HOBSON'S CONDUIT TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016
<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trustees' Report</td>
<td>1 - 6</td>
</tr>
<tr>
<td>Reference and Administrative Details of the Charity, its Trustees and Advisors</td>
<td>7 - 8</td>
</tr>
<tr>
<td>Independent Examiner's Report</td>
<td>9 - 10</td>
</tr>
<tr>
<td>Statement of Financial Activities</td>
<td>11</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>12</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>13 - 19</td>
</tr>
</tbody>
</table>
The Trustees present their report and the financial statements of Hobson's Conduit Trust (the Charity) for the year ended 31 March 2016. The Trustees confirm that the Annual Report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), as amended by update Bulletin 1 (effective 1 January 2016).

OBJECTIVES AND ACTIVITIES

a. Policies and objectives

The Trust’s principal activities are the supply of fresh water to the Cambridge historic City Centre, the University Botanic Garden, Emmanuel, Christ’s and Pembroke colleges and to preserve those structures associated with the supply. The water course from Nine Wells to the Conduit Head is an environmental reserve and a valuable local amenity enjoyed by many. The Trust has continued to meet these objectives.

In undertaking the activities for the year The Trustees have borne in mind the Charity Commission guidance on public benefit. In assessing its charitable purposes, the Trust considers that the day-to-day activities fall within the following categories with regard to preservation and conservation:

1) The advancement of heritage
2) The advancement of environmental protection

Hobson’s Brook was originally dug to benefit and improve the lives of the people of Cambridge by improving sanitation in the town through the flushing of the sewage-filled King’s Ditch. After over 400 years Hobson’s Conduit Trust continues to ensure the Brook benefits the people and visitors to Cambridge through the maintenance of this historic structure and providing a unique amenity that can be enjoyed by all.

ACHIEVEMENTS AND PERFORMANCE

a. Review of activities

1) Principal Activities

Supply of Water
Supplies to the Botanic Garden have been maintained throughout the year. A good supply of water has been achieved and maintained to Emmanuel and Christ’s Colleges for most of the reporting year, with two brief episodes of shortage in July 2015 and March 2016.

Underground system
Discussions continue on how best to keep the underground section supplying those colleges in good order. No substantial problems appeared during the reporting year.

Operation of Street Runnels
The street runnels along Trumpington Street were turned on in April 2015, and water continued to flow until August. Over the winter months work was done at the Conduit Head (Lensfield Road) to determine what remedial measures might be necessary to improve the operation of the penstock feeding these runnels.
Operating problems with the revised runnels in St Andrew’s Street outside Christ’s College have not yet been resolved.

**Developments - South of Long Road**
Building work continues on the Clay Farm, Glebe Farm and Bell School sites. Close liaison with the developers continues, and should help prevent any problems affecting Hobson’s Brook.

Developments also continue on the Cambridge Medipark (Cambridge Biomedical Campus), immediately west of Addenbrooke’s Hospital. As well as AstraZeneca’s two parcels of land and the new Papworth Hospital, planning applications have been made for the final parcels of land along the southern edge of the site. All these developments involve appropriate sustainable urban drainage system (SUDS) treatment.

The Trustees continue to be advised by Cambridge City Council’s engineers on planning matters, and have also called on their own advisors on technical drainage details in negotiation with developers.

The Trustees remain satisfied that the Brook has been protected and necessary resources negotiated to offset extra maintenance costs. Agreements are in place with developers for the maintenance of the Brook through Clay Farm and the monitoring of the quality and flow rates of water entering the Brook from both the residential developments and the Cambridge Medipark. One incident was reported at the end of March 2016 of silt from one development entering the Addenbrooke’s north ditch, which feeds into Hobson’s Brook, but this did not reach the brook itself.

The Trustees commented on a planning application for an Active Recreation Area on Clay Farm alongside Hobson’s Brook. The final approval incorporated most of the amendments suggested by the Trust.

The Trustees also responded to proposals for changes in the South Cambridgeshire Local Plan, which included a possible extension of the Cambridge Biomedical Campus southwards to a boundary very close to Nine Wells.

