



**DARWIN COLLEGE  
CAMBRIDGE**

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2019**

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2019

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## PRELIMINARY INFORMATION

### Body Corporate:

The Master and Fellows of Darwin College in the University of Cambridge

### Address:

Silver Street, Cambridge CB3 9EU

### Charity Registration Number:

1141105

### Charity Trustees:

The College's Trustees for Financial Year 2018-19 were:

Professor C M R Fowler	Master
Professor M K Jones	Vice-Master (to 30 September 2018)
Professor J L Heeney	Vice-Master (from 1 October 2018)
Professor F E Karet	Vice-Master (from 1 October 2018)
Dr D Needham	Dean
Mr J T Dix	Bursar
Professor M Akam	
Dr S Baker	
Professor R P Cowburn	
Professor A C Ferguson-Smith	

### Principal Advisers:

#### Auditors:

Peters, Elworthy & Moore  
Salisbury House  
Station Road  
Cambridge CB1 2LA

#### Bankers:

Barclays Bank plc (Corporate Banking)  
Mortlock House  
Histon  
Cambridge CB4 9DE

#### Property Managers:

Cheffins, Chartered Surveyors  
Clifton House  
1 & 2 Clifton Road  
Cambridge CB1 7EA

#### Investment Fund Managers:

Cazenove Capital Management Ltd  
12 Moorgate  
London EC2R 6DA

Cantab Asset Management Ltd  
50 Station Road  
Cambridge CB1 2JH

## **REPORT OF THE TRUSTEES**

### **INTRODUCTION**

#### **The College**

Darwin College was founded in 1964 as the first graduate college in the University of Cambridge. The College was created an Approved Foundation on 29 January 1965, and was incorporated by Royal Charter dated 9 June 1976 as a Body Politic and Corporate under the name and style of "The Master and Fellows of Darwin College in the University of Cambridge". The College is an educational charity. It enjoyed exemption from registration from its foundation until 2010 when changes in charity law required it to become registered with the Charity Commission, which it has been since 4 April 2011. The main College site is at Silver Street, Cambridge, CB3 9EU.

#### **Aims and Objectives of the College**

The College's principal object under its Charter is to advance education, learning and research in the University of Cambridge. It pursues this objective by:

- Promoting and fostering excellence in academic education and learning through providing a community of scholarship for its graduate students.
- Creating and nurturing a vibrant and supportive research community for its fellows, graduate students, other members, and visitors.
- Maintaining and enhancing the endowment, benefactions, buildings, grounds, and facilities of the College for the continuing benefit of current and future generations of members.

The maintenance of the College's financial viability for the present and long term, and of its independence and autonomy within the collegiate university, are consistent with and necessary conditions for the fulfilment of its charitable purposes.

#### **Public Benefit**

The College provides, in conjunction with the University of Cambridge, an educational and support base for over 700 post-graduate students, and very occasionally undergraduate-status students in specific disciplines. The education under the Cambridge collegiate system is recognised internationally as being of the very highest standard. The teaching and research challenges and develops students academically, fosters leadership qualities and interpersonal skills, and prepares them to play full and effective roles in society, whether in the UK or in the 78 other countries from which the membership is currently drawn. Although only half a century old, the College already numbers Nobel prize winners amongst its Fellows and alumni, including most recently the joint award of the Nobel Prize for Chemistry in 2017 to Dr Richard Henderson.

In particular, the College provides:

- Physical and technical facilities supporting its students in their individual study regimes, as well as supporting teaching activities in the wider University, and for seminars and a public lecture series of international renown;

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- Pastoral, administrative, and academic support for its students through the Deanery with tutoring and mentoring provided by Fellows; and
- Social, cultural, sporting, musical and recreational facilities, enabling students to balance fully their academic and personal lives, and develop their potential, whilst studying in Cambridge.

The College advances research by:

- Providing currently over 25 research fellowships and over 50 post-doctoral positions to outstanding academics in the early stages of their careers; these appointments enable them to develop and focus intensively on their major doctoral and early post-doctoral research work, in that crucially formative period prior to their taking on academic duties in a full-time teaching post;
- Supporting the work of all its Fellows by creating and promoting international and interdisciplinary contact both informally and in seminars and lectures;
- Fostering academic networking, and access to and involvement in cutting-edge research, particularly by providing facilities for outstanding academics from other universities in the UK and overseas to make extended stays as Visiting Fellows and Visiting Researchers; and
- Offering access to invaluable resources for all members of the College, particularly in the provision and maintenance of a Study Centre and Library, and extensive IT facilities.

Members of, and academic visitors to, the College, both students and Fellows, are the prime beneficiaries. They are directly engaged in education, learning and research and the College's students are the recipients of such direct financial support as the College is able to provide to those of limited financial means. More widely, other beneficiaries include students and academic staff from other Cambridge Colleges and the University of Cambridge. Academics from other higher-education institutions and returning alumni members of the College are given opportunities to undertake interdisciplinary research and establish contacts, attend educational events at the College, and make use of its academic facilities; in parallel, the wider public is encouraged to attend certain educational activities provided by the College such as lectures, seminars and concerts. These activities serve to reinforce and underpin life-long learning. A particular example is the Annual Darwin Lecture Series, now in its 34th year, which runs for eight weeks each Lent Term, and attracts audiences of many hundreds drawn from the general public as well as the student and academic community. Since 2007 most of the lectures have been made available online for a global audience, and cumulative downloads to date exceed one million.

In fulfilling its charitable purposes of advancing education, learning and research, the College draws on its senior officers such as Master, Vice-Masters, Dean, and Bursar who receive stipends. These serve with other Fellows as charity trustees through being members of the College Council. Other stipendiary senior officers include the Development Director. Any employment and remuneration of the Master and Fellows is undertaken with the intention of furthering the College's aims and such employment directly contributes to the fulfilment of those aims. The private benefit accruing to the Master and Fellows through stipends and related benefits is objectively reasonable, measured against academic stipends generally; moreover, annual pay increases normally follow national settlements applying to the university sector. Without the services of its Master and Fellows, the College could not fulfil its charitable aims as a College in the University of Cambridge.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Academic Results and Student Body Profile**

College members graduating in 2018-19 achieved 76 PhDs and 173 Masters-level degrees (2018: 73 and 174 respectively).

