



**DARWIN COLLEGE
CAMBRIDGE**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

DARWIN COLLEGE
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020

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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 2019-20 were:

Professor C M R Fowler	Master
Professor J L Heeney	Vice-Master
Professor F E Karet	Vice-Master
Dr D J Needham	Dean
Mr J T Dix	Bursar
Professor M Akam	(to 30 September 2019)
Dr S Baker	(to 30 September 2019)
Professor R P Cowburn	
Professor A C Ferguson-Smith	
Professor J B Rowe	(from 1 October 2019)
Dr A S C Cloots	(from 1 October 2019)

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.

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 35th 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 the 2019-20 academic year achieved 49 PhDs and 68 Masters-level degrees (2019: 76 and 173 respectively). Due to the COVID-19 pandemic there were no congregations held in Easter Term 2020 at which students could graduate in person, and many students have chosen to defer graduating until a future date.

In the 2019-20 academic year there were 786 student members of the College (for all or part of the year) (2019: 701). Of these 598 were fee-paying post-graduate students and 188 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 536 (2019: 504). 48% of fee-paying students were fully funded and 3% 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 2019-20 year the College made an unrestricted surplus after donations but before other gains and losses of £719,518 (2019: £613,803), a restricted surplus after donations but before other gains and losses of £198,478 (2019: £186,773) and new endowments amounted to £226,000 (2019: £145,000).

The net assets of the College at 30 June 2020 were £73,664,348 (2019: £74,424,534).

The College's restricted and endowment reserves at 30 June 2020 were £26,320,955 having reduced by £346,731 in the year from £26,667,686. The restricted reserves comprise £7,823,164 of restricted or trust funds for defined educational purposes, £19,478 unspent capital grants, and £18,478,313 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 decreased by £413,455 from £47,756,848 to £47,343,393. 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 £2,543,508 (2019: £2,101,720).

The College has issued £13million of unsecured fixed interest rate debt raised by way of 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, student hardship, research fellowships, as well as improving elements of the current site, and increasing the stock of student accommodation close to the College site. Over the course of the year £1,204,420 (2019: £649,200) was raised (including documented pledges), from a total of 212 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 £227,772 (2019: £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. The College’s events programme has been forcibly curtailed by the pandemic, and has been (for the time being) replaced by a number of virtual “events”. 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, and more recently, videoconferencing technology for virtual “events”.

Endowment and Investment Performance

The College’s financial investments are comprised of its invested endowment, and included the proceeds of private placings (unsecured long-term debt obligations) until these were mostly converted to cash in April 2020. The College, as a permanently endowed charity, adopts a long-term time horizon when making investments of its endowment. The private placement (non-endowment) proceeds were liquidated to protect the borrowed capital and prior investment gains from volatility in the markets, and with a view to their being deployed in the current year 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 corporate capital (unrestricted endowment) fund and on its (restricted endowment) trust pool fund was -0.4% net of fees. No withdrawal of invested capital from these funds was required or made in the year. Dividends and income received on quoted securities increased year-on-year to £963,949 (2019: £845,276). 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 in 2019 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 is divesting progressively from certain holdings no longer consistent with its policy and is investing 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 £4,647,407 (2019: £5,914,954), being its total unrestricted reserves of £47,343,393 less that part of those reserves committed to functional assets (represented by the total of its tangible fixed assets) of £42,695,986. The reduction in the level of free reserves can be attributed in the main to the fall in the value of the College's investments in the pandemic-induced market disruption. The College seeks to ensure that its free reserves stand in excess of one year's expenditure at current levels. Free reserves at the year-end represented 81% of expenditure incurred during the year.

Capital Expenditure

The construction work associated with the John Bradfield Court project was substantially complete by March 2020 although contractual completion was delayed by the pandemic.

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.

In the year, the College established an Environment Infrastructure Working Group (to report in due course to Council) with a remit to investigate the impact of the College's physical estate on the environment, with a view to developing a decarbonisation strategy and adopting other environmentally beneficial measures.

The masterplan exercise carried out in 2018 proposed options for improvements to the College's main site for consideration in due course. All such options included a lift near the main entrance to provide access to the ground and first floors of the Hermitage and Dining Hall. This work will considerably improve the accessibility of the central parts of the College and has now commenced.

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 24 to the Accounts. The College also makes pension contributions into a defined contribution scheme including for relevant staff under auto-enrolment.

The College had 17 active USS members at 30 June 2020, although many Fellows will be USS members though their employment by the University. The USS valuation as at 31 March 2018 valued the assets of the scheme at £63.7 billion and valued its technical provisions at £67.3 billion, indicating a shortfall, which has reduced significantly since the previous valuation, of £3.6 billion (2017 valuation: £7.5

billion) and an improved funding ratio of 95% (2017 valuation: 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.

