

# Gonville & Caius

**Trustees' Annual Report and Accounts 2018/19**

**For the year ended 30 June 2019**

# Gonville & Caius

## Trustees' Annual Report and Accounts 2018/19

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## Reference and Administrative Details

The College of Gonville & Caius in the University of Cambridge comprises the Master, the Fellows and the Scholars. Its registered address is Trinity Street, Cambridge CB2 1TA. The College is a registered charity (Charity Registration Number: 1137536) and is subject to regulation by the Charity Commission for England and Wales. The charity Trustees of the College are the members of the College Council.

### Council Members 1 July 2018 – 30 June 2019

Ex Officio	Master	Professor Sir Alan Fersht (to October 2018) Dr P J Rogerson (from October 2018)
Ex Officio	Senior Bursar	Dr D S Secher (to October 2018) Mr Robert Gardiner (from October 2018)
Ex Officio	Senior Tutor	Dr R G Scurr  Dr M T Calaresu Dr G J Conduit (from October 2018) Dr B Everill (to April 2019) Dr J Fox (to October 2018) Dr F Gallagher (from January 2019) Dr W Handley (from May 2019) Dr E Harper Professor J Herbert Dr D Hewitt Dr K L Miles (to October 2018) Professor J D Mollon Professor P Robinson (to October 2018) Dr J Sale Professor M C Smith (from October 2018)

**Auditors**

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

**Bankers**

Barclays Bank plc  
Mortlock House  
Histon  
Cambridge  
CB24 9DE

Lloyds Bank PLC  
3 Sidney Street  
Cambridge  
CB2 3BU

**Property Managers**

Bidwells  
Trumpington Road  
Cambridge  
CB2 2LD

**Legal Advisers**

Mills & Reeve LLP  
Botanic House  
98-100 Hills Road  
Cambridge  
CB2 1PH

**Investment Managers**

Partners Capital  
5 Young Street  
London  
W8 5EH

Cambridge University Endowment  
Fund  
University of Cambridge  
Finance Division  
Greenwich House

Madingley Rise  
Madingley Road  
Cambridge  
CB3 0TX

## Report of the College Council

### Status

Gonville & Caius is one of the oldest and largest Colleges in the University of Cambridge, originally founded in 1348 by Edmund Gonville and subsequently augmented and re-founded by John Caius in 1557. Today it is a self-governing community of scholars, home to more than 850 undergraduates, graduates and academics supported by over 150 full-time equivalent staff.

The College is constituted under the provisions of the Universities of Oxford and Cambridge Act 1923 and is a registered charity, number 1137536. These accounts consolidate the operations of the College with its subsidiaries Caius Property Services Limited, Budworth Development Limited and Caius Conferences Limited. They are prepared in accordance with the Recommended Cambridge College Accounts (RCCA) format.

### Aims and Objectives

The College is an institution of Higher Education. Its primary charitable purpose is the pursuit of education, religion, learning and research and its overall objective is to rank amongst the highest achieving academic institutions in the world.

### Public Benefit

The College provides, in conjunction with the University of Cambridge, an education for more than 800 undergraduate and graduate students that is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial systems;
- social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential while studying at the College; and
- specialist choral musical education for its choristers who make up the College's renowned choir.

The College advances learning and research through:

- providing an intellectual and social base for around 200 graduate students, as well as offering studentships, bursaries, financial support and grants for travel and other support relating to their research;
- providing Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- supporting research work pursued by its Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and materials;
- encouraging visits from outstanding academics from abroad; and
- encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

The College maintains an extensive library and archives (including important special collections), providing a valuable resource for students and Fellows of the College, members of other Colleges and the University of Cambridge more widely, external scholars and researchers, as well as offering a venue for occasional lectures and exhibitions open to the general public. The archives dealt with 930 public enquiries during the year.

The College admits as students those who have the highest potential for benefiting from the education provided by the College and the University and recruits as academic staff those who are able to contribute most to the academic excellence of the College, regardless of their financial, social, religious or ethnic background:

- there are no geographical restrictions in the College's objects and students and academic staff of the College are drawn from across the UK and internationally;
- there are no age restrictions in the College's objects but students of the College are predominantly between 18 and 26 years old; and
- there are no religious restrictions in the College's objects and members of the College have a wide variety of faith traditions or none.

The focus of the College is strongly academic and students need to satisfy high academic entry requirements. The College works to ensure that no one is barred from attending the College because of financial constraints and provides assistance to many of its students:

- to assist undergraduates who have limited financial means. The College participates in the Cambridge Bursary Scheme. The scheme operates in conjunction with the University of Cambridge and is approved by the Office for Students (OfS) providing benefits at a substantially higher level than the minimum OfS requirement;
- to support the costs of graduate students, the College provides substantial financial support. This includes scholarships to fund fees and living costs and 'top-up' funding to fill funding shortfalls in students' funding packages;
- the College also supports students through a grant scheme to assist with the purchase of books and equipment, attendance at conferences, childcare support and travel grants, as appropriate; and
- In addition to its other programmes, the College has limited funds for any student in financial hardship.

To raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying to Gonville & Caius, the College operates an extensive outreach programme, including visits to schools, visits by schools to the College, open days, a summer school, admissions symposia for teachers as well as guidance and information on the College website for prospective applicants.