In the academic year 2018-19 there were 701 student members of the College (for all or part of the year) (2018: 710). Of these 558 were fee-paying post-graduate students and 143 were post-graduate students writing up or under examination (from whom the College receives no fees). The College's fee income in the year, under current arrangements within the collegiate University, is based on its number of fee-paying post-graduate students adjusted to a full-time equivalent, which for the year was 504 (2018: 508). 50% of fee-paying students were fully funded and 2% partially funded as to their combined graduate fees from sources of which the University or College is aware; the balance were self-funded or funded from sources of which the College is not formally aware.

### **Financial Overview**

The College's income comprises academic fees, charges for student accommodation and catering services, investment income, and individual and corporate donations and bequests. Its expenditure comprises the costs of education, of providing and maintaining student residences and catering, of investment and property management, and of development fundraising and alumni relations; and expenditure includes all staff costs and depreciation. In the 2018-19 year the College made an unrestricted surplus before other gains and losses of £613,803 (2018: £565,872), a restricted surplus before other gains and losses of £186,773 (2018: £45,529) and new endowments amounted to £145,000 (2018: £106,264).

The net assets of the College at 30 June 2019 were £74,424,534 (2018: £71,989,043).

The College's restricted and endowment reserves at 30 June 2019 were £26,667,686 having increased by £961,190 in the year from £25,706,496. The restricted reserves comprise £7,859,048 of restricted or trust funds for defined educational purposes, £20,000 unspent capital grants, and £18,788,638 of endowment funds or general corporate capital funds, the income from which is essential to fund the deficit which would otherwise arise on the College's academic activities and student services. The College's unrestricted reserves have increased by £1,474,301 from £46,282,547 to £47,756,848. This total includes the College's cash reserves and some investment assets, but the great majority of such funds are fixed assets in the form of the College's operational land and buildings. The College's total reserves are reduced by a provision for pension liabilities of £2,101,720 (2018: £1,582,446).

The College has issued £13million of unsecured fixed interest rate debt raised by way private placings. The weighted average rate of interest is 3.06% and repayment of the capital is due in the period 2043-2058. This funding will be used to invest in revenue generating operational assets for the College to house more of its students.

### **Benefactions and Donations**

The College is most grateful for donations and bequests (including of royalties), from alumni and from other supporters and organisations. This generosity enables the College to extend and enhance its support for students, for academics, and for its physical estate. Current priorities include fundraising for studentships and travel awards, funding for two particular research fellowships, as well as in the

longer term, improving elements of the current site, and increasing the stock of student accommodation close to the College site. Over the course of the year £649,200 (2018: £367,222) was raised (including documented pledges), from a total of 230 individual donors, who have supported the College at a variety of levels. The College is immensely grateful to them for their support.

The College spent £239,582 on fundraising and alumni relations in the year. These costs are incurred as the College supports a fast-growing – and global – community of alumni. Through the year, the College held some 30 events for alumni, within Cambridge, elsewhere in the UK, and internationally; ensuring that its global alumni community is connected with the College and is encouraged to share in the furtherance of the College's aims and aspirations. The College also invests in communicating with alumni and other supporters through the College magazine, *The Darwinian*, as well as making increased use of electronic and social media.

### **Endowment and Investment Performance**

The College's financial investments are comprised of its invested endowment and the proceeds of private placings (unsecured long term debt obligations). The College, as a permanently endowed charity, adopts a long-term time horizon when making investments, save in connection with the private placement proceeds which have been invested pending their deployment on projected revenue generating capital projects. The College is advised on investment matters, via the Finance (and Investments) Committee, by its fund managers and independent external members co-opted to the Committee.

The return in the year on the College's principal corporate capital (unrestricted endowment) fund and on its (restricted endowment) trust pool fund was 5.7% net of fees. No withdrawal of invested capital was required or made in the year. Dividends and income received on quoted securities fell year-on-year to £845,276 (2018: £935,916). All investment income received is applied in the pursuit of the charitable objects of the College.

The College encourages socially responsible investment, and monitors its investments against environmental, social and governance standards. Under its investment policy, which was revised during the year, it will not invest in entities where: the investment may conflict, or be inconsistent, with primary aims, objectives and activities of the College; the investment might alienate the College's supporters or potential supporters; the investment may be reputationally damaging; the investment is considered by the Trustees to be unethical; or the investment might otherwise hamper the work of the College. In pursuance of this policy the College recognises that climate change is a real and present danger, and encourages debate on the appropriate response by the College to the risks climate change represents. The College seeks to support sustainability, carbon reduction, the development of renewable energy sources, and action to mitigate the effects of adverse climate change. Consequently it has started to divest progressively from certain holdings, and to invest further in positive investment opportunities.

### **Reserves policy**

The College intends to continue to pursue its objectives in perpetuity. It therefore aims to protect and maintain the real value of its permanent corporate and trust capital, and to continue to increase its unrestricted funds and reserves for the long term, whilst seeking an equitable funding balance between the interests and aspirations of present members and those yet to come, and also retaining an ability to cope with sudden unforeseen financial upheavals and to take advantage of unexpected

opportunities. Any new donations or bequests to the College are added to the unrestricted funds unless the donor has made it clear that the funds are to be used for a specific purpose.

The College's free reserves stood at the year end at £5,914,954 (2018: £6,574,074), being its total unrestricted reserves of £47,756,848 less that part of those reserves committed to functional assets (represented by the total of its tangible fixed assets) of £41,841,894. The College seeks to ensure that its free reserves stand in excess of one year's expenditure at current levels, which test was satisfied for 2018-19.

### **Capital Expenditure**

During the year the construction work associated with the John Bradfield Court project was part completed. The refurbished and conserved Old Granary student accommodation was reoccupied in January, while the new multi-purpose Bradfield Room and its surrounding court now nears completion.

Some minor refurbishment works and other projects have been capitalised in line with the fixed asset accounting policy, to the extent that they increase the expected future benefits to the College.

### **Building Renewals and Maintenance**

The College's buildings on its main site are mainly eighteenth and nineteenth century with modern additions, and adapted houses and purpose-built student hostels off-domus. The buildings are maintained according to a comprehensive long term rolling maintenance plan which seeks to ensure timely refurbishment, to a standard to minimise unplanned and costly remedial works, carried out within tight budget controls.

### **Pensions**

The College has members of staff in the Universities' Superannuation Scheme (USS) and the Cambridge Colleges' Federated Pension Scheme (CCFPS). Full actuarial details are included at Note 22 to the Accounts. The College also makes pension contributions into a defined contribution auto-enrolment scheme for relevant staff.