**Brook Inspection**
The annual Brook inspection took place on 27th April 2015 and attending Trustees were satisfied by the state of the Brook. The section inspected was from Long Road southwards to Nine Wells.

**2) General Maintenance**

**Maintenance**
Nine Wells is the source of the Brook, and the spring heads and associated reserve remain well maintained.

Routine weed cutting and cleaning was carried out along most of the Brook over the winter months. However, the section through Clay Farm, which is the responsibility of the developers, was not cut. Discussions have taken place to ensure that this situation does not arise in future.

The northernmost section of the Brook, near the Conduit Head, continues to be inspected and cleared regularly.

**Bank Repairs**
No bank repairs were needed during this reporting year.

**Watercourse improvements**
In November 2015 a survey was carried out to determine the levels of silt in various parts of Hobson’s Brook. The results of that survey will enable the Trustees and their engineers to plan for appropriate measures to control the flow in the Brook where appropriate.
Discussions with other outside bodies

The Trustees participated in discussions with:

a) The Cam Catchment Partnership in their investigation of possible Landscape Partnership Fund grant support for improving the Cam valley through Cambridge,

b) The Environment Agency about possible augmentation of the flow from the chalk aquifer at Nine Wells which feeds Hobson’s Brook,

c) Cambridge City Council’s Southern Connections public art project, which includes the planting of heritage varieties of apple tree in the south of the city,

d) Cambridgeshire County Council about proposed cycling improvements in Trumpington Road alongside Hobson’s Brook,

e) Addenbrooke’s NHS Trust about their Biodiversity and Wellbeing project within the Cambridge Biomedical Campus.

All these discussions were still active at the end of the reporting year.

Water Quality Monitoring

As in previous years water quality remains satisfactory and is a stable, well-buffered, slightly alkaline and moderately nutrient rich (mesotrophic) water course.

Future Works and Activities

The Trust continues to monitor building works and planning applications related to the developments south of Long Road. A good working relationship with Cambridge City Council continues with discussions focusing on establishing a proactive approach to identifying maintenance needs and improving the environment of the Brook. This includes six monthly planning meetings between the Trustees and City Council officers.

3) Finance

The Trust’s investments were valued at £1,205,042 as at 31 March 2016 (2014/15 - £1,139,932). The investment income received during the financial year was in line with estimates.

4) Investment Policy

Investments are managed by:

Fidelity International
BlackRock Investment Management (UK) Ltd
CCLA Investment Management Ltd

Deposits are held at:

Lloyds Bank plc
CAF Bank Ltd
CCLA Investment Management Ltd
Additional surplus funds, as they arise, are invested for growth and income.

Investments are reviewed by a sub-committee of the Trustees with the Independent Financial Advisor several times a year, and any recommended changes are implemented and reported.

**FINANCIAL REVIEW**

**a. Financial review and reserves policy**

During the year the Trust received income of £58,670 (2014/15: 134,822) from charitable activities and investments. Expenditure amounted to £30,346 (2014/15: £28,208) and after allowing for losses on investments there was a small addition to funds of £1,129 (2014/15: £181,711).

The Trustees are satisfied that the level of reserves, currently £1,296,993 (2014/15 - £1,295,864) are sufficient to meet the objects of the Trust.

All reserves are unrestricted and for general use.

The Trustees are not aware of any prospective new income sources.

The Trustees note that the potential for major expenditure is high because:

- the historic underground channels still serving the City and Colleges are nearly 400 years old, and a minor collapse could cost over £100,000 to rectify, whilst a major collapse and rebuild could cost almost £1,000,000.

- as the new housing developments south of Long Road become fully operational, there may well be a need for additional maintenance work on the Brook.

The Trustees need to ensure that sufficient funds continue to be available for routine yearly maintenance and urgent contingencies, at a level of about £50,000. Free reserves (excluding funds tied up in investments) currently stand at £91,951.