The College carries forward the requirement, continuous since its foundation, of being a place of spiritual and ethical reflection on the Christian faith and its implications for the individual and society. In particular, the College:

- maintains and supports the Chapel as a place of religious worship where visitors are welcome during the day; where a variety of religious services take place on weekdays and at weekends during term, details of which are advertised on noticeboards and the website; and where all regular services in the College Chapel are open to the public and are attended by students and staff from elsewhere in the University as well as local residents and visitors to Cambridge;
- maintains its outstanding choral tradition, which is integral to the provision of Divine Service in its Chapel, through the College's choir, formed from the students of the College;
- supports, through the College Dean, the emotional, mental and spiritual well-being of all members of the College community whatever their faith tradition, or none;
- maintains its historic connection with the work of the Church of England, particularly through its involvement as Patron of 22 parishes (and, in the absence of a Rector of Stockport, as Patron of a further 6 parishes) and Lay Rector of 4 parishes; and
- supports the institution of Caius House Battersea through the appointment of its Trustees (in the gift of the Master) and the involvement of the Dean as a Trustee.

## Achievements and Performance

### Educational activities

The College's undergraduates study all the subjects offered in the University and our postgraduates play a key role in the research activities of the wider University. Our Fellows have internationally renowned research expertise ranging from Archaeology to Zoology and are all recognised as leaders in their fields. The number of undergraduate and graduate students registered with the university at 1<sup>st</sup> December 2018 was:

	2018/19	2017/18	% Change
Undergraduate	599	591	13
Postgraduate	209	195	7
<b>Total</b>	<b>808</b>	<b>786</b>	<b>20</b>

### Research activities

Four new Research Fellows started their Fellowships during the year: Dr Lewis Owen (Material Science); Dr Rebecca Sugden (Modern Languages); Dr Guy Emerson (Computer Linguistics); and Dr Joseph Ashmore (English).

## Funding

The principal sources of income of the College are as follows:

- Fees charged for the provision of education to students.
- Students and Fellows through charges for goods, services and facilities provided.
- Investment income.
- Members and friends of the College through donations and bequests.
- Conference customers for goods, services and facilities provided.

## Financial Review

The College's financial objective is to ensure that the College's primary educational, religious, learning and research functions are managed cost-effectively and supported by robust and well-managed financial resources, which will sustain the enterprise in perpetuity.

### Academic Fees and Expenditure

Academic fee income increased principally because of an increase in numbers of students, an increase in the regulated fee for new undergraduates and an increase in the amount redistributed to colleges from the graduate fees paid to the University. Total fee income does not cover the full cost of educational provision although the net cost to the College of providing education has reduced from £4.1m in 2017/18 to £3.9m in 2018/19 as shown in the table below:

	2018/19 £000	2017/18 £000	Change £000
Income	3,863	3,758	105
Expenditure	(7,797)	(7,860)	63
<b>Net Cost</b>	<b>(3,934)</b>	<b>(4,102)</b>	<b>168</b>

The average funding for each student that was provided by Gonville & Caius College in 2018/19 was £4,869 (2017/18 was £5,219)

The education costs are made up as follows:

	2018/19 £000	2017/18 £000	Change £000
Teaching	3,508	3,331	+177
Tutorial and student welfare	1,290	1,227	+63
Admissions	357	334	+23
Research	1,070	1,016	+54
Scholarships and awards	820	1,215	-395
Other educational facilities	723	710	+13
Other educational expenses	29	27	+2
<b>Totals</b>	<b>7,797</b>	<b>7,860</b>	<b>-63</b>

While the expenditure total was very close to that for the previous year there was a reduction in the costs of Scholarships and awards mainly due to student support commitments being lower than in the previous year. This was offset by increases across most of the other headings. During the year the College elected four new Research Fellows all of whom have commenced their Fellowships. There was a pay settlement for academic staff which resulted in a pay increase of 2% for each post-holder. College staff also received a pay increase in August 2018. All staff received at least 2% whilst the lower paid received more than 2% as part of the College's commitment to taken into account the Living Wage Foundation's recommendations.

### Residences, Catering and Conferences

Our income from residences, catering and conferences amounted to £6.3m which was 4.9% higher than the previous year due to a combination of price increases and increased volume of activity. Expenditure has increased by 4.6% to £6.7m due to price inflation.

### Investment Income

The College is dependent upon its investment income to fund many of its activities. The endowment is managed on a total return basis, looking at the increase in capital value of the investments as well as the income. The College calculates the amount that it is prudent to spend from the endowment each year to preserve the purchasing power of the endowment. For the year to 30 June 2019 this was derived using a 'Yale Rule' with 70% being derived from the previous year's total adjusted for inflation and the remaining 30% based on 2.75% of the value of investments at 31 March 2018, giving a total of £5.584m. A further reduction was subsequently agreed to take into account the fact that the College received more unrestricted general donations than originally budgeted. The reduction was £1.527m meaning that the eventual transfer from the endowment was £4.057m compared with £3.592m the previous year. Investment management costs are deemed to be directly attributable to investments and therefore in the accounts this expenditure is covered by a further transfer of £1.559m.