In the year the College consulted on, and implemented, steps to address the increasing costs and growing deficit of the CCFPS, namely the staged increase of employee contributions over two years from 5% to 8%, and the closure of the scheme to new joiners. New staff are now offered membership of a defined contribution scheme to which the College will contribute twice the employee's contribution up to a cap. The latest available actuarial review of the CCFPS remains that as at 30 June 2017. The College's overall benefit funding liability has increased to £2,402,472 (2019: £1,906,275). The closure of the scheme to new joining staff is expected to avoid the funding liability becoming unsupportable for the College over the long term.

Principal Risks and Uncertainties

COVID-19

The Novel Coronavirus (COVID-19) pandemic has had a far-reaching impact on the College community and the Higher Education section in general. In March 2020, all students at Cambridge were advised to return home if possible, and teaching, welfare support and examinations were delivered online for the rest of the academic year. The College, as a community of post-graduate students, continued to house and provide catering and other support to an appreciable number of students (c.150) for whom Cambridge was their home, or for whom returning to an overseas home was problematic.

The Collegiate University, under the guidance of the COVID-19 Gold Team, mobilised existing structures such as the Office for Intercollegiate Services and committees including representatives from all Colleges to ensure a consistent and co-ordinated response. A wide range of matters including teaching, assessment, graduation, admissions, buildings, accommodation and catering provision were dealt with through these channels. Central funds provided financial assistance to students experiencing hardship for example because of unexpected costs in travelling home at short notice.

A recovery taskforce with representatives from the University and the Colleges identified a range of scenarios for the coming year depending on whether the pandemic subsided, continued at the same intensity or returned in repeated waves. The implications of each scenario on the student experience, research, staff, built and digital infrastructure, and institutional finances were considered. Care was taken to capture both lessons learned from earlier in the year and opportunities for the future.

A comprehensive plan for reopening the University was formulated in close consultation with the City Council and local Public Health agencies including health and safety assessments, testing facilities, support for staff and a communication campaign (Stay Safe Cambridge Uni) on the behaviours expected from the entire community.

The University has contributed to the national effort to overcome the challenges presented by the virus through its research efforts to extend knowledge of the virus and by developing significant testing capacity. The clinical school and medical Fellows across the colleges were part of the clinical care effort during the first wave and the immediate months thereafter.

The College has contributed actively to this collegiate response as well as adapting its own procedures and practices to function effectively in the circumstances. The safety and welfare of College staff was a constant concern, particularly for those staff members whose work cannot be carried out remotely.

The pandemic has had a significant financial impact on the College, and will continue to do so in the current year. There was a significant fall in accommodation and catering income following the departure of the majority of students during the lockdown phase and the cancellation of many events. Investment returns and values initially fell sharply, although the position had improved somewhat by the year end.

The main risks and uncertainties facing the College are those connected with the following matters:

- The COVID-19 global pandemic and its uncertain duration;
- The short- and longer-term impact of the United Kingdom leaving the European Union, particularly where terms of withdrawal have not been sufficiently agreed to ensure a smooth transition;
- 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;
- The impact of climate change generally including the College's need to undertake major and expensive decarbonisation work, and to minimise reputational risk through appropriate policies and actions in this area of sustained activism;
- Increasing societal concerns regarding student mental health and well-being, particularly where matters of race, gender or other discrimination are a factor, and where the College must ensure that its pastoral functions adapt and remain effective;
- 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 are of suitable quality and in the best locations to meet the needs of students.

The College reviews risks generally 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. In relation to the associated specific risks the College has in place two working groups, for COVID-19 (comprising Bursar, Dean, Head of Domestic Operations, and Head Porter) and Brexit (comprising the Master, Bursar, Dean, DCSA President and Head of Domestic Operations). These groups continue to meet frequently and report to College Council. These groups act as a conduit for advice and support emanating centrally in the collegiate University and consider the measures required in College and the communications required to keep College members and staff duly informed.

Plans for the future

The College has in recent years faced 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, which is especially important in the midst of the current pandemic. 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. 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. In the fullness of time further fundraising is likely to be undertaken in connection with the development of the College's estate to increase the quantity of student accommodation, and to improve communal areas of the College.