The College had 16 active USS members at 30 June 2019, although many Fellows will be USS members though their employment by the University. The USS valuation as at 31 March 2017 valued the assets of the scheme at £60.0 billion and valued its technical provisions at £67.5 billion, indicating a shortfall of £7.5 billion and a funding ratio of 89%. The College is, taken apart from the University, a very small employer within the scheme. It has considered how to deal with the issues of conflict of interest for Fellows and Trustees should the College wish to take an active part in USS consultations regarding the scheme.

The latest actuarial review of the CCFPS was produced as at 30 June 2017. The College has an overall deficiency of £1,906,275 (2018: £1,505,081). Since the year end the College has consulted on, and implemented, steps to address the increasing costs and growing deficit of the scheme, namely the staged increase of employee contributions from 5% to 8%, and the closure of the scheme to new joiners. In future new staff will be offered membership of a defined contribution scheme to which the College will contribute twice the employee's contribution up to a cap.



## **Principal Risks and Uncertainties**

The College reviews risks at an institutional level and at an operational level. Major risks to which the College is or may be exposed from time to time are reviewed regularly by all College committees within their terms of reference, and reported to College Council and Governing Body. A risk register is maintained to monitor, mitigate or remove major risks as they are identified. Operational risks are reviewed at a departmental level and appropriate procedures put in place to monitor and control such risks.

The main risks and uncertainties facing the College are:

- External political and economic threats to the continuing attractiveness of the University to the diverse global academic elite, whether as applicant students or as faculty;
- Economic factors which might adversely affect the College's sources of income, particularly endowment income, donations, fees and rents;
- The escalating costs of providing buildings and accommodation which is of suitable quality and in the best locations to meet the needs of students.

During the year much consideration was given to the potential risks associated with the United Kingdom leaving the European Union, particularly where terms of a withdrawal agreement had not been reached. The College's Brexit Working Group, comprising the Master, Bursar, Dean, DCSA President and Head of Domestic Operations, met regularly and will continue to do so for so long as required. The Working Group considered the information and advice provided by the University's corresponding body and the particular risks applicable to the College context, and sought to ensure that students and staff were kept informed of the measures in place and action which might be taken to mitigate the problems and risks presented.

## **Plans for the future**

The College faces two specific challenges as regards its students, firstly, how it can better support them, and secondly, in connection with accommodation.

The College continues to seek additional funding for student support. Additional part and full studentships are being funded each year through the generosity of alumni and supporters of the College, taking opportunities to fundraise against matching funding opportunities wherever possible. Some donors give regularly in response to telephone and postal appeals, others are leaving bequests in their wills or are making significant lifetime gifts - often to support students in the donor's own area of interest. Furthermore, the funds available for making research travel grants to students have also been augmented in recent years, and such support can be transformative for the students concerned. The ability of the College to do more in this way for students, whether responding to financial need, rewarding academic excellence, or providing a range of studentships to attract top applicants, represents a key part of the fulfilment of its objectives.

To improve the experience of its members, and ease the financial burden on them, the College continues to seek to house more students in College accommodation for more of their period of study in Cambridge. The redevelopment of the Old Press/Mill Lane area by the University and the Millers Yard consortium of neighbouring Colleges was progressed during the year. However in September 2019 the University advised that, due to a range of factors relating to its own estate and finances, it was not in a position to continue with the joint scheme with Queens' and Darwin Colleges for the northern side of Mill Lane where accommodation for Queens' and Darwin had been proposed. The University is to conduct an estates strategy review over the next 18 months. The College proposes to

continue to press with the University its interest in the Mill Lane site, but will also conduct its own review of other options which might be pursued. The interests of students, and the provision of accommodation to them, will not be adversely affected in the short and medium term, as the College had put in place various interim arrangements to provide accommodation pending completion of the Mill Lane scheme. These include the Mount Pleasant student accommodation scheme by St Edmund's College which was completed in time for the start of the 2019-20 academic year. By agreement with St Edmund's, Darwin College has taken 32 student rooms and 11 studios at Mount Pleasant to accommodate Darwin students.

During the year the refurbishment of the Old Granary was completed allowing eight student rooms to be reoccupied.

In 2018 the College commissioned from Caruso St John Architects a Masterplan for the future improvement (whether by way of conservation, refurbishment or development where appropriate) of its core areas, namely the Rayne Building entrance, the Hermitage, and the Dining Hall. The plan provides some exciting possibilities for adding new common room space, improving circulation, and renewing the kitchen and servery. The plan has also permitted the College to determine the best location for a lift to provide access to the ground and first floors of the Hermitage and Dining Hall and of the Rayne Building. This work will considerably improve the accessibility of the central parts of the College and is planned to be undertaken in 2020.

## **GOVERNANCE**

### **Corporate Governance**

The following statement is provided by the Trustees to enable readers of the financial statements to obtain a better understanding of the management of the College's resources and audit oversight.

The College is a registered charity (Registered Number 1141105) and subject to regulation by the Charity Commission for England and Wales. The College Council provides the trustees of the charity and they are responsible for ensuring compliance with charity law. The Trustees are advised in meeting those duties by a number of Committees, and internal and external professionally qualified advisers. Members of the College Council forming the Trustee Body during the year to 30 June 2019 are indicated at Page 2.

The Principal Officers of the College under Statute are the Master, Vice-Master, Dean, and Bursar also identified on Page 2. During the year the College appointed two joint Vice-Masters to share the duties of the office, and of whom Professor F E Karet serves as Vice-Master for statutory purposes.

The Governing Body, comprising the Master and Fellows under Titles A, C, D, and E, holds at least six meetings a year, with the November/December meeting being the Annual Meeting.

The College Council comprises the Master, Vice-Masters, Dean, and Bursar ex-officio, and four Fellows elected by the Governing Body. The current Student Association President attends ex-officio, and two further student members are elected directly by the student body each year. The College Council meets on a regular basis throughout the year and is responsible for the everyday administration of the College in all matters not allocated by Statute to the Governing Body or the Finance Committee. The College Council makes regular reports to each meeting of the Governing Body.

The Finance (and Investments) Committee, composed of the Master, Vice-Master, and Bursar ex-officio, and three Fellows elected by the Governing Body to serve from the beginning of a given academic year, manages the College investments and, with a directly elected student representative, controls and administers the revenues and expenditures in accordance with College Statutes, Ordinances, and the Charities Act. When acting as the Investment Committee, the membership is reinforced by up to three external members, and the College's investment managers are in attendance.

