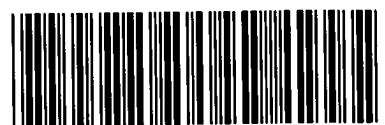

CAMBRIDGE COLLEGES FUNDING II PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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CAMBRIDGE COLLEGES FUNDING II PLC

COMPANY INFORMATION

DIRECTORS	Nicholas Allen Donald Hearn Simon Summers
COMPANY SECRETARY	Claire Clarke
REGISTERED NUMBER	08792716
REGISTERED OFFICE	Botanic House 100 Hills Road Cambridge CB2 1PH
INDEPENDENT AUDITORS	Peters Elworthy & Moore Chartered Accountants & Statutory Auditors Salisbury House Station Road Cambridge CB1 2LA

CAMBRIDGE COLLEGES FUNDING II PLC

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CAMBRIDGE COLLEGES FUNDING II PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

INTRODUCTION

The company was founded to receive loans from lenders and make loans to shareholding Colleges, and subsequently to ensure the efficient operation of the terms and conditions and payments and receipts associated with the loans.

BUSINESS REVIEW

The company has continued to operate in line with expectations and meet its performance objectives, by processing the payments relating to the loans and the payment of fees, costs and interest.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are responsible for the accuracy of these reports and accounts and have taken appropriate professional advice to satisfy themselves that this duty has been fulfilled in 2017-18. The principal risks are a failure either to collect monies due from the shareholding Colleges and pay them to lenders, or to obtain and provide to lenders the required financial information about the shareholding Colleges.

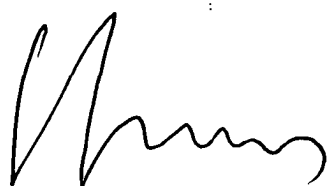
FINANCIAL KEY PERFORMANCE INDICATORS

The performance of the company will be measured against a target of 100% on time payment and collection of funds from the shareholding Colleges and provision of the same to lenders.

OTHER KEY PERFORMANCE INDICATORS

The performance of the company will also be measured against a target of 100% acquisition of financial information from the shareholding Colleges and provision of the same to lenders.

This report was approved by the board and signed on its behalf.



Simon Summers
Director

Date:

19/9/18

CAMBRIDGE COLLEGES FUNDING II PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the company is to pay over loan interest payments to the lenders that have been received from the shareholders and pay any associated fees.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £810 (2017 - £800).

The directors do not recommend the payment of a dividend on the ordinary shares.

DIRECTORS

The directors who served during the year were:

Nicholas Allen
Donald Hearn
Simon Summers
Jenny Raine (resigned 25 July 2018)

FUTURE DEVELOPMENTS

The directors intend to continue to operate the company in line with expectations and performance objectives.

CAMBRIDGE COLLEGES FUNDING II PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

The auditors, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Simon Summers
Director

Date:

19/9/18

CAMBRIDGE COLLEGES FUNDING II PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAMBRIDGE COLLEGES FUNDING II PLC

OPINION

We have audited the financial statements of Cambridge Colleges Funding II Plc (the 'Company') for the year ended 30 June 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit 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 Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

CAMBRIDGE COLLEGES FUNDING II PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAMBRIDGE COLLEGES FUNDING II PLC (CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

CAMBRIDGE COLLEGES FUNDING II PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAMBRIDGE COLLEGES FUNDING II PLC (CONTINUED)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Chapman (Senior statutory auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

28 September 2018

CAMBRIDGE COLLEGES FUNDING II PLC

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 £	2017 £
Administrative expenses		(9,762)	(14,865)
Other operating income	4	<u>10,762</u>	<u>15,865</u>
OPERATING PROFIT		1,000	1,000
Interest receivable and similar income	7	2,644,382	2,644,382
Interest payable and expenses	8	<u>(2,644,382)</u>	<u>(2,644,382)</u>
PROFIT BEFORE TAX		1,000	1,000
Tax on profit	9	<u>(190)</u>	<u>(200)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>810</u>	<u>800</u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 11 to 16 form part of these financial statements.

CAMBRIDGE COLLEGES FUNDING II PLC
REGISTERED NUMBER: 08792716

BALANCE SHEET
AS AT 30 JUNE 2018

	Note	2018 £	2018 £	2017 £	2017 £
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	10	59,424,314		59,424,314	
Debtors: amounts falling due within one year	10	873,367		1,396,505	
Cash at bank and in hand	11	538,025		16,607	
		<u>60,835,706</u>		<u>60,837,426</u>	
Creditors: amounts falling due within one year	12	(1,322,382)		(1,324,912)	
NET CURRENT ASSETS			59,513,324		59,512,514
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>59,513,324</u>		<u>59,512,514</u>
Creditors: amounts falling due after more than one year	13		(59,424,314)		(59,424,314)
NET ASSETS			<u>89,010</u>		<u>88,200</u>
CAPITAL AND RESERVES					
Called up share capital	16		85,000		85,000
Profit and loss account	17		4,010		3,200
			<u>89,010</u>		<u>88,200</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Simon Summers
Director

Date: 19/9/18

The notes on pages 11 to 16 form part of these financial statements.

