

Pembroke College

Annual Report and Financial Statements

Year ended 31 July 2016

PEMBROKE COLLEGE
Annual Report and Financial Statements
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Report of the Governing Body

Year ended 31 July 2016

MEMBERS OF THE GOVERNING BODY

The Members of the Governing Body are the College's charity trustees under charity law.

During the year the activities of the Governing Body were principally carried out through five committees.

- (1) Finance and Planning Committee
- (2) Investment Committee
- (3) Academic Committee
- (4) Development Committee (ad hoc)
- (5) Welfare and Equality Committee

In addition, the Fellows' Remuneration Committee (6) considers matters relating to the remuneration of the members of Governing Body.

The members of the Governing Body and those who served in office as Trustees during the year and the membership of the above committees are shown below.

		(1)	(2)	(3)	(4)	(5)	(6)
Dame Lynne Brindley	Master	•		•	•		
Professor Lynda Mugglestone							
Professor Mark Fricker							
Professor Alex Kacelnik							
Dr Tim Farrant							
Professor Jeremy Taylor							
Professor Stephen Whitefield		•					
Professor Helen Small	Vicegerent	•		•			
Professor Owen Darbishire		•					
Professor Adrian Gregory				•			
Professor Christopher Melchert							
Professor Raphael Hauser		•					
Professor Ben Davis							
Professor Stephen Tuck							
Professor Theo van Lint							
Mr John Church	Bursar	•	•		•		
Professor Ariel Ezrachi					•		
Professor Andre Furger							

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Year ended 31 July 2016

		(1)	(2)	(3)	(4)	(5)	(6)
Professor Guido Bonsaver							
Professor Jonathan Rees							•
Professor Rebecca Williams							
Professor Linda Flores						•	
Mr Andrew Seton	Strategic Development Director	•			•		
Professor Irene Tracey							•
Revd Dr Andrew Teal	Chaplain					•	
Dr Brian A'Hearn							
Dr Eamonn Molloy			•	•		•	
Professor Clive Siviour	Dean					•	
Mr Roger Boning		•					•
Professor Nick Kruger				•		•	
Professor Nicolai Sinai							
Professor Hannah Smithson					•		
Professor Min Chen							
Professor Ingmar Posner			•				
Mr Julian Schild	Advisory Fellow						
Mrs Beatrice Hollond	Advisory Fellow		•				•
Mr Mike Wagstaff	Advisory Fellow	•					
Professor Sandra Fredman							
Professor Jeffrey Ketland	Resigned 20.6.2016			•			
Professor Alfons Weber				•			
Mr Mike Naworynsky	Home Bursar	•			•	•	
Professor Tim Woollings							
Professor Andy Orchard					•		
Professor Andy Baldwin				•			
Dr Peter Claus					•		
Professor Justin Jones				•			
Professor Guy Kahane							
Professor Henrietta Harrison	Appointed 1.9.2015						

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		(1)	(2)	(3)	(4)	(5)	(6)
Professor Damian Rössler	Appointed 1.9.2015						
Professor Anandi Mani	Appointed 1.9.2015						
Ms Nancy Braithwaite	Academic Director (appointed 7.9.2015)	•		•	•	•	
Professor Pramila Krishnan	Appointed 1.9.2016						

Undergraduate and Graduate students were represented in the Open sessions of Governing Body and the Finance and Planning, Academic, and Welfare and Equality Committees.

Mr Percival Stanion, Mr Charles MacKinnon, Ms Lisha Patel and Mr Olivier Meyohas served as external members of the Investment Committee.

COLLEGE OFFICERS

The Officers of the College to whom day to day management was delegated during the year were as follows:

Dame Lynne Brindley	Master
Professor Helen Small	Vicegerent
Ms Nancy Braithwaite	Academic Director
Mr John Church	Bursar
Mr Mike Naworynsky	Home Bursar
Mr Andrew Seton	Strategic Development Director
Professor Clive Siviour	Dean

COLLEGE ADVISERS

Investment managers

Sarasin & Partners LLP

Oxford University Endowment Management Ltd

Lazard Asset Management Ltd (to 22 June 2016)

Auditor

Crowe Clark Whitehill LLP

Bankers

The Royal Bank of Scotland plc

Santander UK plc

Solicitors

Blake Morgan LLP

College address

Pembroke College, Oxford OX1 1DW

Website www.pmb.ox.ac.uk

PEMBROKE COLLEGE

Report of the Governing Body

Year ended 31 July 2016

The Members of the Governing Body present their Annual Report for the year ended 31 July 2016 under the Charities Act 2011 together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Master, Fellows and Scholars of Pembroke College in the University of Oxford, known as Pembroke College, is an independent self-governing charitable institution. It was founded on the initiative of Dr Thomas Clayton, Principal of Broadgates Hall, who secured the necessary endowment left in legacies by Thomas Tesdale and Richard Wightwick to amalgamate several smaller halls sited along the City Wall with the fifteenth-century Broadgates Hall, to form a new College. The original statutes were drawn up by Royal Commission in 1624. The corporation comprises the Master, Fellows and Scholars. The College became a registered charity (no. 1137498) in August 2010.

The College address is Pembroke College, Oxford OX1 1DW; telephone 01865 276444, website www.pmb.ox.ac.uk

The names of all Members of the Governing Body at the date of this report and of those in office during the year, together with details of the College Officers and advisers of the College, are given on pages 2 to 4 of this report.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

The Governing Body of the College comprises the Master and Fellows. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, the Chancellor of the University of Oxford. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1624, and the Universities of Oxford and Cambridge Act 1923. The Governing Body is responsible for the strategic direction of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Master and is advised by a range of committees which in 2015/16 includes the Finance and Planning Committee, the Academic Committee, the Domestic Committee, the Development Committee and the Investment Committee.

Governing Body

The Governing Body determines the strategic direction of the College and regulates its administration and the management of its finances and assets. It meets regularly under the chairmanship of the Master.

Recruitment and training of Members of the Governing Body

Members of the Governing Body have been informed about their responsibilities as Trustees and are able to attend trustee training and information courses to keep them informed on current issues in the sector and on regulatory requirements.

Remuneration of Members of the Governing Body and Senior College Staff

Members of the Governing Body who are primarily Fellows are teaching and research employees of the College [or University] and receive no remuneration or benefits from their trusteeship of the College. Those trustees that are also employees of the College receive remuneration for their work as employees of the College which is set based on the advice of the College's Fellows' Remuneration Committee, members of which are Fellows not in receipt of remuneration from the College. Where possible, remuneration is set in line with that awarded to the University's academic staff and by reference to the Oxford College median.

The remuneration of senior college staff is set by the Staff Remuneration Committee by reference to the Oxford College Median.

Organisational management

The Governing Body meets nine times a year. The work of developing their policies and overseeing the key activities is also carried out by five Committees, which report to the Governing Body:

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Report of the Governing Body

Year ended 31 July 2016

- The Finance and Planning Committee develops and reviews future plans, budgets, performance against budget, forecasts and other relevant information. It now considers matters which were previously overseen by the Domestic and Buildings Committee.
- The Investment Committee develops the investment policy and oversees the performance of the College's investment portfolio.
- The Academic Committee develops and oversees the implementation and management of the College's Academic Policy, covering Admissions and the progression of undergraduates and graduates.
- The Welfare and Equality Committee develops and oversees the College's policies with regard to welfare, equality and diversity, and other related matters.
- The Development Committee meets on an ad hoc basis to consider matters relating to fundraising and alumni relations.

In addition, the Fellows' Remuneration Committee considers and recommends changes to the remuneration of those members of Governing Body who are also employees.

The day-to-day running of the College is mostly delegated to the College Officers, listed on page 4. Major issues are referred to the Governing Body and/or the relevant College committee.

Group structure and relationships

The College administers many special trusts, as detailed in Notes 19 and 20 to the financial statements.

The College also has two wholly owned non-charitable subsidiaries: Pembroke College Enterprises Limited, which undertakes the College's major building works and whose annual profits are donated to the College under the Gift Aid Scheme, and Pembroke College Conferences and Events, a company limited by guarantee, whose profits will also be donated to the College under the Gift Aid Scheme. The trading activities of Pembroke College Conferences and Events primarily comprise revenue from letting of the College facilities when not in use by the College. The subsidiaries' aims, objectives and achievements are covered in the relevant sections of this report.

The College is part of the collegiate University of Oxford. Material interdependencies between the University and the College arise as a consequence of this relationship.

Risk Management

The College is engaged in risk assessment on an ongoing basis. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committees, chaired by the Master or one of the other College Officers. Financial risks are assessed by the Finance and Planning Committee and investment risks are monitored by the Investment Committee. In addition, the Home Bursar and domestic staff heads meet regularly to review health and safety and other related issues. Training courses and other forms of career development are provided to members of staff to enhance their skills in risk-related areas.

During the year the College's Officers undertook a major review of the way in which risks are assessed and managed, with the support of an experienced external facilitator. As a result of this process, the following were identified as the important risks for the College:

- To retain and enhance the College's reputation it is critical to continue to attract undergraduate and graduate students of the highest quality and to support and monitor their performance.
 - The College could be exposed to a major catastrophe or security incident.
 - Increasingly the College depends on sources of income which do not relate directly to Academic fees and domestic charges. These other sources of income comprise Conference income, Revenue Donations and Investment income.
 - To fund its future plans for its development the College will need to continue to raise Capital Donations.
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Report of the Governing Body

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- It remains essential for the College to maintain effective financial controls and robust financial planning for the future.
- The College has to comply with a range of contractual and regulatory requirements across the range of its activities.
- Post-Brexit there are uncertainties which might affect the College's ability to attract non-UK students and academics and the future of some research funding is unclear. Conversely if the fall in sterling is sustained into the medium term this should be beneficial in attracting non-UK business.