It is the specified duty of the Finance Committee to keep under constant review the effectiveness of the College's internal systems of financial and other controls; to advise the Trustees on the appointment of external auditors; to give initial consideration to reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; and to make periodic formal Reports to the Trustees and Governing Body.

Registers of Interests in a form prescribed by the College's Conflicts of Interest Policy are maintained for the Trustees, and Related Party forms are obtained from the Trustees and Heads of College Departments as part of the annual audit. The declaration of interests is a formal agenda item at the beginning of every College meeting.

#### **Statement on Internal Control**

The Trustees are responsible for ensuring a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding public and other funds and assets for which the charity holds responsibility, in accordance with College Statutes and Ordinances, and the Charities Act 2006.

The systems of internal control are designed to identify the principal risks bearing on the achievement of aims, objectives and policies, to evaluate the nature and extent of those risks, and to ameliorate and control them efficiently, effectively and economically. The systems of internal control are structured realistically to identify and control most of the risks of failure to achieve aims, objectives and policies, rather than attempt to eliminate risk entirely; it therefore provides reasonable, but not absolute, assurance of effectiveness. These processes were in place for the year ended 30 June 2019 and throughout the period to the date of approval of the financial statements.

The Trustees are responsible for reviewing the effectiveness of the systems of internal control. The Trustees' continual review of the effectiveness of the systems is informed by the work of the various Committees, the Bursar, and the College Officers who hold responsibility for the development and application of an internal control framework and for the investigation and resolution of any comments raised by the external auditors in their post audit and other reports.

#### **General Responsibilities of the Trustees**

The Trustees are responsible for the preparation of the Annual Report and financial statements in accordance with applicable law and having regard to United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College Statutes and Ordinances, and those of the University of Cambridge, require the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period.

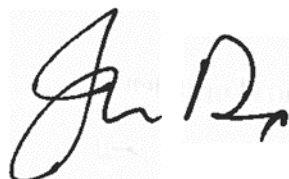
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In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a 'going-concern' basis, unless inappropriate to presume that the College would continue in operation.

The Trustees are responsible for keeping accounting records which, at any time, disclose with reasonable accuracy the financial position of the College and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Approved by the Trustees on 27 November 2019**

A handwritten signature in black ink, appearing to read 'J T Dix', is written over a light grey rectangular background.

**J T Dix**  
**Bursar**

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF DARWIN COLLEGE**

### **Opinion**

We have audited the financial statements of Darwin College (the 'College') for the year ended 30 June 2019, which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated Statement of Changes in Reserves, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, 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 College's affairs as at 30 June 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

### **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 College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College'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.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the 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.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees 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 trustees 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 trustees are responsible for assessing the College'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 trustees either intend to liquidate the College 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of our report**

This report is made solely to the College trustees, as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and the Charities Act 2011. Our audit work has been undertaken so that we might state to the College trustees 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 College and the College trustees as a body, for our audit work, for this report, or for the opinions we have formed

A handwritten signature in black ink that reads "Peters Elworthy & Moore". The signature is written in a cursive, flowing style.

### **PETERS ELWORTHY & MOORE**

Chartered Accountants and Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date:

Peters Elworthy & Moore is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**Date:** 28 November 2019

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

### **Basis of preparation**

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom accounting standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 6.

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments and certain operational properties which are included at valuation.

### **Recognition of income**

#### *Academic fees*

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

#### *Restricted grant income*

Grants received from non-government sources (including research grants from non-government sources) are recognised within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions is deferred on the balance sheet and released to the Statement of Comprehensive Income and Expenditure in line with such conditions being met.

#### *Donations and endowments*

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income. Income is retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:



1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments – the donor has specified a particular objective and the College can convert the donated sum into income.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations with no restrictions are recorded within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

#### *Investment income and change in value of investment assets*

Investment income and change in value of investment assets are recorded in income in the year in which they arise and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

#### *Other income*

Income is received from a range of activities including residences, catering conferences and other services rendered.

### **Tangible fixed assets**

#### *Land and buildings*

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to 1 July 2014, the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of 50 years. The main College site land value is not included.

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

#### *Furniture, Fittings and Equipment*

Furniture, fittings and equipment in excess of £5,000 are capitalised and depreciated over their estimated useful lives.

#### *Leased assets*

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

#### *Heritage assets*

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Under FRS 15 and FRS 30 (Heritage Assets) heritage assets acquired before 1 July 1999 may not be capitalised if reliable estimates of cost or value are not available on a cost-benefit basis, and acquisitions are otherwise capitalised at cost or, in the case of donated assets, at expert valuation on receipt. In line with the accounting policy in respect of equipment, the threshold for capitalising assets is £5,000. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Currently all of the assets held in the College's collections were acquired prior to 1 July 1999. As reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result no heritage assets have been included in the balance sheet.

#### **Investments**

Fixed asset investments are included in the balance sheet at fair value.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items.

#### **Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **Contingent liabilities and assets**

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

## **Taxation**

The College is a registered charity (number 1141105) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

## **Contribution under Statute G, II**

The College is liable to be assessed for Contribution under the provisions of Statute G, II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

## **Pension costs**

### *Universities Superannuation Scheme (USS)*

The institution participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

### *Cambridge Colleges Federated Pension Scheme (CCFPS)*

The College participates in the Cambridge Colleges Federated Pension Scheme, a defined benefit scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the Scheme and are accounted for on the basis of providing pensions over the period during which the College benefits from the employees' services.

## **Critical accounting judgements**

FRS 102 makes the distinction between a group pension plan and a multi-employer pension scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the

scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The trustees are satisfied that the scheme provided by Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

### **Employment benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

### **Reserves**

Reserves are allocated between restricted and unrestricted reserves. Endowment reserves include balances which, in respect of endowment to the College, are held as permanent funds, which the College must hold in perpetuity.