The Trustees review the level of free reserves periodically and consider making designations as appropriate. The general policy is to conserve capital, and allocate investment and current income to the annual budget and to invest surplus funds.

The Cash and Deposits of some £102,838 are held to meet short term contingent liabilities for the routine operating activities of the Trust.

The Investments of £1,205,042 are all in quoted funds for long term growth and some income generation and provide the Trustees with the ability to meet the costs of any major works needed.
HOBSON'S CONDUIT TRUST

TRUSTEES’ REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution
Hobson's Conduit Trust is an unincorporated charity and dates from 1610. The Charity Commission Deed, No 204644 is dated 14 April 1899.

b. Method of appointment or election of Trustees
Trustees who served during the year are:

Mr H A Slatter (Chairman)
Mr G S Minto (Vice-Chairman)
Mr M F Blakey
Dr S Boreham
Mr I P Collins (resigned June 2016)
Dr N Coni
Dr M Field
Mr C K Kington
Mr D Mackay
Mr C Tatterton (from July 2015)
Mr E R M Wells
Mr J H Williams

The Board of Trustees aim to appoint Trustees who will provide valuable and practical skills for the Trust. The Trustees met periodically throughout the year. Day to day administration is undertaken by the Clerk. Accountancy and engineering services are provided by Cambridge City Council. The Trust appoints its own advisors as necessary to advise the Trustees.

The Trust is allowed fifteen co-opted Trustees, from whom a Chair and Vice-Chair are elected. During this year the Trustees appointed one new Trustee. The Trustees have four working groups which focus on: Financial and Legal Matters, Education and Communication, Environment and Conservation, and Engineering and Heritage.

c. Risk review
It is noted that £17,110, is a grant from Cambridge City Council which could be at risk if the Council were to change its grant making policy.

A further £14,000 comes from the Cambridge University Botanic Garden and two colleges. If the regular flow of water was greatly reduced, then this income could also be at risk.

The Trustees have conducted their own review of the major risks to which the Trust is exposed and systems have been established to mitigate those risks. They have sought specialist advice as appropriate. Procedures have been put in place to minimise both external and internal risks and these procedures are periodically reviewed to ensure that they still meet the needs of the Trust.
TRUSTEES’ RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees’ Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year. The financial statements are required by law to give a true and fair view of the state of affairs of the Trust and of the incoming resources and application of resources of the Trust for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Trust’s transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 21 November 2016 and signed on their behalf by:

Mr H A Slatter, Chairman
HOBSON’S CONDUIT TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS
FOR THE YEAR ENDED 31 MARCH 2016

Trustees
Mr H A Slatter, Chairman
Mr G S Minto, Vice-Chairman
Mr M F Blakey
Dr S Boreham
Dr N Coni
Dr M Field
Mr C K Kington
Mr D Mackay
Mr C Tatterton (appointed 28 July 2015)
Mr E R M Wells
Mr J H Williams

Charity registered number
204644

Principal office
The Guildhall
Cambridge
CB2 3QJ

Bankers
CAF Bank Ltd
25 Kings Hill Avenue
West Malling
Kent
ME19 4JQ

Lloyds Bank Plc
3 Sidney Street
Cambridge
CB2 3HX

Investment Managers
Fidelity International
Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent
TN11 9DZ

BlackRock Investment Management (UK) Ltd
12 Throgmorton Avenue
London
EC2N 2DL
Advisers (continued)

CCLA Investment Management Ltd
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Treasurer
Ms L Thompson

Clerk
Ms T Birkin

Financial Consultant
Anne St Ives
Sheraton House
Castle Park
Cambridge
CB3 0AX

Independent Examiners
K Bretherick FCA
Peters Elworthy & Moore
Chartered Accountants
Salisbury House
Station Road
Cambridge
Independent Examiner's Report to the Trustees of Hobson's Conduit Trust

I report on the financial statements of the charity for the year ended 31 March 2016 which are set out on pages 11 to 19.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

This report is made solely to the charity's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent Examiner's Report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this report.