No specific risks were assessed to be in the highly-likely category and the review confirmed that the mitigation measures in place are satisfactory. However, as a result of this review, a number of further measures will be taken during the current financial year to improve further the College's resilience. An interim review will also be undertaken mid-year.

In view of the above, the Governing Body, which has ultimate responsibility for managing any risks faced by the College, has given consideration to the major risks to which the College and its subsidiaries are exposed and has concluded that adequate systems are in place to manage these risks. It is recognised that systems can provide only reasonable but not absolute assurance that major risks have been managed.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

The College's objects are to advance education, scholarship and research through the provision of a college in the University of Oxford.

The Governing Body has considered the Charity Commission's guidance on public benefit and in keeping with its objects, the College's aims for public benefit are:

- to promote excellence in undergraduate education, including pastoral and academic support.
- to provide pastoral and academic support to graduate students.
- to enable students to study at Oxford University, irrespective of their personal background and financial circumstances.
- to promote excellence in research on the part of the Fellows, Stipendiary Lecturers and other College members.

In recent years the College has benefitted from a detailed approach to budgeting and medium to long term planning. During 2016/17 the College intends to develop its next strategic plan for the period 2017-26.

The aims set for the College's subsidiaries are to help finance the achievement of the College's aims as above.

Activities and objectives of the College

The College's activities are focused on furthering its stated objects and aims for the public benefit.

Public Benefit

The College advances public learning by providing higher education for undergraduate and postgraduate students within Oxford University, and by supporting the pursuit of publicly disseminated research. In 2015/16 the College had 396 undergraduates (including 31 visiting students), 227 graduates, and 32 Fellows who had contractual obligations to teaching and to research.

The College provides public benefit by offering higher education to its undergraduates, mostly through the tutorial system which provides the opportunity to meet with a tutor on a weekly basis during term time. In addition, the College provides classes, seminars and other forms of teaching, as appropriate, in conjunction with the University's departments. To support student learning, the College also provides the use of the College's library

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and accommodation, and actively promotes the wider cultural and social education of its students through music, drama, sports, careers advice and in other ways.

The College also advances research in a range of disciplines by employing academics who have a contractual obligation to undertake published research and providing them with a supportive academic atmosphere, including the provision of research grants, library and computer facilities, office accommodation and meals. The research activities of the majority of College fellows have been audited by the National Research Assessment Exercise; that research is disseminated through published papers, books, websites and lectures. The College supports the research of academics who, at the beginning of their careers, have already shown outstanding promise in their chosen field of research by supporting six Junior Research Fellowships.

Research is also supported through lectures and the provision of facilities to research centres and programmes.

The College offers undergraduate places on the basis of academic merit. The College aims to attract students who are most able to benefit from an Oxford education regardless of sex, gender, income, ethnic origin, religion, previous education opportunity or disability, and actively works to recruit students from non-traditional backgrounds.

During the academic year 2015/16, financial support was available to undergraduates from the UK/EU to assist them with the costs of tuition fees and living costs whilst at the College. In addition to student loans provided by the Student Loans Company which are available to undergraduates from within the UK/EU, Oxford Opportunity Bursaries, Oxford Bursaries and Moritz-Heyman Scholarships are available to undergraduates from lower income households at the College. In the 2015/16 academic year 77 students, or about 24% of the College's Home/EU undergraduates, received bursaries which in total amounted to £224k; of those, 36 also benefitted from fee waivers amounting to £120k. Of the students who received bursaries, 40 (52%) were from households with income of £25k or less.

Graduates at the College form an important part of the academic community. Every graduate student is assigned a College Graduate Adviser who provides academic and pastoral support. Funding is available for some graduate studies and for the most able there are a number of scholarship funds available, administered by the University, the College or other sources.

The College awards a number of scholarships and exhibitions each year to undergraduates on course, based on their academic performance. In 2015/16 there were 71 such scholarships and 17 exhibitions awarded to undergraduates. 49 scholarships were awarded to graduates (including five senior scholarships). A number of academic prizes are available to undergraduates and graduates at the College; awarded on the basis of academic excellence. These scholarships, exhibitions and prizes serve to encourage academic endeavour at the College. The College also provides travel grants to meet costs involved in undertaking research.

The Governing Body of Pembroke College has considered the processes in place during the financial year ended 31 July 2016 and is satisfied that, with regard to public and publicly accountable funds received from the University of Oxford (out of grants from HEFCE and student fees) for the year ended 31 July 2016, the arrangements for achieving economy, efficiency, effectiveness and value for money were appropriate. In making this confirmation, members of the Governing Body are cognisant of their obligations as Charity Trustees to ensure that funds are correctly applied, in line with the objects of the College.

ACHIEVEMENTS AND PERFORMANCE

During the year, there were several changes to the composition of the College's Governing Body. At the start of the 2015/16 academic year, Ms Nancy Braithwaite was appointed as Academic Director, replacing Professor Mark Fricker who remains as a Fellow by Special Election. Professor Damian Rössler was appointed as a Fellow and Tutor in Pure Mathematics, Professor Henrietta Harrison as the Stanley Ho Fellow and Tutor in Chinese and Professor Anandi Mani as a Tutor in Behavioural Science and a Fellow by Special Election. Professor Jeffrey Ketland stepped down from his position as Fellow in Philosophy at the end of the academic year.

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Report of the Governing Body

Year ended 31 July 2016

Although too numerous to list all the successes of our Fellows, there were a number of notable achievements. Professor Andy Baldwin was awarded the 2016 Prize for Excellent Contribution to Magnetic Resonance, Clive Siviour received the 2016 JSA Young Investigator Lecturer Award. Oxbotica, the spin out company co-founded by Professor Ingmar Posner launched ground breaking driverless vehicle software (Selenium) which is being trialled in Milton Keynes. Professor Hannah Smithson and her team won the Vice-Chancellor's Public Engagement with Research Award for their project "The Ordered Universe".

The College continued to consolidate the way in which its new buildings serve its members and visitors. The significant improvements to the Porters' Lodge, which were completed in 2015 have made the College even more welcoming and accessible to all, and it was pleasing to note that the project received an award from the Oxford Preservation Trust. Elsewhere on the operational side, changes were made to improve the organisation of the Catering Team and further work was undertaken at the College's Annexe as part of a longer term refurbishment programme for that building.

The number of students at the start of the 2015/16 academic year was as follows.

396 undergraduates (including 31 visiting students)

227 graduates

This year, Pembroke students achieved excellent examination results, and 36 finalists obtained first class degrees, the highest ever number at the College. There were also a number of prestigious University prizes awarded for excellent performance across subjects, including Modern Languages, Economics and Management, Chinese and Medicine, where a Pembroke student won a "Congratulatory First". The College was ranked 14th in the Norrington Table, which was a significant rise and the score of 72.5 is the highest the College has ever achieved.

The College also continued to pursue its strategy to support potential applicants from disadvantaged backgrounds. OxNet is an Access approach pioneered by Pembroke to great success, placing Outreach Hubs in schools across the country. These Hubs run academically-intensive activities for young people at a local level, to help better-prepare these pupils to make successful applications to competitive universities. Building on the success of Hubs already established in West and East London and in the Manchester area, there are now plans to expand into the North-East in Sunderland.

FINANCIAL REVIEW

These financial statements present the accounts of Pembroke College and its subsidiaries and include all operational income and expenditure, donations and investment income and all the assets and liabilities of the College.

The Consolidated Statement of Financial Activities shows net incoming resources of £869k (2015 - £375k). After adding investment gains of £1,420k (2015 - £2,746k) the net increase in funds for the year was £2,289k (2015 - £3,121k).

Total incoming resources increased slightly to £11,991k (2015 - £11,181k). This increase of £810k was primarily due to donation income which increased by £470k, investment income which increased by £179k and teaching, research and residential income which increased by £165k.

Total resources expended were £11,122k, an increase of £316k.

In the year, the College raised £810k as restricted funds. In addition, unrestricted donations amounted to £552k. A further £1,030k was donated to endowment funds including a single gift of £750k (including gift aid) to endow the Stanion graduate scholarship.

The Total Funds of the College rose in the year to £75,021k.

Overall this represents a very satisfactory position as the College has continued to consolidate its financial and operational position following the completion of the new buildings in 2013. At the same time there are financial issues to be addressed as employers' National Insurance and Pension costs have risen and the future level of funding for research is uncertain.

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Year ended 31 July 2016

Reserves policy

The College's reserves policy is to maintain sufficient free reserves to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall and to allow the College to be managed efficiently and to provide a buffer that would ensure uninterrupted services.

Total funds of the College and its subsidiaries at the year-end amounted to £75,021k (2015: £72,732k). This includes endowment capital of £49,087k, of which £36,309k is permanent endowment and £12,778k is expendable endowment, and unspent restricted income funds totalling £2,933k. Free reserves at the year-end amounted to £4,089k (2015: £3,783k), representing retained unrestricted income reserves excluding an amount of £18,912k for the book value of tangible fixed assets less associated funding arrangements.

Designated reserves at the year-end totalled £1,161k and principally comprised £461k for the Rokos Fellowship in Physics and £458k for the Theology Fellowship so these Fellowships when taken with their Endowed Funds were both fully funded for the College part of the appointment.