Restricted reserves include balances in respect of which the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

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**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**

	Note	2019				2018			
		Unrestricted £	Restricted £	Endowment £	Total £	Unrestricted £	Restricted £	Endowment £	Total £
<b>Income</b>									
Academic fees & charges	1	1,873,735	-	-	1,873,735	1,784,676	-	-	1,784,676
Residences & catering	2	2,557,239	-	-	2,557,239	2,408,279	-	-	2,408,279
Endowment Income	3	724,812	202,207	-	927,019	791,223	216,003	-	1,007,226
Total income before donations & endowments		5,155,786	202,207	-	5,357,993	4,984,178	216,003	-	5,200,181
Donations		797,839	286,737	-	1,084,576	272,207	30,556	-	302,763
New endowments		-	-	-	-	-	-	51,264	51,264
Capital grant from Colleges Fund		-	-	145,000	145,000	-	-	55,000	55,000
Other capital grants for assets		-	11,611	-	11,611	-	78,858	-	78,858
Total income		5,953,625	500,555	145,000	6,599,180	5,256,385	325,417	106,264	5,688,066
<b>Expenditure</b>									
Education	4	2,120,395	313,782	-	2,434,177	1,860,887	279,888	-	2,140,775
Residences & catering	5	2,581,175	-	-	2,581,175	2,446,371	-	-	2,446,371
Other expenditure		638,252	-	-	638,252	383,255	-	-	383,255
Total Expenditure		5,339,822	313,782	-	5,653,604	4,690,513	279,888	-	4,970,401
<b>Surplus/(Deficit) before other gains and losses</b>		613,803	186,773	145,000	945,576	565,872	45,529	106,264	717,665
Gains/(Losses) on disposal of fixed assets		-	-	-	-	-	-	-	-
Gains/(Losses) on investments		1,189,206	92,198	574,995	1,856,399	412,393	95,667	963,191	1,471,251
<b>Surplus/(Deficit) for the year</b>		1,803,009	278,971	719,995	2,801,975	978,265	141,196	1,069,455	2,188,916
<b>Other comprehensive income</b>									
Unrealised surplus on revaluation of fixed assets		-	-	-	-	-	-	-	-
Actuarial Gain/(Loss) in respect of pension schemes		(366,484)	-	-	(366,484)	60,718	-	-	60,718
<b>Total comprehensive income for the year</b>		1,436,525	278,971	719,995	2,435,491	1,038,983	141,196	1,069,455	2,249,634

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**STATEMENT OF CHANGES IN RESERVES**

	<b>Income and Expenditure reserve</b>			
	Unrestricted	Restricted	Endowment	<b>Total</b>
	£	£	£	£
<b>Balance at 1 July 2018</b>	46,282,547	2,930,832	22,775,664	71,989,043
Surplus/(Deficit) from income and expenditure statement	1,803,009	278,971	719,995	2,801,975
Other comprehensive income	(366,484)	-	-	(366,484)
Release of restricted capital funds spent in year	37,776	(37,776)	-	-
Transfer of funds	-	51,264	(51,264)	-
<b>Balance at 30 June 2019</b>	<b>47,756,848</b>	<b>3,223,291</b>	<b>23,444,395</b>	<b>74,424,534</b>

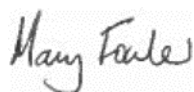
	<b>Income and Expenditure reserve</b>			
	Unrestricted	Restricted	Endowment	<b>Total</b>
	£	£	£	£
<b>Balance at 1 July 2017</b>	43,543,103	4,490,097	21,706,209	69,739,409
Surplus/(Deficit) from income and expenditure statement	978,265	141,196	1,069,455	2,188,916
Other comprehensive income	60,718	-	-	60,718
Release of restricted capital funds spent in year	1,700,461	(1,700,461)	-	-
<b>Balance at 30 June 2018</b>	<b>46,282,547</b>	<b>2,930,832</b>	<b>22,775,664</b>	<b>71,989,043</b>

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**BALANCE SHEET AS AT 30 JUNE 2019**

	Note	2019 £	2018 £
<b>Fixed Assets</b>			
Tangible Assets	8	41,841,894	39,708,473
Investment Assets	9	46,490,366	32,635,587
		<u>88,332,260</u>	<u>72,344,060</u>
<b>Current Assets</b>			
Stock	10	49,256	50,322
Debtors	11	938,170	525,802
Cash	12	1,058,731	14,687,073
		<u>2,046,157</u>	<u>15,263,197</u>
<b>Creditors</b>	13	<u>(852,163)</u>	<u>(1,035,768)</u>
<b>Net Current Assets/(Liabilities)</b>		<u>1,193,994</u>	<u>14,227,429</u>
<b>Creditors: more than one year</b>	14	(13,000,000)	(13,000,000)
<b>Provisions</b>			
Pension provision	15	(2,101,720)	(1,582,446)
<b>Net Assets</b>		<u>74,424,534</u>	<u>71,989,043</u>
<b>Restricted Reserves</b>			
Income and expenditure reserve - endowment reserve	16	23,444,395	22,775,664
Income and expenditure reserve - restricted reserve	17	3,223,291	2,930,832
		<u>26,667,686</u>	<u>25,706,496</u>
<b>Unrestricted Reserves</b>			
Income and expenditure reserve - unrestricted		47,756,848	46,282,547
		<u>47,756,848</u>	<u>46,282,547</u>
<b>Total Reserves</b>		<u>74,424,534</u>	<u>71,989,043</u>

These accounts were approved by the Trustees on 27 November 2019 and are signed on their behalf by:



.....  
Professor C M R Fowler, Master

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**CASH FLOW STATEMENT**

	Note	<b>2019</b> £	<b>2018</b> £
Net cash inflow from operating activities	18	(175,478)	2,042,810
Cash flows from investing activities	19	(13,846,344)	(1,950,932)
Cash flows from financing activities	20	393,480	10,283,900
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>		<u>(13,628,342)</u>	<u>10,375,778</u>
Cash and cash equivalents at beginning of the year		14,687,073	4,311,295
<b>Cash and cash equivalents at end of the year</b>	12	<u>1,058,731</u>	<u>14,687,073</u>