The format of the accounts means that this is shown across a number of areas but the key figures are summarised below.

	2018/19 £000	2017/18 £000	Change £000
Endowment income in the Statement of Comprehensive Income and Expenditure	5,616	5,240	376
Investment management and administration costs	(1,559)	(1,648)	89
Reduction due to excess in unrestricted donations	1,527	1,765	238
<b>Total</b>	<b>5,584</b>	<b>5,357</b>	<b>227</b>



## Donations and Fundraising

The College is dependent on the philanthropic donations of Caians, parents of Caians and friends of the College, to build its endowment and to fund some of its annual activities. The fundraising priorities of the College are laid out in the brochure, *Caius to the Future*, which was approved by College Council on 15 October 2014 and the Development Campaign strategy is reviewed annually.

The College is registered with the Fundraising Regulator and adheres to its Code of Fundraising Practice, subject to the terms and conditions agreed by the Colleges of the University of Cambridge and the Fundraising Regulator, as set out in the letter from the Chief Executive of the Fundraising Regulator, Stephen Dunmore, dated 20<sup>th</sup> July 2017.

The key staff responsible for fundraising are the Director and Deputy Director of Development, supported by a team of six other fundraisers, data administrators, and alumni relations managers.

The Development Office actively seeks benefactions and legacies for teaching, research student support and the maintenance and improvement of the College's buildings and heritage assets as well as general support of the College's activities. Solicitation methods include face-to-face meetings, telephone calls, emails and letters from Development Office staff; direct mailing of brochures and publications; and Telephone Campaigns in which potential supporters receive calls from Students, carefully selected and closely supervised by our staff.

The few complaints received about the College's fundraising activities were handled well and promptly and consequently did not escalate. All requests to be withdrawn from fundraising approaches were implemented immediately.

To protect vulnerable people and others, any potential supporters included in a Telephone Campaign are sent a pre-call letter, making clear the purpose of the call, and offering the opportunity to be withdrawn from the Campaign. During the Telephone Campaign the list of those wishing to be excluded is updated on a daily basis.

The College has signed up for AmazonSmile and the Paypal Giving Fund but otherwise does not use third-party professional fundraisers or commercial participators.

Income from the Development Campaign is a crucial source of revenue and the College comes in the form of regular monthly, quarterly or annual donation, one off gifts and bequests left in Wills from 2,309 individuals and organisations. Caius is extremely grateful to its historic and current benefactors, which it recognises through membership of various groups and the entitlement to attend exclusive events.

Donations, which amounted to £3.376m, are shown in four places within the Statement of Comprehensive Income and Expenditure:

- New endowments and restricted funds totalled £1.666m including donations for existing funds and some for new funds. These are donations and benefactions that are given specifically to build the endowment of the College and to increase the capability and capacity of the College for the long term.
- Unrestricted donations totalled £1.527m which are used for general purposes and are immediately available.
- Donations for specific purposes and to be expended in the current period amounted to £108,000.
- Donations amounting to £74,000 were received for the purpose of funding the cost of the refurbishment of the Boathouse. This is shown as the receipt of a capital grant in the Statement of Comprehensive Income and Expenditure with this then being released from restricted funds to general funds in the Statement of Changes in Reserves.

## Expenditure

A significant element of the costs of the College is staffing costs, and these costs appear in each category in the Income and Expenditure account. The overall numbers of Fellows and Staff in the College at 30 June were as follows:

	30 June 2019	30 June 2018	Change
Number of Fellows	108	104	4
Number of Staff (FTEs)	151	148	3

### University Contribution

The University Contribution has increased from £184,000 in 2017/18 to £191,000 in 2018/19. It is calculated by the University using information provided by the College and while there are a number of elements to the calculation it is principally driven by the value of the investments held by the College and the numbers of its student members.

### Capital and Reserves

Total capital and reserves stood at £340.6m at 30 June 2019 (30 June 2018: £337.9m). The College's unrestricted funds amount to £261.0m (30 June 2018: £261.4m) and are represented in the balance sheet by the College's operational buildings valued at £134.6m, which are used for teaching and residential purposes, and are therefore not considered 'free' reserves, and £142.1m of the investment portfolio. The restricted endowments amount to £75.3m, represented by part of the investment portfolio. There is also a restricted reserve of £4.3m made up of restricted but expendable donations and unspent income relating to the funds in the endowment reserve.

The College intends to continue to pursue its objects in perpetuity. Its activities require income support from its investments comprising its free reserves. The College Council is aware of the need for financial prudence and has been taking steps to increase its free reserves by reducing the expendable amount, increasing conference income and growing investments through donations and property development. The level of reserves is reviewed routinely by the Finance Committee and in response to any relevant, specific interim request for expenditure but as a general matter the income arising from free reserves is considered integral to the College's operations and required to deliver its charitable objectives. Although the college's other income streams are reasonably stable in the short term, the free reserves also provide support in the event of an unforeseen downturn in the college's investment income arising from wider economic uncertainty. In addition the reserves are required to permit the repayment of debt drawn for operational purposes which stands at £2.56m.

### Investments

The investments of the College increased from £221m at the end of last financial year, to £227m at 30 June 2019 mainly due to capital growth and donations received. These values include £10m financed by a loan from the 2013/14 Cambridge Colleges Private Placement which has been deployed on property development projects.