The Trustees are of the opinion that free reserves of £5,784k together with expendable endowment of £12,778k provide a sufficient buffer to deal with future events.

Investment policy, objectives and performance

The College's investment objectives are to balance current and future needs by:

- maintaining (at least) the value of the investments in real terms;
- producing a consistent and sustainable amount to support expenditure; and
- delivering these objectives within acceptable levels of risk.

To meet these objectives the College's investments as a whole are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the College statutes allow the College to invest permanent endowment to maximise the related total return and to make available for expenditure each year an appropriate proportion of the unapplied total return (see below).

The investment strategy, policy and performance are monitored by the Investment Committee. At the year end, the College's long term investments, combining the securities and property investments, totalled £54,550k. The overall total investment return was 5.7% over the year which compared to the College's strategic benchmark return of 5.4% (RPI + 3.5%).

The carrying value of the preserved permanent capital and the amount of any unapplied total return available for expenditure was taken as the open market values of these funds as at 31 July 2002 together with the original gift value of all subsequent endowment received.

Under the total return accounting basis, it is the Governing Body's policy to draw down as income 3.5% (plus costs) of the value of the relevant investments. However to smooth and moderate the amounts withdrawn this 3.5% is calculated on the average of the year end values in each of the last three years.

In line with this policy, the equivalent of 3.5% of the average three-year end opening value of the property, securities and other investments, was drawn down as income on the total return basis in the year. The Governing Body will keep the level drawn down under review to balance the current and future needs and interests of the College.

FUTURE PLANS

The strategic planning work currently being undertaken is focussing on the future size and shape of the College's student body, the way in which the College can continue to support the research activities undertaken by its Fellows, Graduate students, and dedicated Research Centres. Options for maintaining and improving the College's estate are also under consideration. The financial modelling in support of the Strategic Plan will focus on the need to ensure that the College continues to achieve a financial balance in pursuing its normal activities whilst ensuring that any new investments are funded.

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Report of the Governing Body

Year ended 31 July 2016

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Governing Body is responsible for preparing the Report of the Governing Body and the financial statements in accordance with applicable law and regulations.

Charity law requires the Governing Body to prepare financial statements for each financial year. Under that law the Governing Body have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law), including Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under charity law the Governing Body must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College and of its net incoming or outgoing resources for that period. In preparing these financial statements, the Governing Body is required to:

- select the most suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the College will continue to operate.

The Governing Body is responsible for keeping proper accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the College and ensuring their proper application under charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Governing Body on 30 November 2016 and signed on its behalf by:

L. Brindley

Master

PEMBROKE COLLEGE

Independent Auditor's Report to the Members of the Governing Body of Pembroke College

We have audited the financial statements of Pembroke College for the year ended 31 July 2016 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity's trustees as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 Practices Board'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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Governing Body to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 July 2016 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

PEMBROKE COLLEGE

Independent Auditor's Report to the Members of the Governing Body of Pembroke College

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP
Statutory Auditor
London

Date: 30 November 2016

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

PEMBROKE COLLEGE

Statement of Accounting Policies

Year ended 31 July 2016

1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Cash Flow Statement of Cash Flows comprising the consolidation of the College and with its wholly owned subsidiaries Pembroke College Enterprises Limited. The subsidiaries have been consolidated from the date of their formation being the date from which the College has exercised control through voting rights in the subsidiaries and Pembroke College Conferences and Events. No separate SOFA has been presented for the College alone as permitted by the Charity Commission on a concessionary basis for the filing of consolidated financial statements. A summary of the results and financial position of the charity and each of its material subsidiaries for the reporting year are in note 13.

2. Basis of accounting

The College's individual and consolidated financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular 'FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

The College is a public benefit entity for the purposes of FRS 102 and a registered charity. The College has therefore also prepared its individual and consolidated financial statements in accordance with 'The Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102' (The Charities SORP (FRS 102)).

The College has adopted FRS 102 for the first time when preparing these financial statements. The transition date to FRS 102 was 1 August 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 July 2015. An explanation and reconciliation of how the transition to FRS 102 has affected the reported financial position and financial performance is provided in note 33.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but which has since been withdrawn.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the measurement of investments and certain financial assets and liabilities at fair value with movements in value reported within the Statement of Financial Activities (SOFA). The principal accounting policies adopted are set out below and have been applied consistently throughout the year.

3. Accounting judgements and estimation uncertainty

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the Governing Body to have most significant effect on amounts recognised in the financial statements.

The Governing Body, in applying the accounting policies, have included an estimate for the College's share of the USS and OSPS pension scheme liabilities in relation to funding past service deficits – this involves a number of estimates as disclosed in note 23. The College also includes an estimate of the useful economic life of its buildings. This is reassessed annually.

Leases on equipment are classified as either operating or finance leases which require an evaluation of the terms and conditions of each lease to determine whether the College retains or acquires the significant risks and rewards of ownership of the leased assets and as a result recognises an asset and a liability for future payments relating to the capital element of the lease in the balance sheet.

PEMBROKE COLLEGE

Statement of Accounting Policies

Year ended 31 July 2016

The College carries investment property at fair value in the balance sheet, with changes in fair value being recognised in the income and expenditure section of the SOFA. Independent valuations are obtained to determine fair value at the balance sheet date – this involves a number of estimates.

4. Income recognition

All income is recognised once the College has entitlement to the income, the economic benefit is probable and the amount can be reliably measured.

a. Income from fees, HEFCE support and other charges for services

Fees receivable, less any scholarships, bursaries or other allowances granted from the College unrestricted funds, HEFCE support and charges for services and use of the premises are recognised in the period in which the related service is provided.

b. Income from donations, grants and legacies

Donations and grants that do not impose specific future performance-related or other specific conditions are recognised on the date on which the charity has entitlement to the resource, the amount can be reliably measured and the economic benefit to the College of the donation or grant is probable. Donations and grants subject to performance-related conditions are recognised as and when those conditions are met. Donations and grants subject to other specific conditions are recognised as those conditions are met or their fulfilment is wholly within the control of the College and it is probable that the specified conditions will be met.

Legacies are recognised following grant of probate and once the College has received sufficient information from the executor(s) of the deceased's estate to be satisfied that the gift can be reliably measured and that the economic benefit to the College is probable.

Donations, grants and legacies accruing for the general purposes of the College are credited to unrestricted funds.

Donations, grants and legacies which are subject to conditions as to their use imposed by the donor or set by the terms of an appeal are credited to the relevant restricted fund or, where the donation, grant or legacy is required to be held as capital, to the endowment funds. Where donations are received in kind (as distinct from cash or other monetary assets), they are measured at the fair value of those assets at the date of the gift.

c. Investment income

Interest on bank balances is accounted for on an accrual basis with interest recognised in the period to which the interest relates.

Income from fixed interest debt securities is recognised using the effective interest rate method.

Dividend income and similar distributions are recognised on the date the share interest becomes ex-dividend or when the right to the dividend can be established.

Income from investment properties is recognised in the period to which the rental income relates.

5. Expenditure

Expenditure is accounted for on an accruals basis. A liability and related expenditure is recognised when a legal or constructive obligation commits the College to expenditure that will probably require settlement, the amount of which can be reliably measured or estimated.

Grants awarded that are not performance-related are charged as an expense as soon as a legal or constructive obligation for their payment arises. Grants subject to performance-related conditions are expensed as the specified conditions of the grant are met.

PEMBROKE COLLEGE

Statement of Accounting Policies

Year ended 31 July 2016

All expenditure including support costs and governance costs are allocated or apportioned to the applicable expenditure categories in the Statement of Financial Activities (the SOFA).

Support costs which includes governance costs (costs of complying with constitutional and statutory requirements) and other indirect expenditure are apportioned to expenditure categories in the SOFA based on the estimated amount attributable to that activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

Grants awarded are expensed as soon as they become legal or operational commitments.

Intra-group sales and charges between the College and its subsidiaries are excluded from trading income and expenditure in the consolidated financial statements.

6. Leases

Leases of assets that transfer substantially all the risks and rewards of ownership are classified as finance leases. The costs of the assets held under finance leases are included within fixed assets and depreciation is charged over the shorter of the lease term and the assets' useful lives. Assets are assessed for impairment at each reporting date. The corresponding capital obligations under these leases are shown as liabilities and recognised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Lease payments are apportioned between capital repayment and finance charges in the SOFA so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged in the SOFA on a straight line basis over the relevant lease terms. Any lease incentives are recognised over the lease term on a straight line basis.

7. Tangible fixed assets

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Expenditure on the acquisition or enhancement of land and on the acquisition, construction and enhancement of buildings which is directly attributable to bringing the asset to its working condition for its intended use and amounting to more than £30,000 together with expenditure on equipment costing more than £30,000 is capitalised.

Where a part of a building or equipment is replaced and the costs capitalised, the carrying value of those parts replaced is derecognised and expensed in the SOFA.

Other expenditure on equipment incurred in the normal day-to-day running of the College and its subsidiaries is charged to the SOFA as incurred.

8. Depreciation

Depreciation is provided to write off the cost of all tangible fixed assets, less their estimated residual value, in equal annual instalments over their expected useful economic lives as follows:

Freehold properties, including major extensions	50 years
Building improvements	10 - 30 years
Equipment	5 - 15 years

Freehold land is not depreciated. The cost of maintenance is charged in the SOFA in the period in which it is incurred.