**NOTES TO THE ACCOUNTS**

<b>1 Academic fees and charges</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Colleges fees:		
Fee income received at the Regulated undergraduate rate	10,065	24,428
Fee income received at the Unregulated rate	32,500	6,300
Fee income received at the Graduate fee rate	1,829,160	1,750,660
Other income	2,010	3,288
<b>Total</b>	<b>1,873,735</b>	<b>1,784,676</b>
<b>2 Income from Residences and Catering</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Accommodation College members	1,977,784	1,766,822
Catering College members	579,455	641,457
<b>Total</b>	<b>2,557,239</b>	<b>2,408,279</b>
<b>3 Endowment return and investment income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Income from:		
Land and buildings	57,634	33,942
Quoted securities	845,276	935,916
Other interest receivable	24,109	37,368
<b>Total</b>	<b>927,019</b>	<b>1,007,226</b>
<b>4 Education expenditure</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Teaching	110,653	99,882
Tutorial	416,936	376,845
Admissions	581,061	503,526
Research	390,607	311,271
Scholarships and awards	275,515	275,967
Other educational facilities	659,405	573,284
<b>Total (Note 6)</b>	<b>2,434,177</b>	<b>2,140,775</b>

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<b>5 Residences and Catering Expenditure</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Accommodation College members	1,507,131	1,373,913
Catering College members	1,074,044	1,072,458
<b>Total (Note 6)</b>	<b>2,581,175</b>	<b>2,446,371</b>

**6a Analysis of 2018/2019 expenditure by activity**

	<b>Staff costs (note 7)</b>	<b>Other operating expenses</b>	<b>Depreciation</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Education	1,169,716	1,071,993	192,468	2,434,177
Residences and catering	1,115,086	1,016,995	449,094	2,581,175
Other	69,941	568,311	-	638,252
<b>Total</b>	<b>2,354,743</b>	<b>2,657,299</b>	<b>641,562</b>	<b>5,653,604</b>

Expenditure includes fundraising costs of £239,582. This expenditure includes the costs of alumni relations.

**6b Analysis of 2017/2018 expenditure by activity**

	<b>Staff costs (note 7)</b>	<b>Other operating expenses</b>	<b>Depreciation</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Education	994,715	964,790	181,269	2,140,774
Residences and catering	1,081,514	941,895	422,962	2,446,371
Other	61,844	321,412	-	383,256
<b>Total</b>	<b>2,138,073</b>	<b>2,228,097</b>	<b>604,231</b>	<b>4,970,401</b>

Expenditure includes fundraising costs of £197,316. This expenditure includes the costs of alumni relations.

<b>6c Auditors' remuneration</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Other operating expenses include:		
Audit fees payable to the College's external auditors	18,912	18,360

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**7 Staff costs**

	<b>College Fellows</b>	<b>Academics</b>	<b>Non- Academic</b>	<b>2019 Total</b>	<b>2018 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Staff costs:</b>					
Emoluments	375,123	-	1,373,850	1,748,973	1,666,363
Social security costs	30,915	-	102,801	133,716	123,296
Other pension costs	159,805	-	312,249	472,054	348,414
	<u>565,843</u>	<u>-</u>	<u>1,788,900</u>	<u>2,354,743</u>	<u>2,138,073</u>

**Average staff numbers (full-time equivalents):**

Academic	-	-
Non-academic	<u>49</u>	<u>46</u>
<b>Total</b>	<u><u>49</u></u>	<u><u>46</u></u>

**Trustees**

The Trustees comprise 9 Fellows, of which 6 are stipendiary officers of the College and received remuneration in aggregate of £210,520. The Trustees receive no emoluments in their role as trustees of the charity.

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**8 Fixed assets**

**Tangible fixed assets**

	<b>College Buildings and Site</b>	<b>Assets Under Construction</b>	<b>Fixtures, Fittings &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>2019 Total</b>	<b>2018 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>						
At beginning of year	38,092,247	3,956,233	36,788	10,524	42,095,792	38,382,602
Transfer from investment assets	-	-	-	-	-	933,000
Additions at cost	281,490	2,493,493	-	-	2,774,983	2,780,190
Disposal at cost	-	-	-	-	-	-
At end of year	<b>38,373,737</b>	<b>6,449,726</b>	<b>36,788</b>	<b>10,524</b>	<b>44,870,775</b>	<b>42,095,792</b>
<b>Depreciation</b>						
At beginning of year	2,364,453	-	20,784	2,082	2,387,319	1,783,089
Charge for the year	635,456	-	4,001	2,105	641,562	604,230
Written back on disposal	-	-	-	-	-	-
At end of year	<b>2,999,909</b>	<b>-</b>	<b>24,785</b>	<b>4,187</b>	<b>3,028,881</b>	<b>2,387,319</b>
<b>Net book value</b>						
At end of year	<b>35,373,828</b>	<b>6,449,726</b>	<b>12,003</b>	<b>6,337</b>	<b>41,841,894</b>	<b>39,708,473</b>
At beginning of year	<b>35,727,794</b>	<b>3,956,233</b>	<b>16,004</b>	<b>8,442</b>	<b>39,708,473</b>	<b>36,599,513</b>

The insured value of buildings as at 30 June 2019 was £32,295,826 (2018: £28,770,746).

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**9 Investments**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Balance at beginning of year</b>	32,635,587	31,919,368
Additions	15,504,884	2,717,059
Transfer to tangible assets	-	(933,000)
Disposals	(3,141,184)	(2,732,518)
Gain/(Loss)	1,808,448	1,347,146
Increase/(Decrease) in cash balances held at fund managers	(317,369)	317,532
<b>Balance at end of year</b>	<u>46,490,366</u>	<u>32,635,587</u>
<b>Represented by:</b>		
Property	2,850,142	894,897
Quoted securities - equities	25,726,620	24,870,624
Fixed interest securities	2,743,998	2,644,930
Cash in hand at investment managers	1,373,206	1,680,288
Other	13,796,400	2,544,848
	<u>46,490,366</u>	<u>32,635,587</u>

**10 Stocks**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Goods for resale	49,256	50,322

**11 Trade and other receivables**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Members of the College	313,282	341,315
University fees	15,799	-
Other receivables	32,917	5,003
Prepayments and accrued income	576,172	179,484
	<u>938,170</u>	<u>525,802</u>

**12 Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Short-term money market investments	-	1,052,723
Bank deposits	1,056,793	13,633,288
Current accounts	(1,451)	(1,836)
Cash in hand	3,389	2,898
	<u>1,058,731</u>	<u>14,687,073</u>

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**13 Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	238,650	276,825
Members of the College	157,904	44,218
University fees	-	86,603
Other creditors	59,626	60,373
Accruals and deferred income	395,983	567,749
	<u>852,163</u>	<u>1,035,768</u>

**14 Creditors: amounts falling due after more than one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Private Placement	13,000,000	13,000,000

During 2013-14, the College borrowed from institutional investors, collectively with other Colleges, the College's share being £3 million. The loans are unsecured and repayable during the period 2043-2053, and are at fixed interest rates of approximately 4.4%. The College has agreed a financial covenant of the ratio of Borrowings to Net Assets and has been in compliance with the covenant at all times since incurring the debt.