Respective Responsibilities of Trustees and Examiner

The charity's Trustees are responsible for the preparation of the financial statements, and they consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed.

It is my responsibility to:

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Act; and
- state whether particular matters have come to my attention.

Basis of Independent Examiner's Report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.
Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:
   - to keep accounting records in accordance with section 130 of the Act; and
   - to prepare financial statements which accord with the accounting records, Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and in other respects comply with the accounting requirements of the Act have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Signed: Dated: 28 November 2016

K Bretherick FCA
for and on behalf of PETERS ELWORTHY & MOORE
Chartered Accountants

Cambridge
## HOBSON'S CONDUIT TRUST

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 MARCH 2016**

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds</th>
<th>Total funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Donations and legacies</td>
<td>31,471</td>
<td>31,471</td>
<td>32,265</td>
</tr>
<tr>
<td>Charitable activities</td>
<td>-</td>
<td>-</td>
<td>79,134</td>
</tr>
<tr>
<td>Investments</td>
<td>27,193</td>
<td>27,193</td>
<td>23,423</td>
</tr>
<tr>
<td>Other income</td>
<td>6</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td><strong>58,670</strong></td>
<td><strong>58,670</strong></td>
<td><strong>134,822</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds</th>
<th>Total funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Investment management costs</td>
<td>3,300</td>
<td>3,300</td>
<td>-</td>
</tr>
<tr>
<td>Charitable activities</td>
<td>27,046</td>
<td>27,046</td>
<td>28,208</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td><strong>30,346</strong></td>
<td><strong>30,346</strong></td>
<td><strong>28,208</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds</th>
<th>Total funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Net gains/(losses) on investments</td>
<td>(27,195)</td>
<td>(27,195)</td>
<td>75,097</td>
</tr>
<tr>
<td><strong>NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)</strong></td>
<td><strong>28,324</strong></td>
<td><strong>28,324</strong></td>
<td><strong>106,614</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds</th>
<th>Total funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Total funds brought forward</td>
<td>1,295,864</td>
<td>1,295,864</td>
<td>1,114,153</td>
</tr>
<tr>
<td><strong>TOTAL FUNDS CARRIED FORWARD</strong></td>
<td><strong>1,296,993</strong></td>
<td><strong>1,296,993</strong></td>
<td><strong>1,295,864</strong></td>
</tr>
</tbody>
</table>

In 2015 all income, expenditure and funds were unrestricted.

The notes on pages 13 to 19 form part of these financial statements.
HOBSON'S CONDUIT TRUST

BALANCE SHEET
AS AT 31 MARCH 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>FIXED ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>7</td>
<td>1,205,042</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>102,838</td>
<td>165,775</td>
</tr>
<tr>
<td>CREDITORS: amounts falling due within one year</td>
<td>8</td>
<td>(10,887)</td>
</tr>
<tr>
<td>NET CURRENT ASSETS</td>
<td></td>
<td>91,951</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,296,993</td>
<td>1,295,864</td>
</tr>
<tr>
<td>CHARITY FUNDS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted funds</td>
<td>10</td>
<td>1,296,993</td>
</tr>
<tr>
<td>TOTAL FUNDS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,296,993</td>
<td>1,295,864</td>
</tr>
</tbody>
</table>

The financial statements were approved by the Trustees on 21 November 2016 and signed on their behalf, by:

Mr H A Slatter, Chairman

The notes on pages 13 to 19 form part of these financial statements.
1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by 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 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

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 Accounting and Reporting by 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 Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Hobson's Conduit Trust constitutes a public benefit entity as defined by FRS 102.

There were no significant estimates or judgements made by management in preparing these financial statements.