To improve the experience of its members, and to ease the financial burden on them, the College has succeeded in recent years in housing more students in College accommodation, with an increase of 20% in the accommodation available over the last four years. Work continues to seek to increase the overall provision and to improve the quality of the stock, but also to examine the case for accommodation other than traditional single graduate student rooms. Studios where double occupancy is possible, and flats for couples or families form a popular part of the housing provided. The College's success in housing more students will have an impact on the central and common facilities, and this was anticipated in the 2018 Masterplan for the core areas. These considerations will be revisited in the coming year, and a wider review conducted of the College's off-site accommodation, to anticipate future needs, as far as the physical estate is concerned, to support students and Fellows in the furtherance of their academic work and the College's aims and objectives.

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 2020 are indicated at Page 2.

The Principal Officers of the College under Statute are the Master, Vice-Master, Dean, and Bursar, and the holders of these offices during the year are identified on Page 2. During the year the College appointed its seventh Master, Dr M R W Rands, to take office from 1 October 2020 on the retirement of Professor C M R Fowler after eight years of distinguished service. Two joint Vice-Masters continue 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 2020 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).

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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.

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 18 November 2020

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 2020, 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 2020 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.

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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 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



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: 15 December 2020

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, using the Recommended Cambridge College Accounts (RCCA) format; and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019.

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.

The College is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

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.

Going Concern

The financial statements have been prepared on a going concern basis. The College has prepared forecasts beyond the 30 June 2020 year-end up to financial year end 2023 using four different scenarios as part of a wider collegiate University financial planning exercise. The College has also set a detailed budget plan for the financial year 2020-21. This financial planning work has included an analysis of the College's unrestricted liquid resources, and together these financial plans demonstrate that the College has sufficient resources to meet liabilities as they fall due. The Trustees considers preparation of these financial statements using a going concern basis to be appropriate.

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 between 50 and 100 years.

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.

Investments

Fixed asset investments are included in the balance sheet at fair value. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value/market 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.

Financial Instruments

The College has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement and disclosure of financial instruments. Financial assets and liabilities are recognised when the College becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets

Basic financial assets include trade and other receivables, cash and cash equivalents and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income and Expenditure.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments, which are not subsidiaries or joint ventures, are initially measured at fair value which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the Statement of Comprehensive Income and Expenditure. Where the investment in equity instruments is not publicly traded and where the fair value cannot be reliably measured, the assets are measured at cost less impairment. Investments in property or other physical assets do not constitute a financial instrument and are not included.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of ownership are transferred to another party.

Financial Liabilities

Basic financial liabilities include trade and other payables, bank loans and intergroup loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are

recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

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 Statement of Comprehensive Income and Expenditure 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) with related expenses being recognised through the income and expenditure account.

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.

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.

Critical accounting judgements

The preparation of the College's accounts requires the Trustees to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Trustees consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities.

Income recognition

Judgement is applied in determining the value and timing of certain income items to be recognised in the accounts. This includes determining when performance related conditions have been met and determining the appropriate recognition timing for donations, bequests and legacies. In general, the latter are recognised when at the probate stage.

Useful lives of property, plant and equipment

Property plant and equipment represent a significant proportion of the College's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the College's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experiences with similar assets, professional advice and anticipation of future events. Details of the carrying values of property, plant and equipment are shown in note 8.

Retirement benefit obligations

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and

the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 24.

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 income and expenditure in accordance with section 28 of FRS 102. The Trustees are satisfied that 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.

DARWIN COLLEGE
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STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Note	2020			2019				
		Unre- stricted £	Restricted £	Endowment £	Total £	Unrestricted £	Restricted £	Endowment £	Total £
Income									
Academic fees & charges	1	2,110,342	-	-	2,110,342	1,873,735	-	-	1,873,735
Residences & catering	2	2,481,419	-	-	2,481,419	2,557,239	-	-	2,557,239
Investment Income	3	826,134	214,150	-	1,040,284	724,812	202,207	-	927,019
Other income (Coronavirus Job Retention Scheme)		81,246	-	-	81,246	-	-	-	-
Total income before donations & endowments		5,499,141	214,150	-	5,713,291	5,155,786	202,207	-	5,357,993
Donations		644,128	189,417	-	833,545	797,839	286,737	-	1,084,576
New endowments		-	-	-	-	-	-	-	-
Capital grant from Colleges Fund		-	-	226,000	226,000	-	-	145,000	145,000
Other capital grants for assets		-	74,225	-	74,225	-	11,611	-	11,611
Total income		6,143,269	477,792	226,000	6,847,061	5,953,625	500,555	145,000	6,599,180
Expenditure									
Education	4	1,941,018	279,314	-	2,220,332	2,120,395	313,782	-	2,434,177
Residences & catering	5	2,804,643	-	-	2,804,643	2,581,175	-	-	2,581,175
Other expenditure		678,090	-	-	678,090	638,252	-	-	638,252
Total Expenditure		5,423,751	279,314	-	5,703,065	5,339,822	313,782	-	5,653,604
Surplus/(Deficit) before other gains and losses		719,518	198,478	226,000	1,143,996	613,803	186,773	145,000	945,576
Gains/(Losses) on disposal of fixed assets		-	-	-	-	-	-	-	-
Gains/(Losses) on investments		(835,255)	(60,078)	(636,384)	(1,531,717)	1,189,206	92,198	574,995	1,856,399
Surplus/(Deficit) for the year		(115,737)	138,400	(410,384)	(387,721)	1,803,009	278,971	719,995	2,801,975
Other comprehensive income									
Actuarial gain/(loss) in respect of pension schemes		(372,465)	-	-	(372,465)	(366,484)	-	-	(366,484)
Total comprehensive income for the year		(488,202)	138,400	(410,384)	(760,186)	1,436,525	278,971	719,995	2,435,491