The investments are managed in line with an Investment Policy Statement that is approved by the College Council annually. The Investments Committee comprises the Master, the Senior Bursar, three other Fellows of the College and four external members, who are Caians expert in investment management. The College also has an Investment Property sub-committee which reports to the Investments Committee and focuses exclusively on the opportunities presented within the College's property portfolio. The Investment Committee reports to College Council. Decisions on investment policy and membership of the Investment Committee are taken by the Council on the advice of the Investments Committee. The financial investments are managed under a discretionary mandate by Partners Capital LLP and the Cambridge University Endowment Fund. The property investments are managed directly by the College principally on the advice of Bidwells LLP who are also responsible for the collection of rent.

The properties within the investment assets do not include the operational buildings used to house the College, its Fellows or students.

The College maintained two shared equity house purchase arrangements with Fellows of the College.

The investments, with the total value shown net of the Private Placement, comprise:

	June 19 £000	June 18 £000	June 17 £000	June 16 £000	June 15 £000
<b>Total Return</b>	<b>3.9%</b>	<b>7.7%</b>	<b>12.7%</b>	<b>10.6%</b>	<b>14.5%</b>
Cash	12,419	8,413	2,924	3,498	3,419
Fixed income	8,353	8,255	8,653	10,277	11,771
Hedge funds	25,916	25,602	31,121	28,557	23,529
Private equity	21,422	17,609	16,421	12,758	12,056
Property	92,792	95,101	89,770	86,427	75,147
Public equity	61,712	60,935	56,359	35,303	33,770
Multi-asset	-	-	-	11,664	9,614
Real assets	4,845	5,179	4,752	3,940	4,547
<b>Total Investments</b>	<b>227,459</b>	<b>221,094</b>	<b>210,000</b>	<b>192,424</b>	<b>173,853</b>
<b>Private Placement</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>
<b>Net Investments</b>	<b>217,459</b>	<b>211,094</b>	<b>200,000</b>	<b>182,424</b>	<b>163,853</b>

The College Council estimated in 2014 that to fulfil the objectives for the College its invested funds need to grow to £300m. This is because the College has grown significantly in the past fifty years. At the same time long term annual investment returns are expected to reduce so the invested funds are less able to meet the College's financial needs. The College will grow these funds through donations, expenditure control, judicious selection of financial investments and by pursuing opportunities within its property portfolio. The College's Finance Committee will also carefully monitor the percentage of the invested funds taken as income.

Current market conditions, including the impact of Brexit, continue to concern the Investments Committee which remains cautious about the immediate and longer-term returns. This is one of the reasons why the College reduced its expendable amount percentage in stages: 4% for 2013/14; 3.5% for 2014/15; 3.25% for 2016/17; 3% for 2017/18; and 2.75% for 2018/19. It also decided to revert to the 'Yale Rule' from 2018/19 as this was deemed to be more prudent and has continued the policy of reducing the amount transferred from the endowment to support operational expenditure whenever unrestricted general donations exceed budget.

During the year the College conducted a review of its investment managers, the results of which will be implemented during 2019/20.

### Statement of Investment Responsibility

The primary fiduciary responsibility of the College Council in managing its investments is to maximise the financial return on those resources, taking into account the amount of risk permitted within the College's investment policy. But, there are circumstances, described in Charity Commission guidance and founded in judicial decisions, when the College may balance against its primary responsibility considerations of the ethical nature of investments. The College will take due care to ensure that its investment management reflects the interests and values of the College. While these values do not require the automatic avoidance of any particular corporation or sector, they do require that all fund managers behave with integrity and are fully compliant with all regulatory requirements and relevant codes of practice.

The College has a diversified financial portfolio, with no one corporation representing over 1% of its total value. As the College does not 'pick stocks' and avoids investment managers who specialize in sensitive sectors, it does not routinely confront issues of social responsibility with the selection of its financial investments. It does, however, require its advisers, Partners Capital, to pick its investment managers carefully. The College insists that these managers demonstrate a very high standard of integrity towards their clients, their staff and the relevant regulatory authorities. Where any breaches of integrity are detected, the assets under management may be moved to another fund manager. In the investment manager review undertaken in 2018/19, the environmental, social and governance approach of managers was an important criterion.

### **Operational Assets**

The operational buildings form the bulk of the tangible assets in the balance sheet. Most of the expenditure relates to refurbishment costs which the College capitalises if the contract sum exceeds £10,000. The total operational asset additions during this year are:

- £639,000 shown within the capital expenditure on College buildings including the refurbishment of Caius Court roof;
- £622,000 on the kitchen refurbishment;
- £46,000 on preparatory work for the refurbishment of the Aston Webb (A-F St Michael's Court and
- £45,000 on IT infrastructure developments

The College also spends considerable further sums on the maintenance of its buildings and during the year this amounted to £1,189,000 including the salaries of the in-house maintenance team as well as smaller repair contracts.

The College continues to have a substantial forward programme for the refurbishment of the existing buildings. The refurbishment of the College kitchens commenced in June 2019 and preparatory work is now being done on the planned next major project, the refurbishment of the Aston Webb building in St Michael's Court.

