	3



## **TRUSTEE KNOWLEDGE AND UNDERSTANDING**

The provisions of the Pensions Act 2004 require trustees of occupational pension schemes to have knowledge and understanding of the law relating to pensions and trusts and the principles relating to the funding of occupational schemes and the investment of scheme assets. 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 trustees are able to use them effectively when carrying out their duties as a trustee.

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

**Independent Auditors' Report to the Trustees of the Cambridge University Assistants' Contributory Pension Scheme**

We have audited the accounts on pages 19-25.

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

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

**Respective responsibilities of Trustees and Auditors**

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion**

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 July 2015 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.



**PETERS ELWORTHY & MOORE**  
Chartered Accountants and Statutory Auditors

CAMBRIDGE  
Date: 25/2/16

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

We have examined the summary of contributions to the Cambridge University Assistants' Contributory Pension Scheme for the scheme year ended 31 July 2015, which is shown on page 10 of the Trustee's report.

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

**Respective responsibilities of Trustee and auditors**

As described in the Statement of Trustee'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 employers and the active members of the scheme. The Trustees is also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for monitoring whether contributions are made to the scheme by the employers in accordance with the schedule of contributions.

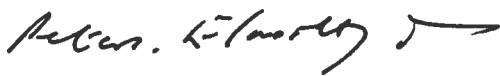
It is our responsibility to provide a statement about contributions paid under the schedule of contributions and to report our opinion to you.

**Scope of work on statement about contributions**

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

**Statement about contributions payable under the schedule of contributions**

In our opinion contributions for the scheme year ended 31 July 2015, as reported in the summary of contributions and payable under the schedule of contributions, have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the scheme actuary on 26 April 2013.



**PETERS ELWORTHY & MOORE**  
Chartered Accountants and Statutory Auditors

CAMBRIDGE  
Date: 25/2/16

**CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME**

**FUND ACCOUNT**

For the period ended 31 July 2015

	Note	31 July 2015 £	31 July 2014 £
<b>Contributions and Benefits</b>			
Contributions receivable	4	28,811,313	28,730,094
Transfers in	5	<u>42</u>	<u>1,337,155</u>
		<u>28,811,355</u>	<u>30,067,249</u>
Benefits payable	6	19,979,886	18,927,403
Payments to and on account of leavers	7	605,205	508,934
Administration expenses	8	<u>916,947</u>	<u>883,358</u>
		<u>21,502,038</u>	<u>20,319,695</u>
<b>Net income from dealings with members</b>		<u>7,309,317</u>	<u>9,747,554</u>
<b>Returns on investments</b>			
Investment income	9	2,912,219	2,410,281
Change in market value of investment:	11.1	32,090,679	35,229,528
Investment management expenses		(1,853,336)	(1,804,999)
Investment consultant expenses		<u>(134,285)</u>	<u>(150,617)</u>
<b>Net return on investments</b>		<u>33,015,277</u>	<u>35,684,193</u>
<b>Net increase/(decrease) in fund during the period</b>		40,324,594	45,431,747
<b>Net Assets of the Scheme at 1 August 2014</b>		511,560,604	466,128,857
<b>Net Assets of the Scheme at 31 July 2015</b>		<u>551,885,198</u>	<u>511,560,604</u>

**CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME**

**NET ASSET STATEMENT**

at 31 July 2015

	Note	31 July 2015 £	31 July 2014 £
<b>Investments</b>	10	547,470,066	512,601,512
Current Assets			
Cash at Bank		2,703,735	2,876,773
Debtors	14	3,376,173	3,742,186
		<hr/>	<hr/>
		6,079,908	6,618,959
Less Current Liabilities			
Creditors	15	1,664,776	7,659,867
		<hr/>	<hr/>
<b>Net Current Assets</b>		4,415,132	(1,040,908)
<b>Net Assets of the Scheme at 31 July 2015</b>		<hr/> <b>551,885,198</b> <hr/>	<hr/> <b>511,560,604</b> <hr/>

These financial statements were approved by the Trustee on 15/1/16 and were signed on behalf of the Trustee by:

Mr H Jacobs



Chairman

Mr D P Hearn



Director

## CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME

### Notes to the Financial Statements for the period ended 31 July 2015

#### 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, and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes.

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 other 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 statements by the actuary on pages 7 and 8 of the annual report and these financial statements should be read in conjunction with it.