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STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure reserve			
	Unrestricted	Restricted	Endowment	Total
	£	£	£	£
Balance at 1 July 2019	47,756,848	3,223,291	23,444,395	74,424,534
Surplus/(Deficit) from income and expenditure statement	(115,737)	138,400	(410,384)	(387,721)
Other comprehensive income	(372,465)	-	-	(372,465)
Release of restricted capital funds spent in year	74,747	(74,747)	-	-
Balance at 30 June 2020	47,343,393	3,286,944	23,034,011	73,664,348

	Income and Expenditure reserve			
	Unrestricted	Restricted	Endowment	Total
	£	£	£	£
Balance at 1 July 2018	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)	-
Balance at 30 June 2019	47,756,848	3,223,291	23,444,395	74,424,534

DARWIN COLLEGE
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BALANCE SHEET AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed Assets			
Tangible Assets	8	42,695,986	41,841,894
Investment Assets	9	39,503,118	46,490,366
		<u>82,199,104</u>	<u>88,332,260</u>
Current Assets			
Stock	10	42,530	49,256
Debtors	11	615,580	938,170
Cash	12	7,553,784	1,058,731
		<u>8,211,894</u>	<u>2,046,157</u>
Creditors	13	<u>1,203,142</u>	<u>(852,163)</u>
Net Current Assets/(Liabilities)		<u>7,008,752</u>	<u>1,193,994</u>
Creditors: more than one year	14	(13,000,000)	(13,000,000)
Provisions			
Pension provision	15	(2,543,508)	(2,101,720)
Net Assets		<u><u>73,664,348</u></u>	<u><u>74,424,534</u></u>
Restricted Reserves			
Income and expenditure reserve - endowment reserve	16	23,034,011	23,444,395
Income and expenditure reserve - restricted reserve	17	3,286,944	3,223,291
		<u>26,320,955</u>	<u>26,667,686</u>
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		47,343,393	47,756,848
		<u>47,343,393</u>	<u>47,756,848</u>
Total Reserves		<u><u>73,664,348</u></u>	<u><u>74,424,534</u></u>

These accounts were approved by the Trustees on 18 November 2020 and are signed on their behalf by:

M.R.W. Rands

.....
Dr M Rands, Master

DARWIN COLLEGE
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CASH FLOW STATEMENT

	Note	2020 £	2019 £
Net cash inflow from operating activities	18	1,117,394	(175,478)
Cash flows from investing activities	19	4,981,900	(13,846,344)
Cash flows from financing activities	20	395,759	393,480
Increase/(Decrease) in cash and cash equivalents in the year		<u>6,495,053</u>	<u>(13,628,342)</u>
Cash and cash equivalents at beginning of the year		1,058,731	14,687,073
Cash and cash equivalents at end of the year	12	<u>7,553,784</u>	<u>1,058,731</u>

NOTES TO THE ACCOUNTS

1 Academic fees and charges	2020	2019
	£	£
Colleges fees:		
Fee income received at the Regulated undergraduate rate	15,552	10,065
Fee income received at the Unregulated rate	33,750	32,500
Fee income received at the Graduate fee rate	2,056,945	1,829,160
Other income	4,095	2,010
Total	2,110,342	1,873,735
2 Income from Accommodation and Catering	2020	2019
	£	£
Accommodation College members	2,092,961	1,977,784
Catering College members	388,458	579,455
Total	2,481,419	2,557,239
3 Endowment return and investment income	2020	2019
	£	£
Income from:		
Land and buildings	72,165	57,634
Quoted securities	963,949	845,276
Other interest receivable	4,170	24,109
Total	1,040,284	927,019
4 Education expenditure	2020	2019
	£	£
Teaching	111,951	110,653
Tutorial	355,219	416,936
Admissions	507,379	581,061
Research	360,083	390,607
Scholarships and awards	268,314	275,515
Other educational facilities	617,386	659,405
Total (Note 6)	2,220,332	2,434,177