### **Trusts and Funds of the College**

The majority of the donations and benefactions that are given to the College allow the Master and Fellows to determine the best use for the funds. Other funds are given for specific purposes – such as the establishment of funds for bursaries, lectureships and studentships. The College also has very significant historic funds, for example the Tapp Trust which chiefly supports provision for law students and Fellows. Each of these specific donations is accounted for in separate "endowment funds". The underlying assets are managed on an amalgamated basis in accordance with the College's overall investment policy, but the College maintains a record of the assets of each fund and the associated income so that donors' wishes are adhered to.

### **Principal Risks and Uncertainties**

College Council considers matters of risk on a regular basis through its committees and sub-committees and the risks that are faced by the College can be categorised into physical operational risks, academic and reputational risks and financial risks. Financial impacts of risks are covered in various ways by the College's insurance policy and the level and nature of the cover is reviewed on an annual basis. The College also maintains and tests a business continuity plan. Each of the main College Committees considers the risks that relate to their areas of responsibility and in addition the College has a Security Committee and a Health and Safety Committee to address these issues for the College as a whole.

Financial risks are addressed by the Finance Committee and the Investments Committee. The College is dependent on its endowment and reviews its investment policies on an annual basis in order that it balances the need to achieve high returns and manage risk. Some of the attendant risks are addressed in the Statement of Investment Responsibility. The Finance Committee is responsible for reviewing the level of expenditure

that can be supported by income and together with an appropriate level of draw from the endowment to ensure the long term future of the College while providing a fair and appropriate level of funding for the current cohort of students and ensure that inter-generational equity is maintained.

Specific risks affecting the College include the funding of university education and changes which arise as a result of the Augar Review and the impact the withdrawal of the UK from the European Union as explained in the next section.

## Future Developments

Although Gonville & Caius College is a relatively well endowed College in the University of Cambridge, it has to support one of the largest communities of students and Fellows. It does however have the benefit of a very active fundraising team, and a committed Investments Committee. The whole higher education sector continues to go through a period of extreme uncertainty, with a shift from government support towards increased student tuition fees. The agreements on the permitted level of fee, negotiated with the Office for Fair Access require universities and colleges to spend more on access and widening participation. The medium and long-term impact of this on student academic choices and recruitment is hard to predict, but the experience continues to require the College to make an even higher contribution to the cost of education provision. Subject to the outcome of these considerations, the College sees the key challenges and priorities as:

- dealing with Brexit, in particular the effect on recruitment of the most talented Fellows and students and possible negative impact on the financial position (higher costs, lower investment returns);
- maintaining the high level of teaching, either one to one or in small groups, that is core to the educational experience offered by Cambridge University and Gonville & Caius College;
- continuing to attract qualified students from the widest possible range of backgrounds and providing them with adequate support through bursary schemes to enable them to study without the distraction of financial concerns;
- responding to the requirements of the new Access and Participation Plan agreed with the Office for Students;
- strengthening the College's support for graduate study and for research;
- attracting and retaining an active Fellowship that is committed to excellence in research and teaching, in a global marketplace for academic talent;
- maintaining the beautiful historic and modern buildings and upgrading them to meet the requirements and aspirations of our students, current health and safety standards and modern IT requirements; and
- growing the College's investments in order to fund the above.

In order to meet these challenges, in 2017 the College completed a master planning project, seeking to identify options for the estate over the next three decades. Options arising are being considered focussing in the near and medium term on the current three site structure for the College's operational buildings while also assessing the benefits and planning for some smaller scale changes in the use of some buildings in the centre of Cambridge.

## Corporate Governance

The following statement is provided by the College Council to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.

The College is a registered charity (registered number 1137536) and subject to regulation by the Charity Commission for England and Wales. The members of the College Council are the charity trustees and are responsible for ensuring compliance with charity law.

The College Council is advised in carrying out its duties by seven main committees:

Development Committee  
Domestic and Catering Committee  
Education and Research Committee  
Finance Committee  
Investments Committee, supported by the Investment Property Sub-Committee  
Works and Accommodation Committee  
Personnel Committee (newly constituted from 2019/20 onwards)

There are Registers of Interests of members of College Council, the Finance Committee and of senior administrative officers. Declarations of interest are made systematically at all the main Committee meetings.

The principal officers of the College are the Master, the Senior Tutor and the Senior Bursar.

It is the duty of the Finance Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the College Council on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; and to make an annual report to the College Council. Membership of the Finance Committee includes the Master, the Senior Bursar, a Tutor, the Development Director and five fellows with appropriate skills and experience, including at least one Professorial Fellow and two teaching fellows.

The composition of the College Council during the year ended 30 June 2019 is set out on page 2.

### **Statement of Internal Control**

The College Council is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the funds and assets for which is responsible, in accordance with the College's Statutes.

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2019 and continues to provide reasonable but not absolute assurance of effectiveness.

The College Council is responsible for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the various Committees, the Senior Bursar and the College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

### **Responsibilities of the College Council**

The College Council is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College Statutes and the Statutes and Ordinances of the University of Cambridge require the College Council 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 College Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the “going concern” basis, unless it is inappropriate to presume that the College will continue in operation.