PEMBROKE COLLEGE

Statement of Accounting Policies

Year ended 31 July 2016

At the end of each reporting period, the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or change in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

9. Heritage Assets

The College has no assets which it considers should be classified as Heritage Assets

10. Investments

Investment properties are initially recognised at their cost and subsequently measured at their fair value (market value) at each reporting date. Purchases and sales of investment properties are recognised on exchange of contracts.

Listed investments are initially measured at their cost and subsequently measured at their fair value at each reporting date. Fair value is based on their quoted price at the balance sheet date without deduction of the estimated future selling costs.

Investments such as hedge funds and private equity funds which have no readily identifiable market value are initially measured at their costs and subsequently measured at their fair value at each reporting date without deduction of the estimated future selling costs. Fair value is based on the most recent valuations available from their respective fund managers.

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the income or expenditure section of the SOFA as 'gains or losses on investments' and are allocated to the fund holding or disposing of the relevant investment.

11. Other financial instruments

a. Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

b. Debtors and creditors

Debtors and creditors receivable or payable within one year and Fellows' Loans payable outwith one year of the reporting date are carried at their transaction price.

12. Stocks

Stocks are valued at the lower of cost and net realisable value, cost being the purchase price on a first in, first out basis.

13. Foreign currencies

The functional and presentation currency of the College and its subsidiaries is the pound sterling.

Transactions denominated in foreign currencies during the year are translated into pounds sterling using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates applying at the reporting date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates at the reporting date are recognised in the income and expenditure section of the SOFA [except when deferred and initially credited or charged in 'other recognised gains and losses' as qualifying cash flow hedges].

14. Total return investment accounting

The College statutes authorise the College to adopt a 'total return' basis for the investment of its permanent endowment. The College can invest its permanent endowments without regard to the capital/income distinctions of standard trust law and with discretion to apply any part of the accumulated

PEMBROKE COLLEGE

Statement of Accounting Policies

Year ended 31 July 2016

total return on the investment as income for spending each year. Until this power is exercised, the total return is accumulated as a component of the endowment known as the unapplied total return that can be either retained for investment or released to income at the discretion of the Governing Body.

15. Fund accounting

The total funds of the College and its subsidiaries are allocated to unrestricted, restricted or endowment funds based on the terms set by the donors or set by the terms of an appeal. Endowment funds are further sub-divided into permanent and expendable.

Unrestricted funds can be used in furtherance of the objects of the College at the discretion of the Governing Body. The Governing Body may decide that part of the unrestricted funds shall be used in future for a specific purpose and this will be accounted for by transfers to appropriate designated funds.

Restricted funds comprise gifts, legacies and grants where the donors have specified that the funds are to be used for particular purposes of the College. They consist of either gifts where the donor has specified that both the capital and any income arising must be used for the purposes given or the income on gifts where the donor has required that the capital be maintained and the income used for specific purposes.

Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the College. Any part of the total return arising from the capital that is allocated to income will be accounted for as unrestricted funds unless the donor has placed restrictions on the use of that income, in which case it will be accounted for as a restricted fund.

Expendable endowment funds are similar to permanent endowment in that they have been given, or the College has determined based on the circumstances that they have been given, for the long term benefit of the College. However, the Governing Body may at their discretion determine to spend all or part of the capital.

16. Pension costs

The costs of retirement benefits provided to employees of the College through two multi-employer defined benefit pension schemes are accounted for as if these were defined contribution schemes as information is not available to use defined benefit accounting in accordance with the requirements of FRS 102. The College's contributions to these schemes are recognised as a liability and an expense in the period in which the salaries to which the contributions relate are payable.

In addition, a liability is recognised at the balance sheet date for the discounted value of the expected future contribution payments under the agreements with these multi-employer schemes to fund the past service deficits.

The College also operates defined contribution pension schemes and contributes to the personal pension arrangements of certain employees. Contributions to these arrangements are charged to the SOFA in the period in which they are payable.

Pembroke College
Consolidated Statement of Financial Activities
For the year ended 31 July 2016

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2016 Total £'000	2015 Total £'000
INCOME AND ENDOWMENTS FROM:						
Charitable activities:						
Teaching, research and residential	1	6,108	61	-	6,169	6,004
Public worship		-	-	-	-	-
Heritage		-	-	-	-	-
Other Trading Income	3	1,454	-	-	1,454	1,490
Donations and legacies	2	552	810	1,030	2,392	1,922
Investments						
Investment income	4	139	80	1,725	1,944	1,765
Total return allocated to income	14	759	972	(1,731)	-	-
Other income		32	-	-	32	-
Total income		9,044	1,923	1,024	11,991	11,181
EXPENDITURE ON:						
Charitable activities:	5					
Teaching, research and residential		7,900	1,174	-	9,074	8,896
Public worship		-	-	-	-	-
Heritage		-	-	-	-	-
Generating funds:						
Fundraising		529	-	-	529	527
Trading expenditure		1,132	-	-	1,132	1,117
Investment management costs		22	16	349	387	266
Total Expenditure		9,583	1,190	349	11,122	10,806
Net Income/(Expenditure) before gains		(539)	733	675	869	375
Net gains/(losses) on investments	11, 12	-	-	1,420	1,420	2,746
Net Income/(Expenditure)		(539)	733	2,095	2,289	3,121
Transfers between funds	19	5	(5)	0	0	-
Other recognised gains/losses						
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes		-	-	-	-	-
Net movement in funds for the year		(534)	728	2,095	2,289	3,121
Fund balances brought forward	19	23,535	2,205	46,992	72,732	69,611
Funds carried forward at 31 July		23,001	2,933	49,087	75,021	72,732

Pembroke College
Consolidated and College Balance Sheets
As at 31 July 2016

	Notes	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
FIXED ASSETS					
Tangible assets	9	32,893	34,228	33,069	34,404
Heritage assets	10	-	-	-	-
Property investments	11	2,640	2,153	2,640	2,153
Other Investments	12	51,910	49,726	51,910	49,726
Total Fixed Assets		87,443	86,107	87,619	86,283
CURRENT ASSETS					
Stocks		200	183	200	183
Debtors	15	1,960	1,790	1,044	2,890
Investments		-	-	-	-
Cash at bank and in hand		2,944	2,244	2,585	891
Total Current Assets		5,104	4,217	3,829	3,964
LIABILITIES					
Creditors: Amounts falling due within one year	16	2,175	1,934	901	1,678
NET CURRENT ASSETS/(LIABILITIES)		2,929	2,283	2,928	2,286
TOTAL ASSETS LESS CURRENT LIABILITIES		90,372	88,390	90,547	88,569
CREDITORS: falling due after more than one year	17	13,637	14,095	13,637	14,095
Provisions for liabilities and charges	18	-	-	-	-
NET ASSETS/(LIABILITIES) BEFORE PENSION ASSET OR LIABILITY		76,735	74,295	76,910	74,474
Defined benefit pension scheme liability	23	1,714	1,563	1,714	1,563
TOTAL NET ASSETS/(LIABILITIES)		75,021	72,732	75,196	72,911
FUNDS OF THE COLLEGE					
Endowment funds		49,087	46,992	49,087	46,992
Restricted funds		2,933	2,205	2,933	2,205
Unrestricted funds					
Designated funds		1,161	1,142	1,161	1,142
General funds		23,554	23,956	23,729	24,135
Revaluation reserve		-	-	-	-
Pension reserve	23	(1,714)	(1,563)	(1,714)	(1,563)
		75,021	72,732	75,196	72,911

The financial statements were approved and authorised for issue by the Governing Body of Pembroke College on 30 November 2016

Master: Dame L J Brindley

Bursar: Mr J E Church

Pembroke College
Consolidated Statement of Cash Flows
For the year ended 31 July 2016

	Notes	2016 £'000	2015 £'000
Net cash provided by (used in) operating activities	26	(637)	(384)
Cash flows from investing activities			
Dividends, interest and rents from investments		1,944	1,829
Transfer of fixed assets to investments		175	
Purchase of property, plant and equipment		(66)	(394)
Proceeds from sale of investments		(16)	24
Purchase of investments		(1,235)	(231)
Net cash provided by (used in) investing activities		802	1,228
Cash flows from financing activities			
Repayments of borrowing		(495)	(495)
Cash inflows from new borrowing		-	
Receipt of endowment		1,030	77
Net cash provided by (used in) financing activities		535	(418)
Change in cash and cash equivalents in the reporting period		700	426
Cash and cash equivalents at the beginning of the reporting period		2,244	1,818
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and cash equivalents at the end of the reporting period	27	2,944	2,244

Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

1 INCOME FROM CHARITABLE ACTIVITIES

	2016 £'000	2015 £'000
Teaching, Research and Residential		
Unrestricted funds		
Tuition fees - UK and EU students	1,689	1,677
Tuition fees - Overseas students	666	641
Other fees	508	431
Other HEFCE support	77	80
Other academic income	515	450
College residential income	2,653	2,661
	<u>6,108</u>	<u>5,940</u>
Restricted funds		
Tuition fees - UK and EU students	-	-
Tuition fees - Overseas students	-	-
Other fees	-	-
Other HEFCE support	-	1
Other academic income	61	63
College residential income	-	-
	<u>61</u>	<u>64</u>
Endowed funds		
Tuition fees - UK and EU students	-	-
Tuition fees - Overseas students	-	-
Other fees	-	-
Other HEFCE support	-	-
Other academic income	-	-
College residential income	-	-
	<u>-</u>	<u>-</u>
Total Teaching, Research and Residential	<u>6,169</u>	<u>6,004</u>
Public worship		
Unrestricted funds		
Choir school fees	-	-
Other	-	-
	<u>-</u>	<u>-</u>
Restricted funds		
Choir school fees	-	-
Other	-	-
	<u>-</u>	<u>-</u>
Endowed funds		
Choir school fees	-	-
Other	-	-
	<u>-</u>	<u>-</u>
Total Public worship	<u>-</u>	<u>-</u>
Heritage		
Unrestricted funds		
Heritage Income	-	-
Other charitable income	-	-
	<u>-</u>	<u>-</u>
Restricted funds		
Heritage Income	-	-
Other charitable income	-	-
	<u>-</u>	<u>-</u>
Endowed funds		
Heritage Income	-	-
Other charitable income	-	-
	<u>-</u>	<u>-</u>
Total Heritage	<u>-</u>	<u>-</u>
Total income from charitable activities	<u>6,169</u>	<u>6,004</u>

The above analysis includes £2,432k received from Oxford University from publicly accountable funds under the CFF Scheme (2015: £2,398k).