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5 Accommodation and Catering Expenditure	2020	2019
	£	£
Accommodation College members	1,863,386	1,507,131
Catering College members	941,257	1,074,044
Total (Note 6)	2,804,643	2,581,175

6a Analysis of 2019/2020 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
	£	£	£	£
Education	1,139,612	882,773	197,947	2,220,332
Accommodation and catering	1,155,208	1,187,558	461,877	2,804,643
Other	67,208	610,882	-	678,090
Total	2,362,028	2,681,213	659,824	5,703,065

Expenditure includes fundraising costs of £227,772. This expenditure includes the costs of alumni relations.

6b Analysis of 2018/2019 expenditure by activity

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

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

6c Auditors' remuneration	2020	2019
	£	£
Other operating expenses include:		
Audit fees payable to the College's external auditors	19,920	18,912

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7a Staff costs

	Academic	Non- Academic	2020 Total	2019 Total
	£	£	£	£
Staff costs:				
Salaries	434,379	1,383,235	1,817,614	1,748,973
National Insurance	33,081	104,870	137,951	133,716
Pension costs	16,878	389,585	406,463	472,054
	<u>484,338</u>	<u>1,877,690</u>	<u>2,362,028</u>	<u>2,354,743</u>

	Number of Fellows	Full-time equivalents	Number of Fellows	Full-time equivalents
Academic	29		26	
Non-academic		48		49
Total	<u>29</u>	<u>48</u>	<u>26</u>	<u>49</u>

At the Balance Sheet date the Governing Body comprised of 70 fellows, of which 9 served as Trustees on College Council. During the year the average number of fellows receiving remuneration was 29 as shown above. The Trustees received no remuneration in their capacity as Trustees of the Charity.

The number of officers and employees of the College, including Head of House, who received remuneration in the following ranges was:

	2020 Total	2019 Total
£100,001 - £110,000	1	1
£110,001 - £120,000	0	0

Remuneration includes salary, employer's national insurance contributions, employer's pension contributions plus any taxable benefits either paid, payable or provided, gross of any salary sacrifice arrangements.

7b Key Management Personnel

	2020 £	2019 £
Aggregated remuneration of key management personnel	220,354	196,166

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. The aggregated remuneration paid to key management personnel consists of salary, employer's national insurance contributions, employer's pension contributions, plus any taxable benefits either paid, payable or provided, gross of any salary sacrifice arrangements. For Darwin College, key management personnel are the Master, the Bursar and the Dean.

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8 Fixed assets

Tangible fixed assets

	Land	College Buildings	Assets Under Construction	Fixtures, Fittings & Equipment	Motor Vehicles	2020 Total	2019 Total
	£	£	£	£	£	£	£
Cost or valuation							
At beginning of year	20,968,868	17,404,869	6,449,726	36,788	10,524	44,870,775	42,095,792
Additions at cost	139,553	87,694	1,311,518	-	-	1,538,765	2,774,983
Disposal at cost	-	-	(24,849)	-	-	(24,849)	-
At end of year	<u>21,108,421</u>	<u>17,492,563</u>	<u>7,736,395</u>	<u>36,788</u>	<u>10,524</u>	<u>46,384,691</u>	<u>44,870,775</u>
Depreciation							
At beginning of year	-	2,999,909	-	24,785	4,187	3,028,881	2,387,319
Charge for the year	-	653,718	-	4,001	2,105	659,824	641,562
Written back on disposal	-	-	-	-	-	-	-
At end of year	<u>-</u>	<u>3,653,627</u>	<u>-</u>	<u>28,786</u>	<u>6,292</u>	<u>3,688,705</u>	<u>3,028,881</u>
Net book value							
At end of year	<u>21,108,421</u>	<u>13,838,936</u>	<u>7,736,395</u>	<u>8,002</u>	<u>4,232</u>	<u>42,695,986</u>	<u>41,841,894</u>
At beginning of year	<u>20,968,868</u>	<u>14,404,960</u>	<u>6,449,726</u>	<u>12,003</u>	<u>6,337</u>	<u>41,841,894</u>	<u>39,708,473</u>

The insured value of freehold buildings as at 30 June 2020 was £34,482,726 (2019: £32,295,826).