The College Council is responsible for keeping accounting records that disclose, with reasonable accuracy at any time, the financial position of the College and ensure that the financial statements comply with the Statutes of the University of Cambridge. The College Council is 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.

The College Council is responsible for the maintenance and integrity of the corporate and financial information included on the College’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**On behalf of the College Council**



**Dr Philippa Rogerson**

..... Dated 13 November 2019

## **Independent auditors' report to the Council of Gonville & Caius College, Cambridge**

### **Opinion**

We have audited the financial statements of Gonville & Caius 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 Council are responsible for the other information. The other information comprises the information included in the Annual Report of the Trustees 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 financial statements is inconsistent in any material respect with the Operating and Financial Review ; 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 the Council**

As explained more fully in the responsibilities of the Council statement set out on page 12, the Council 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 Council 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 Council 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's Council as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and the Charities Act 2011. Our work has been undertaken so that we might

state to the Council 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's Council as a body, for our audit work, for this report, or for the opinions we have formed.

Peters Elworthy & Moore

**PETERS ELWORTHY & MOORE**

**Chartered Accountants and Statutory Auditors**

**Salisbury House**

**Station Road**

**Cambridge**

**CB1 2LA**

**Date:** 12 December 2019

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

## Statement of Principal Accounting Policies for the Year Ended 30 June 2019

### 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 7.

### 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.

### Basis of Consolidation

The consolidated financial statements include the College and one of its subsidiary undertakings, Caius Property Services Ltd. Intra-group transactions are eliminated on consolidation. A separate balance sheet and related notes for the College only are not included because Caius Property Services Ltd is a design and build company and the balance sheet of the College would not be materially different to the one included in the accounts. The other subsidiary undertakings, Budworth Development Ltd, and Caius Conferences Ltd, which was incorporated on 3 May 2019 had no financial transactions in the year to 30<sup>th</sup> June 2019. Details of the subsidiaries are set out in Note 26.

The Consolidated Financial Statements do not include the activities of student societies as these are separate bodies in which the College has no financial interest and over whose policy decisions it has no direct control.

### 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.

#### *Restricted grant income*

Grants for restricted purposes are recognised as income to the extent that relevant expenditure has been incurred.

#### *Income from research grants*

Income from research grants is included to the extent of the completion of the contract or service concerned.

#### *Donations and benefactions*

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated 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 Consolidated 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 is recorded in income in the year in which it arises 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.

*Total return basis of accounting*

The college manages its investment portfolio and allocates the related earnings for expenditure in accordance with the “total return” concept. The endowment spending policy is designed to preserve the real value of the portfolio over time. The spending policy attempts to achieve this objective by using a long-term targeted spending rate with this being annually reviewed. This has been reduced in steps in recent years and for the year to 30 June 2019 this was reduced from 3% to 2.75% of the value of investments at 31 March 2018.

*Cambridge Bursary Scheme*

In 2018-19, payment of the Cambridge Bursaries has been made by the College to eligible students via the Student Loans Company (SLC) and Cambridge University has reimbursed the College for their portion. The College has shown the gross payment made to eligible students via the SLC and a contribution from the University as Income under “Academic Fees and Charges”.

The net payment of £222,000 is shown within the Consolidated Statement of Comprehensive Income and

Expenditure as follows:

Income (see note 1)	£148,000
Expenditure	£370,000

**Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## Tangible Fixed Assets

### a. Buildings

Buildings are stated at deemed cost following a comprehensive revaluation exercise that was carried out in 2016 with the valuation effective from 1 July 2014. Freehold buildings are now depreciated on a straight line basis over their expected useful economic lives as independently assessed with building elements ranging from 15 to 112 years. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

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.

### b. Maintenance of premises

The College has an estate strategy and a five-year rolling maintenance plan which are reviewed on an annual basis. The cost of routine maintenance is charged to the income and expenditure account as it is incurred. The cost of refurbishment is capitalised and depreciated over the expected useful economic life with a £10,000 limit applied for capitalisation.

### c. Equipment

Furniture, fittings and equipment costing less than £10,000 per individual item, or group of related and interconnected items, is written off in the year of acquisition. All other assets are capitalised and depreciated over the expected useful lives of the assets, which are as follows:

Major equipment and software	5 years
Furniture and fittings	10 years
Computer equipment	3 years
Motor vehicles and general equipment	5 years

These assets are assumed to be scrapped once they reach the end of their estimated useful lives. Therefore they are eliminated from the financial statements at this point.

### d. Leased assets

Fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excesses of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure in equal amounts over the periods of the leases.

### e. Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 July 1999 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

## Investments

### Securities

Securities are shown at their market value. For listed investments this is the middle market quotation ruling at the close of business on 30 June. Overseas investments are translated into sterling at the rates of exchange ruling at that date. Investment income is included as and when dividends and interest become payable. Interest on bank deposits is included as earned. Interest purchased or sold as part of the price for investments is treated as capital rather than being brought into the income and expenditure account.

### Properties

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to the investment revaluation reserve, where properties are held by the college, or credited to restricted funds, where a restricted fund holds property.

### Stocks

Stocks are stated at the lower of cost or net realisable value.