CAMBRIDGE COLLEGES FUNDING II PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2016	85,000	2,400	87,400
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	800	800
At 1 July 2017	85,000	3,200	88,200
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	810	810
AT 30 JUNE 2018	85,000	4,010	89,010

The notes on pages 11 to 16 form part of these financial statements.

CAMBRIDGE COLLEGES FUNDING II PLC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	810	800
ADJUSTMENTS FOR:		
Interest paid	2,644,382	2,644,382
Interest received	(2,644,382)	(2,644,382)
Taxation charge	190	200
Decrease/(increase) in debtors	523,138	(430,060)
(Decrease)/increase in creditors	(2,520)	2,520
Corporation tax (paid)	(200)	(200)
NET CASH GENERATED FROM OPERATING ACTIVITIES	521,418	(426,740)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,644,382	2,644,382
NET CASH FROM INVESTING ACTIVITIES	2,644,382	2,644,382
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,644,382)	(2,644,382)
NET CASH USED IN FINANCING ACTIVITIES	(2,644,382)	(2,644,382)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	521,418	(426,740)
Cash and cash equivalents at beginning of year	16,607	443,347
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	538,025	16,607
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	538,025	16,607
	538,025	16,607

The notes on pages 11 to 16 form part of these financial statements.

CAMBRIDGE COLLEGES FUNDING II PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

Cambridge Colleges Funding II PLC is a public company limited by shares and incorporated in England. Its registered office is Botanic House, 100 Hills Road, Cambridge, CB2 1PH.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's functional and presentational currency is GBP.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.3 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.4 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.5 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CAMBRIDGE COLLEGES FUNDING II PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.6 FINANCE COSTS

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 INTEREST INCOME

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.8 BORROWING COSTS

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.9 TAXATION

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no areas where management are required to make significant judgements or estimates as the company was set up to collect monies due from shareholders and pay it over to the lenders.

4. OTHER OPERATING INCOME

	2018 £	2017 £
Expenses recharge	10,762	15,865
	<u>10,762</u>	<u>15,865</u>

CAMBRIDGE COLLEGES FUNDING II PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

5. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	4,800	4,800
Fees payable to the Company's auditor and its associates in respect of all other services	<u>2,430</u>	<u>2,430</u>

6. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL).

7. INTEREST RECEIVABLE

	2018 £	2017 £
Other loan interest receivable	<u>2,644,382</u>	<u>2,644,382</u>
	<u>2,644,382</u>	<u>2,644,382</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Other loan interest payable	<u>2,644,382</u>	<u>2,644,382</u>
	<u>2,644,382</u>	<u>2,644,382</u>

CAMBRIDGE COLLEGES FUNDING II PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

9. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	<u>190</u>	<u>200</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2017 - 20%).

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

10. DEBTORS

	2018 £	2017 £
DUE AFTER MORE THAN ONE YEAR		
Other debtors	<u>59,424,314</u>	<u>59,424,314</u>
	<u>59,424,314</u>	<u>59,424,314</u>
	2018 £	2017 £
DUE WITHIN ONE YEAR		
Other debtors	<u>873,367</u>	<u>1,396,505</u>
	<u>873,367</u>	<u>1,396,505</u>

The company has advanced loans to various Cambridge Colleges. The loans are unsecured and repayable in 2044 and are at fixed interest rate of 4.45%.

11. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	<u>538,025</u>	<u>16,607</u>
	<u>538,025</u>	<u>16,607</u>

CAMBRIDGE COLLEGES FUNDING II PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	-	2,520
Corporation tax	190	200
Accruals and deferred income	1,322,192	1,322,192
	<u>1,322,382</u>	<u>1,324,912</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Other loans	59,424,314	59,424,314
	<u>59,424,314</u>	<u>59,424,314</u>

The company has borrowed from institutional investors. The loans are unsecured and repayable in 2044 and are at fixed interest rate of 4.45%.

14. LOANS

Analysis of the maturity of loans is given below:

	2018 £	2017 £
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Other loans	59,424,314	59,424,314
	<u>59,424,314</u>	<u>59,424,314</u>

CAMBRIDGE COLLEGES FUNDING II PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

15. FINANCIAL INSTRUMENTS

	2018	2017
	£	£
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	538,025	16,607
Financial assets that are debt instruments measured at amortised cost	60,297,681	60,820,819
	<u>60,835,706</u>	<u>60,837,426</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(60,746,506)	(60,749,026)

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise other loans and other debtors.

Financial liabilities measured at amortised cost comprise other loans and accrued interest payable.

16. SHARE CAPITAL

	2018	2017
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
85,000 (2017 - 85,000) Ordinary shares of £1.00 each	<u>85,000</u>	<u>85,000</u>

17. RESERVES

Profit and loss account

Includes all current and prior year retained profit and losses all of which is distributable.