1.2 RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

In accordance with FRS 102, a reconciliation of opening balances is provided here:

<table>
<thead>
<tr>
<th>31 March 2015</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconciliation of reported net income</td>
<td></td>
</tr>
<tr>
<td>Net income/(expenditure) as previously stated</td>
<td>106,614</td>
</tr>
<tr>
<td>Adjustment for gains/(losses) on investments now treated as a component of net income</td>
<td>75,097</td>
</tr>
<tr>
<td>Net income as restated as at 31/03/2015</td>
<td>181,711</td>
</tr>
</tbody>
</table>
1. ACCOUNTING POLICIES (continued)

1.3 GOING CONCERN

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

With respect to the next reporting period, 2016-17, the most significant area of uncertainty that affects the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets. There are no significant estimates at the reporting date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Trust and which have not been designated for other purposes.

1.5 INCOME

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the Trust has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Trust of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Trust which is the amount the Trust would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income from funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

1.6 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Investment management costs are those charged by the Trust's Financial Consultant in respect of advice regarding the Trust's investment portfolio.

All resources expended are inclusive of irrecoverable VAT.
1. ACCOUNTING POLICIES (continued)

1.7 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading ‘Gains/(losses) on investments’ in the Statement of Financial Activities.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

1.8 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.11 FINANCIAL INSTRUMENTS

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and are subsequently measured at their settlement value.
2. INCOME FROM DONATIONS AND GRANTS

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted funds 2016</th>
<th>Total funds 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambridge City Council</td>
<td>17,110</td>
<td>18,046</td>
</tr>
<tr>
<td>University of Cambridge Botanic Gardens</td>
<td>7,130</td>
<td>7,059</td>
</tr>
<tr>
<td>Emmanuel and Christ's Colleges</td>
<td>7,132</td>
<td>7,062</td>
</tr>
<tr>
<td>Small grants and donations</td>
<td>99</td>
<td>98</td>
</tr>
<tr>
<td><strong>Total donations and grants</strong></td>
<td><strong>31,471</strong></td>
<td><strong>32,265</strong></td>
</tr>
</tbody>
</table>

The total income from Cambridge City Council of £17,110 (2015: £18,046) relates to in-kind expenditure undertaken directly by Cambridge City Council on the Trust’s behalf. The costs settled were for maintenance work and engineers fees and are included in note 5.

3. INCOME FROM CHARITABLE ACTIVITIES

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted funds 2016</th>
<th>Total funds 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drainage Rights</td>
<td>-</td>
<td>79,134</td>
</tr>
</tbody>
</table>

During the prior year the charity received £79,134 in respect of Drainage Rights at the Bell School, Cambridge. Included within this amount was indexation from 2009 of £11,734, and professional fees of £2,400. This represented the final payment required by the agreement.

4. INVESTMENT MANAGEMENT COSTS

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted funds 2016</th>
<th>Total funds 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial consultant's fees</td>
<td>3,300</td>
<td>-</td>
</tr>
</tbody>
</table>
5. CHARITABLE ACTIVITIES

<table>
<thead>
<tr>
<th>Direct costs</th>
<th>Governance costs</th>
<th>Total 2016</th>
<th>Total 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>General maintenance</td>
<td>23,634</td>
<td>-</td>
<td>23,634</td>
</tr>
<tr>
<td>Insurance</td>
<td>256</td>
<td></td>
<td>256</td>
</tr>
<tr>
<td>Miscellaneous expenditure</td>
<td>42</td>
<td>-</td>
<td>42</td>
</tr>
<tr>
<td>Accountancy fees</td>
<td>-</td>
<td>1,644</td>
<td>1,644</td>
</tr>
<tr>
<td>Independent examiner's fees</td>
<td>-</td>
<td>1,470</td>
<td>1,470</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>Direct costs</th>
<th>Governance costs</th>
<th>Total 2016</th>
<th>Total 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>23,932</td>
<td>3,114</td>
<td>27,046</td>
<td>28,208</td>
<td></td>
</tr>
</tbody>
</table>

6. NET INCOME/(EXPENDITURE)

This is stated after charging:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountancy fees</td>
<td>1,644</td>
<td>1,608</td>
</tr>
<tr>
<td>Independent examiner's fees</td>
<td>1,470</td>
<td>1,140</td>
</tr>
</tbody>
</table>

The key management personnel of the Trust comprise the Trustees. The Trustees all give their time and expertise without any form of remuneration or other benefit in kind (2015: £Nil).