Under the terms of the undergraduate student support package offered by Oxford University to students from lower income households, the college share of the fees waived amounted to £33k (2015: £39k). These are not included in the fee income reported above.

Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

2 DONATIONS AND LEGACIES

	2016 £'000	2015 £'000
Donations and Legacies		
Unrestricted funds	552	1,298
Restricted funds	810	547
Endowed funds	1,030	77
	<u>2,392</u>	<u>1,922</u>

3 INCOME FROM OTHER TRADING ACTIVITIES

	2016 £'000	2015 £'000
Subsidiary company trading income	1,454	1,490
Other trading income	-	-
	<u>1,454</u>	<u>1,490</u>

4 INVESTMENT INCOME

	2016 £'000	2015 £'000
Unrestricted funds		
Agricultural rent	-	-
Commercial rent	23	5
Other property income	-	-
Equity dividends	106	47
Income from fixed interest stocks	-	-
Interest on fixed term deposits and cash	-	-
Other investment income	-	-
Bank interest	9	9
Other interest	1	1
	<u>139</u>	<u>62</u>

Restricted funds		
Agricultural rent	-	-
Commercial rent	-	-
Other property income	-	-
Equity dividends	80	59
Income from fixed interest stocks	-	-
Interest on fixed term deposits and cash	-	-
Other investment income	-	-
Bank interest	-	-
Other interest	-	-
	<u>80</u>	<u>59</u>

Endowed funds		
Agricultural rent	-	-
Commercial rent	145	97
Other property income	-	-
Equity dividends	1,580	1,547
Income from fixed interest stocks	-	-
Interest on fixed term deposits and cash	-	-
Other investment income	-	-
Bank interest	-	-
Other interest	-	-
	<u>1,725</u>	<u>1,644</u>

Total Investment income	<u>1,944</u>	<u>1,765</u>
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Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

5 ANALYSIS OF EXPENDITURE

	2016	2015
	£'000	£'000
Charitable expenditure		
Direct staff costs allocated to:		
Teaching, research and residential	4,003	3,596
Public worship	-	-
Heritage	-	-
Other direct costs allocated to:		
Teaching, research and residential	2,652	2,691
Public worship	-	-
Heritage	-	-
Support and governance costs allocated to:		
Teaching, research and residential	2,419	2,609
Public worship	-	-
Heritage	-	-
Total charitable expenditure	9,074	8,896
Expenditure on raising funds		
Direct staff costs allocated to:		
Fundraising	310	296
Trading expenditure	324	317
Investment management costs	-	-
Other direct costs allocated to:		
Fundraising	155	177
Trading expenditure	292	286
Investment management costs	-	-
Support and governance costs allocated to:		
Fundraising	64	54
Trading expenditure	516	514
Investment management costs	387	266
Total expenditure on raising funds	2,048	1,910
Total expenditure	11,122	10,806

The 2015 resources expended of £10806k represented £9586k from unrestricted funds, £971k from restricted funds and £249k from endowed funds.

The College is liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund is used to make grants and loans to colleges on the basis of need. Contributions are calculated annually in accordance with regulations made by the Council of the University of Oxford.

The teaching and research costs include College Contribution payable of £-5k (2015 - £16k).

	2016	2015
	Total	Total
	£'000	£'000
Included within the resources expended above are:		
Impairment charges	-	-
Stock recognised as an expense in the year	-	-
Operating lease payments	-	-
Foreign exchange losses	-	-

Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	Public Worship £'000	Heritage £'000	2016 Total £'000
Financial administration	258	330	-	-	588
Domestic administration	78	115	-	-	193
Human resources	-	10	-	-	10
IT	21	214	-	-	235
Depreciation	222	1,005	-	-	1,227
Loss/(profit) on fixed assets	-	-	-	-	-
Bank interest payable	-	568	-	-	568
Other finance charges	386	152	-	-	538
Governance costs	2	21	-	-	23
	967	2,415	-	-	3,382

	Generating Funds £'000	Teaching and Research £'000	Public Worship £'000	Heritage £'000	2015 Total £'000
Financial administration	261	319	-	-	580
Domestic administration	76	113	-	-	189
Human resources	-	21	-	-	21
IT	13	236	-	-	249
Depreciation	217	1,002	-	-	1,219
Loss/(profit) on fixed assets	-	-	-	-	-
Bank interest payable	-	581	-	-	581
Other finance charges	265	313	-	-	578
Governance costs	2	24	-	-	26
	834	2,609	-	-	3,443

Financial and domestic administration, IT, human resources and governance costs are attributed according to the estimated staff time spent on each activity.
Depreciation costs and profit or loss on disposal of fixed assets are attributed according to the use made of the underlying assets.
Interest and other finance charges are attributed according to the purpose of the related financing.

	2016 £'000	2015 £'000
Governance costs comprise:		
Auditor's remuneration - audit services	15	17
Auditor's remuneration - assurance services other than audit	-	-
Auditor's remuneration - tax advisory services	7	5
Auditor's remuneration - other services	1	-
Legal and other fees on constitutional matters	-	-
Other governance costs	-	2
	23	24

No amount has been included in governance costs for the direct employment costs or reimbursed expenses of the College Fellows on the basis that these payments relate to the Fellows involvement in the College's charitable activities. Details of the remuneration of the Fellows and their reimbursed expenses are included as a separate note within these financial statements.

Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

7 GRANTS AND AWARDS

2016
£'000

2015
£'000

During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:

Unrestricted funds

Grants to individuals:

Scholarships, prizes and grants
Bursaries and hardship awards

135 50
98 100

Grants to other institutions

Total unrestricted

- -
233 150

Restricted funds

Grants to individuals:

Scholarships, prizes and grants
Bursaries and hardship awards

242 181
1 3

Grants to other institutions

Total restricted

- -
243 184

Total grants and awards

476 334

The figure included above represents the cost to the College of the Oxford Bursary scheme. Students of this college received £224k (2015: £218k). Some of those students also received fee waivers amounting to £120k (2015: £127k).

The above costs are included within the charitable expenditure on Teaching and Research. Grants to other institutions comprise £nil

8 STAFF COSTS

2016
£'000

2015
£'000

The aggregate staff costs for the year were as follows.

Salaries and wages

4,314 4,178

Social security costs

303 260

Pension costs:

Defined benefit schemes

713 628

Defined contribution schemes

2 3

Other benefits

123 110

5,455 5,179

The average number of employees of the College, excluding Trustees, on a full time equivalent basis was as follows.

2016

2015

Tuition and research

31 25

College residential

63 63

Public worship

0 0

Heritage

0 0

Fundraising

6 6

Support

14 12

Total

114 106

The average number of employees of the College, excluding Trustees, on an actual basis was as follows.

2016

2015

Tuition and research

52 45

College residential

74 76

Public worship

0 0

Heritage

0 0

Fundraising

7 6

Support

16 14

Total

149 141

Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

The average number of employed College Trustees during the year was as follows.

University Lecturers	24	21
CUF Lecturers	5	5
Other teaching and research	3	3
Other	8	7
Total	<u>40</u>	<u>36</u>

Redundancy payments are accounted for in the period in which the employee was informed of the decision. Where redundancy costs are uncertain, the figure in the accounts represents a best estimate. These costs will be met through unrestricted funds.

The following information relates to the employees of the College excluding the College Trustees. Details of the remuneration and reimbursed expenses of the College Trustees is included as a separate note in these financial statements.

The number of employees (excluding the College Trustees) during the year whose gross pay and benefits (excluding employer NI and pension contributions) fell within the following bands was:

£60,001-£70,000	-	-
£70,001-£80,001	-	-
£80,001-£90,001	-	-
£90,001-£100,001	-	-
£100,001-£110,001	-	-
	<u>-</u>	<u>-</u>

The number of the above employees with retirement benefits accruing was as follows:

In defined benefits schemes	-	-
In defined contribution schemes	-	-
	<u>-</u>	<u>-</u>

The College contributions to defined contribution pension schemes totalled

<u>-</u>	<u>-</u>
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Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

9 TANGIBLE FIXED ASSETS

Group	Leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At start of year	-	38,868	2,161	2,039	43,068
Additions	-	50	-	16	66
Transfers	-	(175)	-	-	(175)
At end of year	-	38,743	2,161	2,055	42,959
Depreciation and impairment					
At start of year	-	7,211	446	1,183	8,840
Depreciation charge for the year	-	824	144	258	1,226
Depreciation on disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At end of year	-	8,035	590	1,441	10,066
Net book value					
At end of year	-	30,708	1,571	614	32,893
At start of year	-	31,657	1,715	856	34,228

The above includes:
£0k (2015:£0k) of plant and machinery held under finance leases.
£0k (2015:£0k) of fixtures, fittings and equipment held under finance leases.