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9 Investments

	2020	2019
	£	£
Balance at beginning of year	46,490,366	32,635,587
Additions	11,386,546	15,504,884
Disposals	(22,875,338)	(3,141,184)
Gain/(Loss)	(186,010)	1,808,448
Increase/(Decrease) in cash balances held at fund managers	4,687,554	(317,369)
Balance at end of year	<u>39,503,118</u>	<u>46,490,366</u>
Represented by:		
Property	2,850,142	2,850,142
Quoted securities - equities	24,130,606	25,726,620
Fixed interest securities	2,568,822	2,743,998
Cash in hand at investment managers	6,158,580	1,373,206
Other	3,794,968	13,796,400
	<u>39,503,118</u>	<u>46,490,366</u>

10 Stocks

	2020	2019
	£	£
Goods for resale	42,530	49,256

11 Trade and other receivables

	2020	2019
	£	£
Members of the College	363,280	313,282
University fees	-	15,799
Other receivables	26,805	32,917
Prepayments and accrued income	225,495	576,172
	<u>615,580</u>	<u>938,170</u>

12 Cash and cash equivalents

	2020	2019
	£	£
Short-term money market investments	2,000,233	-
Bank deposits	5,551,789	1,056,793
Current accounts	(551)	(1,451)
Cash in hand	2,313	3,389
	<u>7,553,784</u>	<u>1,058,731</u>

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13 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	235,435	238,650
Members of the College	194,716	157,904
University fees	419,476	-
Other creditors	35,066	59,626
Accruals and deferred income	318,449	395,983
	<u>1,203,142</u>	<u>852,163</u>

14 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
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

	CCFPS	USS	2020	2019
	£	£	Total	Total
	£	£	£	£
Balance at beginning of year	1,906,275	195,445	2,101,720	1,582,446
Movement in year:				
Current service cost including life assurance	408,959	11,920	420,879	494,843
Contributions	(285,227)	(66,329)	(351,556)	(342,053)
Other finance (income)/cost	-	-	-	-
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	372,465	-	372,465	366,484
Balance at end of year	<u>2,402,472</u>	<u>141,036</u>	<u>2,543,508</u>	<u>2,101,720</u>

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16 Endowment funds

	Restricted permanent endowments	Unrestricted permanent endowments	2020	2019
	£	£	Total £	Total £
Balance at beginning of year:				
Capital	4,655,757	18,788,638	23,444,395	22,775,664
New donations and endowments	-	226,000	226,000	145,000
Increase/(Decrease) in market value of investments	(100,059)	(536,325)	(636,384)	574,995
Transfer of funds	-	-	-	(51,264)
Balance at end of year	4,555,698	18,478,313	23,034,011	23,444,395
Analysis by type of purpose				
Fellowship Funds	2,635,325	-	2,635,325	2,693,206
Scholarship and Studentship Funds	1,048,295	-	1,048,295	1,071,319
Bursary Funds	606,863	-	606,863	620,192
Travel Grant Funds	240,354	-	240,354	245,633
Other Funds	24,861	-	24,861	25,407
General endowments	-	18,478,313	18,478,313	18,788,638
	4,555,698	18,478,313	23,034,011	23,444,395
Analysis by asset				
Property			2,850,142	2,850,142
Investments			20,183,869	20,594,253
Cash			-	-
			23,034,011	23,444,395

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17 Restricted Reserves

Reserves with restrictions are as follows:

	Capital grants unspent	Permanent unspent & other restricted income	Restricted expendable endowment	2020 Total	2019 Total
	£	£	£	£	£
Balance at beginning of year:	20,000	2,846,595	356,696	3,223,291	2,930,832
New grants	-	-	-	-	-
New donations	74,225	135,667	53,750	263,642	298,348
Endowment return transferred	-	-	-	-	-
Other investment income	-	209,160	4,990	214,150	202,207
Increase/(Decrease) in market value of investments	-	(58,609)	(1,469)	(60,078)	92,198
Expenditure	-	(221,332)	(57,982)	(279,314)	(313,782)
Capital grants utilised	(74,747)	-	-	(74,747)	(37,776)
Transfer to unrestricted	-	-	-	-	51,264
Balance at end of year	19,478	2,911,481	355,985	3,286,944	3,223,291
Analysis of other restricted funds/donations by type of purpose					
Fellowship Funds	-	1,211,954	50,271	1,262,225	1,278,881
Scholarship and Studentship Funds	-	1,155,517	305,714	1,461,231	1,373,554
Bursary Funds	-	505,277	-	505,277	511,434
Travel Grant Funds	-	24,968	-	24,968	25,596
Other Funds	-	13,765	-	13,765	13,826
General	19,478	-	-	19,478	20,000
	19,478	2,911,481	355,985	3,286,944	3,223,291
Analysis by asset					
Property				-	-
Investments				2,742,620	2,802,858
Cash				544,324	420,433
				3,286,944	3,223,291