### Provisions

Provisions are recognised if, 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 benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### Endowment Funds

Endowment funds are classified under two headings:

- where the donor has specified that the fund is to be permanently invested to generate an income stream for the general purposes of the College, the fund is classified as an unrestricted permanent endowment; and
- where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied for a restricted purpose, the fund is classified as a restricted permanent endowment.

### Taxation

The College is a registered charity (number 1137536) 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 advised to the College by the University, based on an assessable amount derived from the value of the College's assets at the end of the previous financial year.

## **Pension Schemes**

The College pays contributions to three pension schemes which provide benefits to its members based on final pensionable salary. The assets of these schemes are held separately from those of the College. In addition the College administers a closed non-contributory scheme, which is recorded separately in the College balance sheet.

### **Universities Superannuation Scheme**

The College participates in Universities Superannuation Scheme (the scheme). With effect from 1 October 2016, the scheme changed from a defined benefit only to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College 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 College therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the SOFA represents the contributions payable to the scheme. Since the College has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the College 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**

The College also contributes to the Cambridge Colleges Federated Pension Scheme (CCFPS), which is a similar defined benefit pension scheme. Unlike the USS, this scheme has surpluses and deficits directly attributable to individual colleges. Current service costs, assessed by the scheme actuary, are included as part of staff costs. The expected return on assets less the interest costs is shown as a net amount as part of interest income or costs. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Actuarial valuations are obtained at least triennially and are updated at each balance sheet date for accounting purposes. The liabilities of the plan have been calculated for the purposes of FRS102 using a valuation system designed for the Management Committee acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, at 31 June 2018 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.

### **Church of England Funded Pensions Scheme**

The College also participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Boards, which holds the assets of the schemes separately from those of the Employer and the other participating employers. Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the statement of income and expenditure in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

### **Staff Pension Fund**

The College runs a defined benefit scheme, funded by the College, which is closed to new members. Benefit payments are accounted for when payments are made.

**Critical accounting judgements**

FRS102 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 that provided by USS. 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 is recognised in profit or loss. The Council and Governing Body are satisfied that the scheme provided by USS 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.

All other accounting judgements and estimates are detailed under the appropriate accounting policy.



## Consolidated Statement of Comprehensive Income and Expenditure for the Year Ended 30 June 2019

Income	Note	2019			2018				
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Academic fees and charges	1	3,715	148	-	3,863	3,603	155	-	3,758
Residences, catering and conferences	2	6,264	-	-	6,264	5,955	-	-	5,955
Investment income	3	-	-	7,460	7,460	-	-	7,003	7,003
Endowment return transferred	3	3,064	2,552	(5,616)	-	3,382	1,858	(5,240)	-
Other income		69	-	-	69	25	-	-	25
<b>Total income before donations and endowments</b>		<b>13,112</b>	<b>2,700</b>	<b>1,844</b>	<b>17,656</b>	<b>12,965</b>	<b>2,013</b>	<b>1,763</b>	<b>16,741</b>
Donations		1,527	108	-	1,635	1,829	-	-	1,829
New endowments		-	623	1,043	1,666	-	-	2,034	2,034
Other capital grants for assets		-	74	-	74	-	157	-	157
<b>Total income</b>		<b>14,639</b>	<b>3,505</b>	<b>2,887</b>	<b>21,031</b>	<b>14,794</b>	<b>2,170</b>	<b>3,797</b>	<b>20,761</b>
<b>Expenditure</b>									
Education	4	6,160	1,637	-	7,797	6,262	1,598	-	7,860
Residences, catering and conferences	5	6,683	-	-	6,683	6,391	-	-	6,391
Other expenditure	6	3,730	825	-	4,555	2,175	246	-	2,421
Contribution under Statute G,II		191	-	-	191	184	-	-	184
<b>Total expenditure</b>		<b>16,764</b>	<b>2,462</b>	<b>-</b>	<b>19,226</b>	<b>15,012</b>	<b>1,844</b>	<b>-</b>	<b>16,856</b>
<b>Surplus/(deficit) before other gains and losses</b>		<b>(2,125)</b>	<b>1,043</b>	<b>2,887</b>	<b>1,805</b>	<b>(218)</b>	<b>326</b>	<b>3,797</b>	<b>3,905</b>
Gain/(loss) on investments	10	2,794	38	(832)	2,000	6,686	153	2,574	9,413
<b>Surplus/(deficit) for the year</b>		<b>669</b>	<b>1,081</b>	<b>2,055</b>	<b>3,805</b>	<b>6,468</b>	<b>479</b>	<b>6,371</b>	<b>13,318</b>
<b>Other comprehensive income/(expenditure)</b>									
Actuarial gain/(loss) in respect of pension schemes	16	(1,103)	-	-	(1,103)	858	-	-	858
<b>Total comprehensive income for the year</b>		<b>(434)</b>	<b>1,081</b>	<b>2,055</b>	<b>2,702</b>	<b>7,326</b>	<b>479</b>	<b>6,371</b>	<b>14,176</b>