During 2017-18, the College borrowed from institutional investors, collectively with two other Colleges, the College's share being £10 million. The loans are unsecured and repayable during 2058, and are at fixed interest rates of approximately 2.62%. The College has agreed a financial covenant of the ratio of Borrowings to Net Assets and has been in compliance with the covenant at all times since incurring the debt.

**15 Pension provisions**

	<b>CCFPS</b>	<b>USS</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>Total</b>	<b>Total</b>
			<b>£</b>	<b>£</b>
<b>Balance at beginning of year</b>	1,505,081	77,365	1,582,446	1,527,828
Movement in year:				
Current service cost including life assurance	319,803	175,040	494,843	336,952
Contributions	(285,093)	(56,960)	(342,053)	(222,834)
Other finance (income)/cost	-	-	-	-
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	366,484	-	366,484	(59,500)
<b>Balance at end of year</b>	<u>1,906,275</u>	<u>195,445</u>	<u>2,101,720</u>	<u>1,582,446</u>

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**16 Endowment funds**

	<b>Restricted permanent endowments</b>	<b>Unrestricted permanent endowments</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at beginning of year:</b>				
Capital	4,574,942	18,200,722	22,775,664	21,706,209
New donations and endowments	-	145,000	145,000	106,264
Increase/(Decrease) in market value of investments	132,079	442,916	574,995	963,191
Transfer of funds	(51,264)	-	(51,264)	-
<b>Balance at end of year</b>	<b>4,655,757</b>	<b>18,788,638</b>	<b>23,444,395</b>	<b>22,775,664</b>
<b>Analysis by type of purpose</b>				
Fellowship Funds	2,693,206	-	2,693,206	2,615,782
Scholarship and Studentship Funds	1,071,319	-	1,071,319	952,143
Bursary Funds	620,192	-	620,192	602,363
Travel Grant Funds	245,633	-	245,633	207,824
Other Funds	25,407	-	25,407	196,830
General endowments	-	18,788,638	18,788,638	18,200,722
	<b>4,655,757</b>	<b>18,788,638</b>	<b>23,444,395</b>	<b>22,775,664</b>
<b>Analysis by asset</b>				
Property			2,850,142	894,987
Investments			20,594,253	21,880,677
Cash			-	-
			<b>23,444,395</b>	<b>22,775,664</b>

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**17 Restricted Reserves**

Reserves with restrictions are as follows:

	Capital grants unspent	Permanent unspent & other restricted income	Restricted expendable endowment	2019 Total	2018 Total
	£	£	£	£	£
<b>Balance at beginning of year:</b>	46,165	2,825,734	58,933	2,930,832	4,490,097
New grants	-	-	-	-	-
New donations	11,611	19,452	267,285	298,348	109,414
Endowment return transferred	-	-	-	-	-
Other investment income	-	200,653	1,554	202,207	216,003
Increase/(Decrease) in market value of investments	-	78,027	14,171	92,198	95,667
Expenditure	-	(277,271)	(36,511)	(313,782)	(279,888)
Capital grants utilised	(37,776)	-	-	(37,776)	(1,700,461)
Transfer to unrestricted	-	-	51,264	51,264	-
<b>Balance at end of year</b>	<b>20,000</b>	<b>2,846,595</b>	<b>356,696</b>	<b>3,223,291</b>	<b>2,930,832</b>

**Analysis of other restricted funds/donations by type of purpose**

Fellowship Funds	-	1,237,629	41,252	1,278,881	1,292,219
Scholarship and Studentship Funds	-	1,058,110	315,444	1,373,554	1,032,242
Bursary Funds	-	511,434	-	511,434	480,309
Travel Grant Funds	-	25,596	-	25,596	25,536
Other Funds	-	13,826	-	13,826	54,361
General	20,000	-	-	20,000	46,165
	<b>20,000</b>	<b>2,846,595</b>	<b>356,696</b>	<b>3,223,291</b>	<b>2,930,832</b>

**Analysis by asset**

Property				-	-
Investments				2,802,858	2,565,599
Cash				420,433	365,233
				<b>3,223,291</b>	<b>2,930,832</b>



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**18 Reconciliation of surplus for the year to net cash inflow from operating activities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Surplus/(Deficit) for the year	2,435,491	2,249,634
<b>Adjustment for non-cash items</b>		
Depreciation	641,562	604,230
Investment income	-	-
(Gain)/Loss on endowments	(1,856,399)	(1,471,251)
(Increase)/Decrease in stocks	1,066	(9,551)
(Increase)/Decrease in trade and other receivables	(412,368)	1,475,779
Increase/(Decrease) in creditors	(183,605)	430,477
Pension costs less contributions payable	519,274	54,618
<b>Adjustment for investing or financing activities</b>		
Investment income	(927,019)	(1,007,226)
Interest payable	(393,480)	(214,512)
Loan fees paid	-	(69,388)
<b>Net cash inflow from operating activities</b>	<u>(175,478)</u>	<u>2,042,810</u>

**19 Cash flows from investing activities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Non-current investment disposal	3,189,135	2,856,622
Investment income	927,019	1,007,226
Endowment funds invested	(15,504,884)	(2,717,059)
(Increase)/Decrease in cash balances held at fund managers	317,369	(317,531)
Purchase of tangible fixed assets	(2,774,983)	(2,780,190)
<b>Total cash flows from investing activities</b>	<u>(13,846,344)</u>	<u>(1,950,932)</u>

**20 Cash flows from financing activities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest paid	393,480	214,512
New loan	-	10,000,000
New loan fees paid	-	69,388
<b>Total cash flows from financing activities</b>	<u>393,480</u>	<u>10,283,900</u>

## 21 Lease obligations

	2019	2018
	£	£
At 30 June 2019 the College had annual commitments under non-cancellable operating leases as follows:		
Land and buildings:		
Expiring within one year	163,281	157,656
Expiring between two and five years	358,021	521,301
Expiring in over five years	-	-

## 22 Pensions

The College participates in two defined benefit schemes, the Universities' Superannuation Scheme (USS) and the Cambridge Colleges' Federated Pensions Scheme (CCFPS). The assets of the schemes are held in separate trustee-administered funds. The total pension cost for the 12 months to 30 June 2019 was £263,599 (2018: £194,987).