During the year, one Trustee received reimbursement of expenses totalling £42 (2015: £92).

7. FIXED ASSET INVESTMENTS

<table>
<thead>
<tr>
<th>MARKET VALUE</th>
<th>Listed securities £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2015</td>
<td>1,139,932</td>
</tr>
<tr>
<td>Additions</td>
<td>120,000</td>
</tr>
<tr>
<td>Disposals</td>
<td>(40,549)</td>
</tr>
<tr>
<td>Revaluations</td>
<td>(27,195)</td>
</tr>
<tr>
<td>Additions from accumulation shares</td>
<td>12,854</td>
</tr>
<tr>
<td>At 31 March 2016</td>
<td>1,205,042</td>
</tr>
</tbody>
</table>
7. FIXED ASSET INVESTMENTS (continued)

INVESTMENTS AT MARKET VALUE COMPRIZE:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed investments</td>
<td>£1,205,042</td>
<td>£1,139,932</td>
</tr>
</tbody>
</table>

All the fixed asset investments are held in the UK.

31 March 2016 31 March 2015

<table>
<thead>
<tr>
<th>Investments at Market Value</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock Charinco Common Investment Fund - Income Units</td>
<td>£96,462</td>
<td>£99,041</td>
</tr>
<tr>
<td>BlackRock Charishare Common Investment Fund - Income Units</td>
<td>£242,729</td>
<td>£252,034</td>
</tr>
<tr>
<td>CCLA COIF Charities Investment Fund - Income Units</td>
<td>£1,391</td>
<td>£1,451</td>
</tr>
<tr>
<td>Old Mutual Wealth Multifunds</td>
<td>-</td>
<td>£787,406</td>
</tr>
<tr>
<td>Fidelity Multifunds</td>
<td>£864,460</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£1,205,042</td>
<td>£1,139,932</td>
</tr>
</tbody>
</table>

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The Trustees take advice from their Financial Consultant, Anne St Ives with regard to the management of their investments.

The Trust is operating an investment policy that provides for a degree of diversification of holdings within different unit trust investments. The Trust has invested in a number of unit trusts in order to protect the Trust’s exposure to volatility in the market and seek low risk investments wherever possible.

The Trust does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term growth and annual income.

The Trust has no material investment holdings in markets subject to exchange controls or trading restrictions.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>£7,774</td>
<td>£7,095</td>
</tr>
<tr>
<td>Accruals</td>
<td>£3,113</td>
<td>£2,748</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£10,887</td>
<td>£9,843</td>
</tr>
</tbody>
</table>
9. TOTAL NET ASSETS

Unrealised gains/(losses) on investment assets included within unrestricted funds

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total unrealised gains/(losses) at 31 March 2016</td>
<td>£207,159</td>
<td>£234,354</td>
</tr>
</tbody>
</table>

Reconciliation of movement in unrealised gains (losses) on investment assets

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealised gains/(losses) at 1 April 2015</td>
<td>£234,354</td>
<td>£159,257</td>
</tr>
<tr>
<td>Add: Net (losses)/gains on revaluation in year</td>
<td>(£27,195)</td>
<td>£75,097</td>
</tr>
<tr>
<td>Unrealised gains/(losses) at 31 March 2016</td>
<td>£207,159</td>
<td>£234,354</td>
</tr>
</tbody>
</table>

10. SUMMARY OF FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Brought Forward</th>
<th>Income</th>
<th>Expenditure</th>
<th>Gains/ (Losses)</th>
<th>Carried Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>General funds</td>
<td>£1,295,864</td>
<td>£58,670</td>
<td>(£30,346)</td>
<td>(£27,195)</td>
<td>£1,296,993</td>
</tr>
</tbody>
</table>

11. RELATED PARTY TRANSACTIONS

There were no material related party transactions in the year.