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

	2020	2019
	£	£
Surplus/(Deficit) for the year	(760,186)	2,435,491
Adjustment for non-cash items		
Depreciation	659,824	641,562
Investment income	-	-
(Gain)/Loss on endowments	1,531,717	(1,856,399)
(Increase)/Decrease in stocks	6,726	1,066
(Increase)/Decrease in trade and other receivables	322,590	(412,368)
Increase/(Decrease) in creditors	350,978	(183,605)
Pension costs less contributions payable	441,788	519,274
Adjustment for investing or financing activities		
Investment income	(1,040,284)	(927,019)
Interest payable	(395,759)	(393,480)
Loan fees paid	-	-
Net cash inflow from operating activities	<u>1,117,394</u>	<u>(175,478)</u>

19 Cash flows from investing activities

	2020	2019
	£	£
Non-current investment disposal	21,554,480	3,189,135
Investment income	1,040,284	927,019
Endowment funds invested	(11,386,546)	(15,504,884)
(Increase)/Decrease in cash balances held at fund managers	(4,687,554)	317,369
Purchase of tangible fixed assets	(1,538,764)	(2,774,983)
Total cash flows from investing activities	<u>4,981,900</u>	<u>(13,846,344)</u>

20 Cash flows from financing activities

	2020	2019
	£	£
Interest paid	395,759	393,480
New loan	-	-
New loan fees paid	-	-
Total cash flows from financing activities	<u>395,759</u>	<u>393,480</u>

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21 Consolidated reconciliation and analysis of net debt

	At 1 July 2019	Cash flows	At 30 June 2020
	£	£	£
Cash and cash equivalents	1,058,731	6,495,053	7,553,784
Borrowings - amounts due within one year	-	-	-
Borrowings - amounts due after more than one year			
Unsecured loans	13,000,000	-	13,000,000
Net total	<u>(11,941,269)</u>	<u>6,495,053</u>	<u>(5,446,216)</u>

See note 14 for further details of the £13m unsecured debt, raised by private placements, at fixed interest-rates and repayable 2043 - 2058.

22 Financial Instruments

	2020	2019
	£	£
Financial Assets		
<i>Financial assets at fair value through Statement of Comprehensive income</i>		
Listed equity investments	30,484,395	42,257,017
<i>Financial assets that are equity instruments measured at cost less impairment</i>		
Other equity investments	10,001	10,001
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Cash and cash equivalents	7,553,784	1,058,731
Cash in hand at investment managers	6,158,580	1,373,206
Other debtors	615,580	938,170
Financial Liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Loans	13,000,000	13,000,000
Trade creditors	235,435	238,650
Other creditors	967,707	613,513

The fair values of the assets and liabilities held at fair value through profit and loss at the balance sheet date are determined using quoted prices.

23 Lease obligations

	2020	2019
	£	£
At 30 June 2020 the College had annual commitments under non-cancellable operating leases as follows:		
Land and buildings:		
Expiring within one year	168,906	163,281
Expiring between two and five years	189,115	358,021
Expiring in over five years	-	-

24 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 2020 was £272,415 (2019: £263,599).

24a Universities' Superannuation Scheme

The total cost charged to the profit and loss account is £66,329 (2019: £56,960).

Deficit recovery contributions due within one year for the institution are £22,687 (2019: £11,211).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2020 is underway but not yet complete.

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

The 2018 valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 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 + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

2018 valuation

Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	<u>Post retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.

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Note 24a (US\$) cont.

Future improvements to mortality CMI_2017 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:

Life expectancy on retirement	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	0.73%	1.58%
Pensionable salary growth	n/a	n/a

24b 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 2020, 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:

	2020	2019
	% p.a.	% p.a.
Discount rate	1.45	2.25
Increase in salaries	2.70	2.90
RPI assumption	3.10	3.40
CPI assumption	2.20	2.40
Pension increases in payment (RPI Max 5% p.a.)	3.00	3.30
Pension Increases in payment (CPI Max 2.5% p.a.)	1.80	1.90

The underlying mortality assumption is based upon the standard table known as S3PA on a year of birth usage with CMI_2019 future improvement factors and a long-term rate of future improvement of 1.25% per annum, a standard smoothing factor (7.0) and no allowance for additional improvements (2019: S3PA with CMI_2018 future improvement factors and a long-term future improvement rate of 1.25% per annum, a standard smoothing factor (7.0) and no allowance for additional improvements). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years (previously 21.8 years).
- Female age 65 now has a life expectancy of 24.2 years (previously 24.0 years).