College	Leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At start of year	-	39,031	2,161	2,051	43,243
Additions	-	50	-	16	66
Disposals	-	(175)	-	-	(175)
At end of year	-	38,906	2,161	2,067	43,134
Depreciation and impairment					
At start of year	-	7,211	445	1,183	8,839
Charge for the year	-	824	144	258	1,226
On disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At end of year	-	8,035	589	1,441	10,065
Net book value					
At end of year	-	30,871	1,572	626	33,069
At start of year	-	31,820	1,716	868	34,404

The above includes:
£0k (2015:£0k) of plant and machinery held under finance leases.
£0k (2015:£0k) of fixtures and fittings held under finance leases.

The College has substantial long-held historic assets all of which are used in the course of the College's teaching and research activities. These comprise listed buildings on the College site, together with their contents comprising works of art, ancient books and manuscripts and other treasured artefacts. Because of their age and, in many cases, unique nature, reliable historical cost information is not available for these assets and could not be obtained except at disproportionate expense. However, in the opinion of the Trustees the depreciated historical cost of these assets is now immaterial.

Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

10 HERITAGE ASSETS

College and Group

	Total £'000
At start of year	-
Additions	-
Disposals	-
Impairment	-
Revaluation	-
At end of year	-

11 PROPERTY INVESTMENTS

Group

	Agricultural £'000	Commercial £'000	Other £'000	2016 Total £'000	2015 Total £'000
Valuation at start of year	-	2,153	-	2,153	2,153
Additions and improvements at cost	-	175	-	175	-
Disposals	-	-	-	-	-
Revaluation gains/(losses) in the year	-	312	-	312	-
Valuation at end of year	-	2,640	-	2,640	2,153

College

	Agricultural £'000	Commercial £'000	Other £'000	2016 Total £'000	2015 Total £'000
Valuation at start of year	-	2,153	-	2,153	2,153
Additions and improvements at cost	-	175	-	175	-
Disposals	-	-	-	-	-
Revaluation gains/(losses) in the year	-	312	-	312	-
Valuation at end of year	-	2,640	-	2,640	2,153

A formal valuation of the commercial and other properties was prepared by Craig Middleton MRICS of Cluttons as at 31 July 2016.

Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

12 OTHER INVESTMENTS

All investments are held at fair value.

	2016 £'000	2015 £'000
Group investments		
Valuation at start of year	49,726	46,773
New money invested	1,060	231
Amounts withdrawn	(75)	(24)
Reinvested income	91	-
Investment management fees	-	-
(Decrease)/increase in value of investments	1,108	2,746
Group investments at end of year	51,910	49,726
Investment in subsidiaries	-	-
College investments at end of year	51,910	49,726

Group investments comprise:

	Held outside the UK £'000	Held in the UK £'000	2016 Total £'000	Held outside the UK £'000	Held in the UK £'000	2015 Total £'000
Equity investments	-	617	617	0	763	763
Global multi-asset funds	6,324	44,343	50,667	7,656	41,079	48,735
Property funds	-	-	-	-	-	-
Fixed interest stocks	-	-	-	-	-	-
Alternative and other investments	-	-	-	-	-	-
Fixed term deposits and cash	-	626	626	-	41	41
Investment debtor	-	-	-	-	187	187
Total group investments	6,324	45,586	51,910	7,656	42,070	49,726

13 PARENT AND SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Pembroke College Conference and Events (PCCE), a company providing conference and other event services on the College premises, and 100% of the issued share capital in Pembroke College Enterprises Limited (PCEL), a company providing design and build construction services to the College.

The results and their assets and liabilities of the parent and subsidiaries at the year end were as follows.

	Parent College £'000	Pembroke College Enterprises Limited £'000	Pembroke College Conferences and Events £'000
Income	12,281	-	1,455
Expenditure	9,997	(7)	1,132
Donation to College under gift aid	0	4	322
Result for the year	2,284	3	-
Total assets	91,448	255	1,276
Total liabilities	(16,252)	(255)	(1,276)
Net funds at the end of year	75,196	-	-

During the year an amount of £1,106k (2015: £1,122k) was paid by the College to PCCE in respect of costs incurred by the College on behalf of the subsidiary including staff costs, catering costs and a share of other running costs and overheads. At the year end, a balance of £782k (2015: £1,741k) was owed by PCCE to Pembroke College. At the year end, a balance of £255k (2015: £263k) was owed by the College to PCEL.

Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

14 STATEMENT OF INVESTMENT TOTAL RETURN

The Trustees have adopted a duly authorised policy of total return accounting for the College investment returns with effect from 1 August 2010. The investment return to be applied as [income is calculated as 3.5% (2015: 3.5%) of the average of the year-end values of the relevant investments in each of the last 3 years.] The preserved (frozen) value of the invested endowment capital represents its open market value at 31 July 2002 together with all subsequent endowments valued at date of gift.

	Trust for Investment £'000	Permanent Endowment Unapplied Total Return £'000	Total £'000	Expendable Endowment £'000	Total Endowments £'000
At the beginning of the year:					
Gift component of the permanent endowment	21,937		21,937		21,937
Unapplied total return		12,558	12,558		12,558
Expendable endowment				12,497	12,497
Total Endowments	21,937	12,558	34,495	12,497	46,992
Movements in the reporting period:					
Gift of endowment funds	1,030		1,030		1,030
Recoupment of trust for investment		-	-		-
Allocation from trust for investment	-	-	-		-
Investment return: total investment income		1,265	1,265	460	1,725
Investment return: realised and unrealised gains and losses		1,043	1,043	377	1,420
Less: Investment management costs		(256)	(256)	(93)	(349)
Other transfers					-
Total	1,030	2,052	3,082	744	3,826
Unapplied total return allocated to income in the reporting period		(1,274)	(1,274)	(457)	(1,731)
Expendable endowments transferred to income			-		-
	-	(1,274)	(1,274)	(457)	(1,731)
Net movements in reporting period	1,030	778	1,808	287	2,095
At end of the reporting period:					
Gift component of the permanent endowment	22,967	-	22,967	-	22,967
Unapplied total return	-	13,336	13,336	-	13,336
Expendable endowment				12,784	12,784
Total Endowments	22,967	13,336	36,303	12,784	49,087

Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

15 DEBTORS

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
Amounts falling due within one year:				
Trade debtors	72	247	72	154
Amounts owed by College members	107	95	107	95
Amounts owed by Group undertakings	-	-	-	1,741
Loans repayable within one year	18	13	18	13
Prepayments and accrued income	1,332	1,190	416	642
Other debtors	-	-	-	-
Amounts falling due after more than one year:				
Loans	431	245	431	245
	1,960	1,790	1,044	2,890

16 CREDITORS: falling due within one year

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
Bank overdrafts	-	-	-	-
Bank loans	495	495	495	495
Obligations under finance leases	-	-	-	-
Trade creditors	118	94	118	94
Amounts owed to College Members	-	-	-	-
Amounts owed to Group undertakings	-	-	(527)	263
Taxation and social security	141	111	141	112
College contribution	-	-	-	-
Accruals and deferred income	1,364	1,171	617	652
Other creditors	57	63	57	62
	2,175	1,934	901	1,678

17 CREDITORS: falling due after more than one year

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
Bank loans	13,486	13,981	13,486	13,981
Obligations under finance leases	-	-	-	-
Other creditors	151	114	151	114
	13,637	14,095	13,637	14,095

The College had a £20m facility in the form of a revolving credit facility from Santander, available until 19 February 2014 by when the balance had to be converted to one or more long term loans.

On the 20 July 2012, the College converted £12.8m into a fixed term loan at 4.65%, with straight line amortisation based on a 33 year period with the balance outstanding (equivalent to 5 years repayments) to be repaid on 19 July 2040. This was the first conversion to a fixed term loan within the £20m loan facility.

On 19 February 2014 an additional £3m was borrowed under the facility as a fixed term loan with straight line amortisation based on a 33 year period with the balance outstanding (equivalent to 5 years repayments) to be repaid on 18 February 2042. Interest is payable on the £3m loan at a margin of 0.55% over the relevant agreed LIBOR rate.