### 22a Universities' Superannuation Scheme

The total cost charged to the profit and loss account is £56,960 (2018: £60,064).

At the financial year end, the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2017 (the valuation date). This was carried out using the projected unit method. The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion.

Since the institution cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

**Note 22a (USS) cont.**

**2017 valuation**

Mortality base table	<u>Pre-retirement:</u> 71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females.  <u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

<b>Life expectancy on retirement</b>	<b>2019</b>	<b>2018</b>
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	<b>2019</b>	<b>2018</b>
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 30 June 2019, and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £123,736, a decrease of £71,709 from the current year end provision and a lower charge through the Statement of Comprehensive Income of £103,332.

**22b Cambridge Colleges' Federated Pension Scheme**

The College operates a defined benefit pension plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme.

The liabilities of the plan have been calculated, at 30 June 2019, for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

The principal actuarial assumptions at the balance sheet date were as follows:

	<b>2019</b>	<b>2018</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Discount rate	2.25	2.70
Increase in salaries	2.90	2.75
RPI assumption	3.40	3.25
CPI assumption	2.40	2.25
Pension increases in payment (RPI Max 5% p.a.)	3.30	3.15
Pension Increases in payment (CPI Max 2.5% p.a.)	1.90	1.80

The underlying mortality assumption is based upon the standard table known as S3PA on a year of birth usage with CMI\_2018 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2018: S2PA with CMI\_2017 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.8 years (previously 21.9 years).
- Female age 65 now has a life expectancy of 24.0 years (previously 23.8 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.1 years (previously 23.3 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.5 years (previously 25.4 years).

Members are assumed to retire at their normal retirement age (65) apart from in the following indicated cases:

	<b>Male</b>	<b>Female</b>
Active Members – Option 1 Benefits	65	63
Deferred Members – Option 1 Benefits	62	60

Allowance has been made at retirement for non-retired members to commute part of their pension for a lump sum on the basis of the current commutation factors in these calculations.

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**22b (CCFPS) cont.**

The amounts recognised in the Balance Sheet as at 30 June 2019 (with comparative figures as at 30 June 2018) are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Present value of plan liabilities	(5,871,205)	(4,965,275)
Market value of plan assets	<u>3,964,930</u>	<u>3,460,194</u>
<b>Net defined benefit asset/(liability)</b>	<u><u>(1,906,275)</u></u>	<u><u>(1,505,081)</u></u>

The amounts to be recognised in the Statement of Comprehensive Income and Expenditure for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Current service cost	264,894	257,296
Administrative costs	13,773	12,273
Interest on net defined benefit (asset)/liability	41,136	38,321
(Gain)/Loss on plan changes	-	-
Curtailment (gain)/loss	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>319,803</u></u>	<u><u>307,890</u></u>

Changes in the present value of the plan liabilities for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Present value of plan liabilities at beginning of period</b>	4,965,275	4,704,705
Current service cost	264,894	257,296
Employee contributions	24,051	20,264
Benefits paid	(137,479)	(114,483)
Interest on plan liabilities	136,102	124,692
Actuarial (gains)/losses	618,362	(27,199)
(Gain)/Loss on plan changes	-	-
Curtailment (gain)/loss	<u>-</u>	<u>-</u>
<b>Present value of plan liabilities at end of period</b>	<u><u>5,871,205</u></u>	<u><u>4,965,275</u></u>

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**Note 22b (CCFPS) cont.**

Changes in the fair value of the plan assets for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Market value of plan assets at beginning of period</b>	3,460,194	3,245,705
Contributions paid by the College	285,093	201,091
Employee contributions	24,051	20,264
Benefits paid	(137,479)	(114,483)
Administrative expenses paid	(17,125)	(16,778)
Interest on plan assets	94,966	86,371
Return on assets, less interest included in the Statement of Comprehensive Income and Expenditure	255,230	38,024
<b>Market value of plan assets at end of period</b>	<u>3,964,930</u>	<u>3,460,194</u>
Actual return on plan assets	350,196	124,395

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	<b>2019</b>	<b>2018</b>
Equities	57%	64%
Bonds & Cash	34%	30%
Property	9%	6%
<b>Total</b>	<u>100%</u>	<u>100%</u>

The plan has no investments in property occupied by, assets used by or financial instruments issued by the College.

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Return on assets, less interest included in the Statement of Comprehensive Income and Expenditure	255,230	38,024
Expected less actual plan expenses	(3,352)	(4,505)
Experience gains and losses arising on plan liabilities	(25,880)	(190,800)
Changes in assumptions underlying the present value of plan liabilities	(592,482)	217,999
<b>Remeasurement of net defined benefit liability recognised in OCI</b>	<u>(366,484)</u>	<u>60,718</u>

**22b (CCFPS) cont.**

Movement in net defined benefit asset/(liability) during the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Net defined benefit asset/(liability) at beginning of year</b>	(1,505,081)	(1,459,000)
Recognised in the Statement of Comprehensive Income and Expenditure	(319,803)	(307,890)
Contributions paid by the College	285,093	201,091
Remeasurement of net defined benefit liability recognised in OCI	(366,484)	60,718
<b>Net defined benefit asset/(liability) at end of year</b>	<u>(1,906,275)</u>	<u>(1,505,081)</u>

Funding Policy

Actuarial valuations are carried out every three years on behalf of the Management Committee, acting as the Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the actuarial valuation are different to those adopted under FRS102.

The last such actuarial valuation was as at 31 March 2017. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 28 June 2018 and are as follows:

- Annual contributions of not less than £35,653 p.a. payable for the period from 1 July 2018 to 31 March 2034.

These payments are subject to review following the next funding valuation, due as at 31 March 2020.

**23 Related Party Transactions**

Owing to the nature of the College's operations and the composition of its Trustees, it is possible that transactions will take place with organisations in which a Trustee has an interest. All transactions involving organisations in which a Trustee may have an interest are conducted at arm's length and in accordance with the College's normal procedures.

**24 Post Balance Sheet Event**

As set out in Note 22a in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed post year end. This results in a decrease of £71,709 in the provision for the obligation to fund the deficit on the USS pension which would instead be £123,736. As the Schedule of Contributions was not in place at the financial year end this adjustment will be reflected in the Financial Statements for the year ended 30 June 2020.