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Note 24b (CCFPS) cont.

- Male age 45 now and retiring in 20 years has a life expectancy of 23.2 years (previously 23.1 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.6 years (previously 25.5 years).

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

	Male	Female
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.

The amounts recognised in the Balance Sheet as at 30 June 2020 (with comparative figures as at 30 June 2019) are as follows:

	2020	2019
	£	£
Present value of plan liabilities	(6,782,990)	(5,871,205)
Market value of plan assets	4,380,518	3,964,930
Net defined benefit asset/(liability)	<u>(2,402,472)</u>	<u>(1,906,275)</u>

The amounts to be recognised in the Statement of Comprehensive Income and Expenditure for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows.

	2020	2019
	£	£
Current service cost	351,852	264,894
Administrative costs	13,773	13,773
Interest on net defined benefit (asset)/liability	43,334	41,136
(Gain)/Loss on plan changes	-	-
Curtailment (gain)/loss	-	-
Total	<u>408,959</u>	<u>319,803</u>

Changes in the present value of the plan liabilities for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020	2019
	£	£
Present value of plan liabilities at beginning of period	5,871,205	4,965,275
Current service cost	351,852	264,894
Employee contributions	25,374	24,051
Benefits paid	(212,945)	(137,479)
Interest on plan liabilities	133,943	136,102
Actuarial (gains)/losses	613,561	618,362
(Gain)/Loss on plan changes	-	-
Curtailment (gain)/loss	-	-
Present value of plan liabilities at end of period	<u>6,782,990</u>	<u>5,871,205</u>

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Note 24b (CCFPS) cont.

Changes in the fair value of the plan assets for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020	2019
	£	£
Market value of plan assets at beginning of period	3,964,930	3,460,194
Contributions paid by the College	285,227	285,093
Employee contributions	25,374	24,051
Benefits paid	(212,945)	(137,479)
Administrative expenses paid	(18,512)	(17,125)
Interest on plan assets	90,609	94,966
Return on assets, less interest included in the Statement of Comprehensive Income and Expenditure	245,835	255,230
Market value of plan assets at end of period	<u>4,380,518</u>	<u>3,964,930</u>
Actual return on plan assets	336,444	350,196

The major categories of plan assets for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020	2019
Equities	49%	57%
Bonds & Cash	41%	34%
Property	10%	9%
Total	<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 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020	2019
	£	£
Return on assets, less interest included in the Statement of Comprehensive Income and Expenditure	245,835	255,230
Expected less actual plan expenses	(4,739)	(3,352)
Experience gains and losses arising on plan liabilities	6,985	(25,880)
Changes in assumptions underlying the present value of plan liabilities	(620,546)	(592,482)
Remeasurement of net defined benefit liability recognised in OCI	<u>(372,465)</u>	<u>(366,484)</u>

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Note 24b (CCFPS) cont.

Movement in net defined benefit asset/(liability) during the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020	2019
	£	£
Net defined benefit asset/(liability) at beginning of year	(1,906,275)	(1,505,081)
Recognised in the Statement of Comprehensive Income and Expenditure	(408,959)	(319,803)
Contributions paid by the College	285,227	285,093
Remeasurement of net defined benefit liability recognised in OCI	(372,465)	(366,484)
Net defined benefit asset/(liability) at end of year	<u>(2,402,472)</u>	<u>(1,906,275)</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.

25 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 may have 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.

The college maintains a register of interests for all Trustees and where any Trustee has a material interest in a College matter they are required to declare that fact.

During the year, no fees or expenses were paid to Fellows in respect of their duties as Trustees.

Fellows are remunerated for teaching, research and other duties within the College. Fellows are billed for any private catering. The Trustees remuneration is overseen by a Remuneration Sub-Committee of the College's Finance Committee, whose membership comprises independent external members, Fellows who are not Trustees, and the Bursar.

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The salaries paid to Trustees in the year are summarised in the table below:

From:	To:	Number of Fellows	
		2020	2019
£0	£10,000	6	6
£10,001	£20,000	-	-
£20,001	£30,000	-	-
£30,001	£40,000	1	1
£40,001	£50,000	1	1
£50,001	£60,000	-	-
£60,001	£70,000	-	-
£70,001	£80,000	-	1
£80,001	£90,000	1	-
	Total	<u>9</u>	<u>9</u>

The total Trustee salaries were £174,502 for the year (2019: £165,266)

The Trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £52,013 for the year (2019: £45,254).