On the 20 April 2016 £500k of the facility was fixed for a 10 year period at a fixed rate of 2.21%

Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

18 PROVISIONS FOR LIABILITIES AND CHARGES

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
At start of year	-	-	-	-
Charged in the Statement of Financial Activities	-	-	-	-
Settled in the year	-	-	-	-
At end of year	-	-	-	-

The above provision relates to

19 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2015 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2016 £'000
Endowment Funds - Permanent						
General College Capital	8,188	301	(61)	(302)	247	8,373
Damon Wells Trust	2,426	89	(18)	(90)	73	2,480
Stanley Ho Trust	1,299	48	(10)	(48)	39	1,328
TEPCo Trust	1,177	43	(9)	(43)	36	1,204
Lee Trust	1,137	42	(8)	(42)	34	1,163
Tanaka Fund	1,125	41	(8)	(42)	34	1,150
Damon Wells Chaplaincy Trust	997	37	(7)	(37)	30	1,020
Shimizu Trust	875	32	(6)	(32)	26	895
Nuffield Fund	857	31	(6)	(32)	26	876
Aisbitt Fund	824	30	(6)	(30)	25	843
BTP Fund	777	38	(6)	(29)	23	803
Oxford Stanion Fund	-	750	-	-	-	750
Bandar Trust Fund	704	26	(5)	(26)	21	720
Saleh Trust Fund	702	26	(5)	(26)	21	718
Rokos Physics Fund	688	25	(5)	(25)	21	704
Rokos Economics Fund	632	23	(5)	(23)	19	646
Theology Fellowship	630	23	(5)	(23)	19	644
Blackstone-Heuston Trust	628	23	(5)	(23)	19	642
Leung Trust	589	22	(4)	(22)	18	603
Burt 1923 Scholarship Fund	572	21	(4)	(21)	17	585
Rhodes Pelczynski Fund	566	21	(4)	(21)	17	579
Eekelaar Law Fellowship Fund	531	23	(4)	(14)	16	552
Abraham Trust	508	19	(4)	(19)	15	519
Other funds < £500k relating to:	-	-	-	-	-	-
Access	113	4	(1)	(4)	3	115
Buildings	248	9	(2)	(9)	7	253
Bursaries	706	28	(5)	(26)	21	724
Fellowships	3,115	253	(23)	(115)	94	3,324
General purposes	1,707	63	(13)	(63)	52	1,746
Lecture	182	7	(1)	(7)	6	187
Library	11	0	(0)	(0)	0	11
Pensions	360	13	(3)	(13)	11	368
Scholarships, prizes & grants	1,623	185	(12)	(60)	49	1,785
Endowment Funds - Expendable						
Expendable Capital Fund	12,494	459	(93)	(459)	377	12,778
Total Endowment Funds - College	46,992	2,755	(349)	(1,731)	1,420	49,087
Endowment funds held by subsidiaries	-	-	-	-	-	-
Total Endowment Funds - Group	46,992	2,755	(349)	(1,731)	1,420	49,087
Restricted Funds						
Funds < £500k relating to:						
Buildings	300	25	(9)	50	-	366
Fellowships	982	414	(679)	691	-	1,408
Scholarships, prizes & grants	322	164	(184)	107	-	409
Other funds	601	348	(318)	119	-	750
Total Restricted Funds - College	2,205	951	(1,190)	967	-	2,933
Restricted funds held by subsidiaries	-	-	-	-	-	-
Total Restricted Funds - Group	2,205	951	(1,190)	967	-	2,933

Pembroke College
Notes to the financial statements
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Unrestricted Funds

Designated funds:						
Fellowships (Physics & Theology)	894	33	(11)			916
Pensions	79	3	(1)			81
Scholarships, prizes & grants	114	4	(1)			117
Other	45	2	(0)			47
Total designated funds	1,142	42	(13)			1,161
General funds	24,132	8,243	(9,419)	764	-	23,720
Revaluation reserve						0
Pension reserve	(1,563)		(151)			(1,714)
Total Unrestricted Funds - College	23,711	8,285	(9,583)	764	-	23,177
Unrestricted funds held by subsidiaries	(176)	-	-	-	-	(176)
Total Unrestricted Funds - Group	23,535	8,285	(9,583)	764	-	23,001
Total Funds	72,732	11,991	(11,122)	-	1,420	75,021

20 FUNDS OF THE COLLEGE DETAILS

The following is a summary of the origins and purposes of each of the Funds

Endowment Funds - Permanent:

General College Capital	General Permanent Endowment
Damon Wells Trust	Supports a Fellowship in History
Stanley Ho Trust	Supports a Fellowship in Chinese History
Tanaka Fund	Supports a Fellowship in Numerical Mathematics
TEPCo Trust	Supports a Fellowship in Japanese
Lee Trust	Supports a Fellowship in Engineering
Damon Wells Chaplaincy Trust	Supports the Chaplaincy
Shimizu Trust	Supports the teaching of science
Nuffield Fund	Supports general expenditure
Aisbitt Fund	Supports a Fellowship in English Literature
BTP Fund	Supports a Fellowships in Chemistry
Bandar Trust Fund	Supports the maintenance of College buildings
Saleh Trust Fund	Supports a Fellowship in Arabic
Rokos Physics Fund	Supports a Fellowship in Physics
Rokos Economics Fund	Supports a Fellowship in Economics
Theology Fellowship	Supports a Fellowship in Theology
Blackstone-Heuston Trust	Supports a Fellowship in Law
Leung Trust	Supports a Fellowship in Law
Burt 1923 Scholarship Fund	Supports hardship and general expenditure
Rhodes Pelczynski Fund	Supports a Fellowship in Politics
Eekelaar Law Fellowship Fund	Supports a Fellowship in Law
Abraham Trust	Supports a Fellowship in Zoology
Oxford Stanion Fund	Supports a Graduate Scholarship in Biochemistry

Endowment Funds - Expendable:

General College Capital	General Expendable Endowment
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Pembroke College
Notes to the financial statements
For the year ended 31 July 2016

The General Unrestricted Funds represent accumulated income from the College's activities and other sources that are available for the general purposes of the College

21 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2016 Total £'000
Tangible fixed assets	32,893	-	-	32,893
Property investments	-	-	2,640	2,640
Other investments	2,530	2,933	46,447	51,910
Net current assets and other long term liabilities	1,559	-	-	1,559
Long term loan finance	(13,981)	-	-	(13,981)
	<u>23,001</u>	<u>2,933</u>	<u>49,087</u>	<u>75,021</u>
	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2015 Total £'000
Tangible fixed assets	34,228	-	-	34,228
Property investments	-	-	2,153	2,153
Other investments	2,682	2,205	44,839	49,726
Net current assets and other long term liabilities	1,101	-	-	1,101
Long term loan finance	(14,476)	-	-	(14,476)
	<u>23,535</u>	<u>2,205</u>	<u>46,992</u>	<u>72,732</u>

22 TRUSTEES' REMUNERATION

The Fellows who are the Trustees of the College for the purposes of charity law receive no remuneration for acting as charity trustees but are paid by either or both of the University and the College for the academic services they provide to the College.

Trustees of the college fall into the following categories:

Head of House
Professorial Fellow
Official Fellow
Fellow by Special Election
Research Fellow

No trustee receives any remuneration for acting as a trustee. However, those trustees who are also employees of the college receive salaries for their work as employees. These salaries are paid on external academic and academic-related scales and often are joint arrangements with the University of Oxford.

All Official Fellows are eligible for a Housing Allowance, which is disclosed within the salary figures below.

The College has a Remuneration Committee which makes recommendations to Governing Body on pay and benefits which are outside of external scales. The composition of the Remuneration Committee is set out in pp 2-4 of the section, Governing Body, Officers and Advisers.

Pembroke College
Notes to the financial statements
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Remuneration paid to trustees

Range	Number of Trustees/Fellows	2016	Number of Trustees/Fellows	2015
		Gross remuneration, taxable benefits and pension contributions £		Gross remuneration, taxable benefits and pension contributions £
£2,001-£3,000	-	-	1	2,461
£3,001-£4,000	-	-	1	3,333
£7,001-£8,000	1	7,804	-	-
£10,001-£11,000	1	10,511	1	10,943
£11,001-£12,000	1	11,276	-	-
£15,001-£16,000	-	-	1	15,179
£16,001-£17,000	2	32,476	-	-
£17,001-£18,000	1	17,294	-	-
£18,001-£19,000	2	36,874	-	-
£19,001-£20,000	-	-	1	19,698
£20,001-£21,000	6	124,628	6	122,006
£21,001-£22,000	3	64,675	8	172,701
£22,001-£23,000	6	134,644	5	111,679
£23,001-£24,000	2	46,567	-	-
£24,001-£25,000	2	48,414	-	-
£41,001-£42,000	1	41,225	-	-
£42,001-£43,000	-	-	1	42,361
£43,001-£44,000	1	43,065	-	-
£47,001-£48,000	-	-	1	47,383
£48,001-£49,000	1	48,131	1	48,445
£51,001-£52,000	1	51,907	1	51,851
£52,001-£53,000	-	-	2	105,648
£53,001-£54,000	2	107,637	-	-
£54,001-£55,000	-	-	1	54,884
£56,001-£57,000	1	56,420	1	56,032
£63,001-£64,000	-	-	1	63,232
£66,001-£67,000	2	133,013	-	-
£77,001-£78,000	-	-	-	-
£80,001-£81,000	-	-	2	161,267
£81,001-£82,000	2	163,824	-	-
£82,001-£83,000	1	82,213	-	-
£85,001-£86,000	-	-	2	170,997
£86,001-£87,000	1	86,580	-	-
£99,001-£100,000	-	-	1	99,742
£100,001-£110,000	1	103,189	-	-
Total	41	1,452,366	38	1,359,840

10 trustees are not employees of the college and do not receive remuneration.

All trustees may eat at common table, as can all other employees who are entitled to meals while working.

Other transactions with trustees

Fellows also receive reimbursement of personal expenses necessarily incurred in connection with their services to the College as Trustees. During the year a total of £75 (2015 - £87) was reimbursed to one (2015 - two) of the Trustees for travel to Investment Committee meetings in London.

See also note 30 Related Party Transactions

Key management remuneration

The total remuneration paid to key management was £386k (2015: £343k).

Key management are considered to be the College Officers as set out in the Report of the Governing Body

23 PENSION SCHEMES

The College participates in the Universities Superannuation Scheme ("the USS") and the University of Oxford Staff Pension Scheme ("the OSPS") on behalf its fellows and staff. Both schemes are contributory multi-employer defined benefit schemes with the assets being held in separate trustee-administered funds.