#### 2. ACCOUNTING POLICIES

##### 2.1 INCLUSION OF INCOME AND EXPENDITURE

###### 2.1.1 Contribution Income

Under the rules of the scheme the University of Cambridge and associated employers shall contribute to the Fund at such a rate or rates as the University Finance Committee shall determine from time to time with the advice of the actuary.

Ordinary contributions are included on the accruals basis. Special contributions are accounted for when received.

AVC contributions are accounted for on an accruals basis in the same way as other contributions, and the resulting investments are included in the net assets statement.

###### 2.1.2 Transfers to and from other Schemes

Transfer values represent the amounts received and payable during the year for members who have either joined or left the Scheme. All the values are based on methods and assumptions determined by the actuary advising the Trustee's.

###### 2.1.3 Investment Income

Dividends and interest are grossed up for the amount of any taxation recoverable.

###### 2.1.4 Foreign Currency Conversion

Foreign income is converted into sterling at the rate ruling on the date the income is received. Income accrued at the year end is converted at the rate ruling at that date. Investments and current assets and liabilities denominated in foreign currencies are converted using the sterling rate of exchange ruling at the year end date.

#### 2.2 VALUATION OF INVESTMENTS

Marketable securities are valued at bid prices as at 31 July. Assets and liabilities held in foreign currencies are translated into sterling at the exchange rates ruling on 31 July. Accumulated unrealised profits less unrealised losses on investments are included as part of the change in market value of investments as shown in the Fund Account and Note 13. Unlisted securities are stated at the Trustee's valuation based on the advice of the Scheme's Investment Managers.

AVC funds with the Cambridge Building Society are valued at cash deposit value.

#### 3. ACTUARIAL VALUATION

An actuarial valuation of the Scheme was made by the actuary as at 31 July 2012 and revealed a funding shortfall of £134,375,000.

**CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME**

**4. CONTRIBUTIONS RECEIVABLE**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
From Members:		
Normal contributions	277,641	247,017
Additional voluntary contributions (Added years)	331,423	373,116
Additional voluntary contributions (CBS)	50,477	60,840
	<u>659,541</u>	<u>680,973</u>
From Employer:		
Normal contributions	13,553,497	13,431,260
Augmentation payments on members' early retirement	3,276	22,861
Deficit Funding contributions	14,595,000	14,595,000
	<u>28,811,313</u>	<u>28,730,094</u>

**5. TRANSFERS FROM OTHER SCHEMES**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
Individual transfers from other schemes amounted to:	<u>42</u>	<u>1,337,155</u>

**6. BENEFITS PAYABLE**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
Pension payments to retired members	16,428,385	15,683,099
Commuted to lump sum payments	3,149,284	2,650,732
Cash payment on death	402,217	593,572
	<u>19,979,886</u>	<u>18,927,403</u>

**7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
Refunds of contributions to members	32,376	27,866
Payments to HM Revenue & Customs	6,808	19,528
Transfers out to other schemes for individuals	566,021	461,540
	<u>605,205</u>	<u>508,934</u>

**CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME**

**8. ADMINISTRATIVE EXPENSES**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
<b>Expenses borne by the Scheme comprise:</b>		
Actuarial fees	72,750	49,332
Chairman Honorarium	10,000	10,000
EDM Project	-	38,792
Legal fees	35,272	39,203
Medical Reports	233	66
Salaries and other payroll costs	203,897	203,680
NAPF subscription	1,896	1,850
PPF Levy	519,453	452,284
Pensions Regulator Levy	34,856	23,885
Printing costs	2,209	687
PS Pension Administration support costs	17,673	14,812
Travel and Subsistence	789	639
Audit Fee	12,700	10,700
Pension Trustee Insurance	-	34,185
Bank charges	575	253
Trustee Training	1,827	-
Other expenses	2,817	2,990
	<hr/>	<hr/>
	<b>916,947</b>	<b>883,358</b>
	<hr/>	<hr/>

**9. INVESTMENT INCOME**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
Income from managed or unitised funds	1,785,003	1,744,814
Bond Income	1,070,231	555,200
Interest on cash deposits	46,050	97,823
Interest on building society deposits	7,702	8,419
Annuities received	3,233	4,025
	<hr/>	<hr/>
	<b>2,912,219</b>	<b>2,410,281</b>
	<hr/>	<hr/>

**10. INVESTMENTS**

Investments are stated at market value and comprise the following:

	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
Managed and unitised funds:		
Managed funds	539,679,343	483,720,445
	<hr/>	<hr/>
Main scheme investments (see Note 11.1)	539,679,343	483,720,445
Cash on Deposit	7,000,000	28,000,000
AVC Investments		
Building society deposits (see Note 11.2)	790,723	881,067
	<hr/>	<hr/>
	<b>547,470,066</b>	<b>512,601,512</b>
	<hr/>	<hr/>

**11. NET MOVEMENT IN MARKET VALUE OF INVESTMENTS**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
<b>11.1 MAIN SCHEME INVESTMENTS</b>		
Market value of investments at 1 August 2014	483,720,445	434,604,314
Cost of investments purchased	72,613,458	75,188,927
Proceeds of investments sold	(48,745,238)	(61,302,324)
Change in market values	32,090,679	35,229,528
	<hr/>	<hr/>
Market value of investments at 31 July 2015	<b>539,679,344</b>	<b>483,720,445</b>
	<hr/>	<hr/>



## CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME

### 11.2 AVC INVESTMENTS

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.

A statement showing the movement in value of the AVC account is shown below.

	31 July 2015 £	31 July 2014 £
<b>INCOME</b>		
Contributions	50,477	60,840
Interest receivable	7,702	8,419
	58,179	69,259
<b>EXPENDITURE</b>		
AVC balances transferred to Fund Account	148,523	182,380
Net increase from dealings with members	(90,344)	(113,121)
Balance of members' Voluntary Contributions at 31 July 2014	881,067	994,188
Balance of members' Voluntary Contributions at 31 July 2015	790,723	881,067

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 2015 £	31 July 2014 £
<b>Contributions received:</b>		
Contributions received in current year	331,423	373,116
Contributions brought forward from previous years	3,739,650	3,366,534
Total contributions paid to secure added years AVC's	4,071,073	3,739,650

### 12. CONCENTRATION OF INVESTMENT

At 31 July 2015 the Scheme had investments totalling £473,418,691 (2014: £302,067,580) in 10 (2014: 7 ) funds managed by Majedie Asset Management, State Street Global, Genesis, Payden & Rygel, BlackRock, Och Ziff and Credit Suisse. These holdings represented 85.8% (2014: 59.7%) of the total assets of the Scheme.

The funds in which the Scheme held investments at 31 July 2015 were as follows:-

Name of fund	No of units held on 31 Jul 2015	Value of holding at 31 Jan 2015(£)	Value of holding at 31 Jul 2014 (£)
Majedie Asset Management UK Equity Service	10,843,078	59,778,971	54,183,942
State Street Global UK Equity Index	-	-	96,488,515
State Street Passive Equity Portfolio Account 1	28,146,767	112,312,527	-
State Street Passive Equity Portfolio Account 2	29,674,897	34,229,696	-
State Street Passive Equity Portfolio Account 3	2,602,741	18,702,154	-
State Street Passive Equity Portfolio Account 4	81,600,130	85,453,019	-
Genesis Emerging Markets Fund	683,417	24,047,675	26,255,581
BlackRock Absolute Return Strategies	28,773	30,091,115	30,076,984
Payden Global Funds International Bond	3,159,501	50,060,502	48,569,885
OZ Overseas Fund II	36,249	28,354,647	26,027,673
CS Nova (Lux) Global Senior Loan Fund	29,891	30,388,385	20,465,000
		473,418,691	302,067,580

### 13. SELF INVESTMENT

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

**CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME**

<b>14. DEBTORS</b>	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
Contributions due for July 2015	2,876,669	2,805,805
Accrued investment income	495,288	922,291
Prepayments and other accrued income	<u>4,216</u>	<u>14,090</u>
	<u><u>3,376,173</u></u>	<u><u>3,742,186</u></u>
<b>15. CREDITORS</b>	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
Pension payments due for July 2015	1,384,453	1,338,635
Overpayment of contributions due to the University	-	6,115,352
Investment manager fees	191,950	58,993
Audit fees	10,500	9,500
Trustee liability insurance	34,185	34,185
Payments due in respect of refunds	9,439	79,070
Other accruals	<u>34,249</u>	<u>24,132</u>
	<u><u>1,664,776</u></u>	<u><u>7,659,867</u></u>

**16. RELATED PARTY TRANSACTIONS**

The Scheme pays all administration and management costs incurred in the running of the Scheme. The University is responsible for the payment of pensions and the collection of contributions through its payroll function.