Insufficient information is available to enable the College to use defined benefit accounting for these schemes and, in accordance with the provisions of FRS 102, both schemes are accounted for as if they were defined contribution schemes.

Both schemes have put in place agreements for additional contributions to fund their past service deficits. In accordance with the provisions of FRS 102 the College has recognised a liability for the future contributions that it estimates will be payable as a result of these deficit funding agreements.

Universities Superannuation Scheme

The pension charge for the year includes £358k (2015 - £414k) in relation to the USS. This represents contributions of £292k payable to the USS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £66k.

The latest formal actuarial valuation of the USS was carried out as at 31 March 2014 to meet the requirements of the Pensions Act 2004, and was published in July 2015. This valuation showed the scheme assets as being sufficient to cover 89% of its liabilities on its technical provisions basis with an overall shortfall of £5.3bn. In July 2015, a number of changes to the benefits provided by the Scheme were agreed to come into force on 1 April 2016 or, for certain benefit changes, as soon as practicable after this date.

Based on the assumptions made in the 31 March 2014 actuarial valuation and taking account of the agreed scheme changes, the employers' total contributions for the period from 1 April 2016 to 31 March 2031 was set at 18% p.a. of salaries. This resulted in the employer deficit contributions from 1 April 2016 being initially 2.5% of salaries. However, following the introduction of the salary threshold and defined contribution section between April and October 2016, for the remaining period to 31 March 2031 the deficit funding contributions were reduced to 2.1% of salaries with a future service employer contribution rate of 15.9%.

A subsequent interim actuarial report as at 31 March 2015 issued in September 2015 has reported an increased deficit of £8.2bn and a funding level of 86%. The subsequent interim actuarial report as at 31 March 2015 included a reassessment of the future service employer contribution rate and indicated that the future service rates have increased substantially to 21% on account of lower prevailing gilt yields compared with the 2014 valuation market conditions. No changes to the contribution rates being paid have been made as a result of this interim actuarial report. A full review of the employers' contributions will be completed no later than following the next valuation, which is due to take place at 31 March 2017.

A provision of £492k has been made at 31 July 2016 (2015 - £426k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

A copy of the full actuarial valuation report and other further details on the scheme are available on the USS website www.uss.co.uk

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Oxford Staff Pension Scheme

The pension charge for the year includes £376k (2015 - £506k) in relation to the OSPS. This represents contributions of £421k payable to the OSPS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £(44)k.

The latest formal actuarial valuation of OSPS was carried out as at 31 March 2013 to meet the requirements of the Pensions Act 2004, and was published in June 2014. This valuation showed the scheme assets as £424.3m being sufficient to cover 71% of its liabilities of £597.7m on a technical provisions basis with an overall shortfall of £173.4m.

Following this valuation, the trustee and the University have agreed to increase the employer contribution rate to the Scheme to 23.5% of Pensionable Salaries, with this increase from the current rate of 21.5% being implemented in steps of 0.5% of Pensionable Salaries over the three years to 1 August 2017. In addition, the Employers will continue to reimburse the Scheme in respect of Pension Protection Fund (PPF) and other levies collected by the Pensions Regulator.

These contributions, together with an allowance for the Scheme's assets to return 2.5% per annum above gilt yields are expected to eliminate the technical provision deficit by 30 June 2026, the same date targeted under the recovery plan agreed at the previous valuation. The underlying calculations take account of the estimated improvement in the funding position over the period to 31 May 2014 and the projected reduction in the cost of future benefit accrual from an estimated 19.3% at 31 May 2014 to around 16.5% of Pensionable Salary by 30 June 2026. This reduction is due to a combination of increases in gilt yields already priced into yield curves at 31 May 2014 and projected changes to the nature of the active membership over the period.

A subsequent interim actuarial report as at 31 March 2015 issued in October 2015 has reported an increased deficit of £213.4k and a funding level of 71%. No changes to the contribution rates being paid have been made as a result of this interim actuarial report. A full review of the employers' contributions will be completed no later than following the next valuation, which is due to take place at 31 March 2016.

A provision of £1,096k has been made at 31 July 2016 (2015 - £1,140k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

A copy of the full actuarial valuation report and other further details on the scheme are available on the University of Oxford website
<https://www.admin.ox.ac.uk/finance/epp/pensions/schemes/osps/publications/>

24 TAXATION

The College is able to take advantage of the tax exemptions available to charities from taxation in respect of income and capital gains received to the extent that such income and gains are applied to exclusively charitable purposes. No liability to corporation tax arises in the College's subsidiary company(ies) because the directors of this/these company(ies) have indicated that they intend to make donations each year to the College equal to the taxable profits of the company under the Gift Aid scheme. Accordingly no provision for taxation has been included in the financial statements.

25 FINANCIAL INSTRUMENTS

The financial statements include the following in respect of items held at fair value:

	2016			2015		
	Income £'000	Expense £'000	Gains / (losses) £'000	Income £'000	Expense £'000	Gains / (losses) £'000
Financial assets measured at fair value through profit or loss	-	-	-	-	-	-
Financial liabilities measured at fair value through profit or loss	-	-	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-	-	-
Financial liabilities measured at amortised cost	-	-	-	-	-	-

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**26 RECONCILIATION OF NET INCOMING RESOURCES TO
NET CASH FLOW FROM OPERATIONS**

	2016 Group £'000	2015 Group £'000
Net income/(expenditure)	2,289	3,121
Elimination of non-operating cash flows:		
Investment income	(1,944)	(1,765)
(Gains)/losses in investments	(1,420)	(2,746)
Endowment donations	(1,030)	(77)
Depreciation	1,227	1,219
(Surplus)/loss on sale of fixed assets	-	-
Decrease/(Increase) in stock	(17)	(8)
Decrease/(Increase) in debtors	(170)	26
(Decrease)/Increase in creditors	277	(468)
(Decrease)/Increase in provisions	-	-
(Decrease)/Increase in pension scheme liability	151	314
Net cash provided by (used in) operating activities	(637)	(384)

27 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £'000	2015 £'000
Cash at bank and in hand	2,944	2,244
Notice deposits (less than 3 months)	-	-
Bank overdrafts	-	-
Total cash and cash equivalents	2,944	2,244

28 FINANCIAL COMMITMENTS

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	2016 £'000	2015 £'000
Land and buildings		
expiring within one year	-	-
expiring between two and five years	-	-
expiring in over five years	-	-
	-	-
Other		
expiring within one year	-	-
expiring between two and five years	-	-
expiring in over five years	-	-
	-	-

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29 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July for future capital projects totalling £0k (2015 - £14k).

30 RELATED PARTY TRANSACTIONS

The College is part of the collegiate University of Oxford. Material interdependencies between the University and of the College arise as a consequence of this relationship. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS 102.

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 102, receive remuneration and facilities as employees of the College. Details of these payments and reimbursed expenses as trustees are disclosed separately in these financial statements.

Loans to trustees are available under two schemes:

- 1) Loans up to £200,000 to assist with the purchase of a principal residence or significant extension and are interest free and repayable within 8 years of inception or when the trustee leaves the College, if earlier. These loans are made to assist recruitment and retention. The need for such a loan must be demonstrated to a committee comprising of the Bursar, the Director of Finance and a Fellow who is not remunerated by the College.
- 2) Loans of up to £10k are available to all Fellows and interest is charged at 5% p.a.. The loans are repayable when the trustee leaves the College.

	2016	2015
	No.	No.
Scheme 1	5	4
Scheme 2	1	3
	6	7

The College has properties with the followings net book values owned jointly with trustees under joint equity ownership agreements between the trustee and the College.

	2016	2015
	£'000	£'000
Total net book value of properties owned jointly with trustees	-	-

31 CONTINGENT LIABILITIES

None

32 POST BALANCE SHEET EVENTS

There are no post balance sheet events that require disclosure.

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33 TRANSITION TO FRS 102

The College adopted FRS 102 at 31 July 2016. The date of transition is 1 August 2014. The net effect is set out below

Effect on the SoFA	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2015 Total £'000
Net Income/(Expenditure) as previously stated	286	516	(113)	689
Pension provision	(314)			(314)
Net Income/(Expenditure) as restated	<u>(28)</u>	<u>516</u>	<u>(113)</u>	<u>375</u>

	As at 1 August 2,014 £'000	As at 31 July 2015 £'000
Net Funds (as previously stated)	70,977	74,413
Unrestricted		
Recognition of pension deficit	(1,248)	(1,563)
Holiday pay accrual	(118)	(118)
Total unrestricted	<u>(1,366)</u>	<u>(1,681)</u>
Restricted		
Total restricted	<u>-</u>	<u>-</u>
Endowed		
Total Endowed	<u>-</u>	<u>-</u>
Net Funds (as restated)	<u>69,611</u>	<u>72,732</u>

The most significant change is the recognition of a liability in respect of the deficit reduction arrangements for multi employer pension defined benefit pension schemes that are accounted for as defined contribution schemes.

FRS 102 explicitly requires accrued compensated absences to be accounted for. An accrual in respect of accrued holiday pay for non-academic staff has been recognised in the financial statements.

The College has decided to take advantage of transitional provisions within FRS 102 to elect to measure the fair value of certain items of freehold and leasehold property and for that fair value to be used as the deemed cost of the item going forward from the date of transition (1 August 2014). This has increased the value of the fixed assets and increased the annual depreciation charge.