The notes on pages 28 to 51 form part of these accounts

GONVILLE & CAIUS COLLEGE

**Consolidated Statement of Changes in Reserves**

Year ended 30 June 2019

	Income and expenditure reserve			Total £000
	Unrestricted £000	Restricted £000	Endowment £000	
<b>Balance at 1 July 2018</b>	261,389	3,279	73,249	337,917
Surplus/(Deficit) from income and expenditure statement	669	1,081	2,055	3,805
Other comprehensive income/(expenditure)	(1,103)	-	-	(1,103)
Release of restricted capital funds spent in the year	74	(74)	-	-
<b>Balance at 30 June 2019</b>	<b>261,029</b>	<b>4,286</b>	<b>75,304</b>	<b>340,619</b>
<b>Balance at 1 July 2017</b>	253,906	2,957	66,878	323,741
Surplus/(Deficit) from income and expenditure statement	6,468	479	6,371	13,318
Other comprehensive income	858	-	-	858
Release of restricted capital funds spent in the year	157	(157)	-	-
<b>Balance at 30 June 2018</b>	<b>261,389</b>	<b>3,279</b>	<b>73,249</b>	<b>337,917</b>

The notes on pages 28 to 51 form part of these accounts

**Consolidated Balance Sheet as at 30 June 2019**

		<b>2019</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>
	<i>Note</i>		
<b>Non-current Assets</b>			
Fixed assets	9	134,602	135,211
Heritage assets	9	101	97
Investment assets	10	227,459	221,094
		<u>362,162</u>	<u>356,402</u>
<b>Current Assets</b>			
Stock	11	639	659
Trade and other receivables	12	1,358	1,959
Cash and cash equivalents	13	1,590	1,359
		<u>3,587</u>	<u>3,977</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,549)</u>	<u>(3,851)</u>
<b>Net Current assets (liabilities)</b>		38	126
Total Assets less current liabilities		362,200	356,528
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(12,400)</u>	<u>(12,560)</u>
Net assets excluding pension liability		349,800	343,968
Net pension liability	16	<u>(9,181)</u>	<u>(6,051)</u>
<b>Net assets</b>		<u>340,619</u>	<u>337,917</u>
<b>Restricted reserves</b>			
Income and expenditure reserve – endowment reserve	17	75,304	73,249
Income and expenditure reserve – restricted reserve	18	4,286	3,279
<b>Unrestricted reserves</b>			
Income and expenditure reserve – unrestricted		261,029	261,389
<b>Total Reserves</b>		<u>340,619</u>	<u>337,917</u>

Approved by the College Council on 13 November 2019 and signed on their behalf by Mr Robert Gardiner, Senior Bursar



The notes on pages 28 to 51 form part of these accounts

**Consolidated Cash Flow Statement as at 30 June 2019**

	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>
Net cash inflow/(outflow) from operating activities	20	308	(595)
Cash flows from investing activities	21	609	2,684
Cash flows from financing activities	22	(686)	(700)
Increase/(decrease) in cash and cash equivalents in the year	23	<u>231</u>	<u>1,389</u>
Cash and cash equivalents at beginning of the year		1,359	(30)
Cash and cash equivalents at end of the year		<u>1,590</u>	<u>1,359</u>

The notes on pages 28 to 51 form part of these accounts

**Notes to the Accounts 2018/19****1 Academic fees and charges**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
College fees:		
Fee income received at the Regulated Undergraduate rate	2,441	2,384
Fee income received at the Unregulated Undergraduate rate	477	513
Fee income received at the graduate rate	709	570
	<u>3,627</u>	<u>3,467</u>
Income for Cambridge Bursaries	148	155
Other income	88	136
Total	<u>3,863</u>	<u>3,758</u>

**2 Income from residences, catering and conferences**

		<b>2019</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>
Accommodation	College members	3,803	3,621
	Conferences	836	769
Catering	College members	930	930
	Conferences	695	635
Total		<u>6,264</u>	<u>5,955</u>

**3 Endowment and Investment income****3a Analysis**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Total return contribution (see note 3b)	5,616	5,240

**3b Summary of Total Return**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Income from:		
Land and buildings	3,690	3,662
Quoted and other securities and cash	3,770	3,341
Gains on endowment assets:		
Land and buildings	(2,512)	3,447
Quoted and other securities and cash	4,511	5,966
Investment Management costs	(1,559)	(1,648)
Total Return for year	<u>7,900</u>	<u>14,768</u>
Total Return transferred to Income and Expenditure Account	(5,616)	(5,240)
Investment management costs (see note 3c)	1,559	1,648
Total return expendable amount	<u>(4,057)</u>	<u>(3,592)</u>
<b>Unapplied Total Return for Year included within Statement of Comprehensive Income and Expenditure (see note 19)</b>	<u>3,843</u>	<u>11,176</u>

**3c Investment management costs**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Land and buildings	670	889
Other investments	889	759
Total	<u>1,559</u>	<u>1,648</u>

<b>4 Education Expenditure</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Teaching	3,508	3,331
Tutorial	1,290	1,227
Admissions	357	334
Research	1,070	1,016
Scholarships and awards	820	1,215
Other educational facilities	723	710
Other educational expenses	29	27
<b>Total</b>	<b>7,797</b>	<b>7,860</b>

<b>5 Residences, Catering and Conferences Expenditure</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Residential accommodation: College members	4,610	4,503
Conferences	335	324
Catering: College members	1,092	1,047
Conferences	646	517
<b>Total</b>	<b>6,683</b>	<b>6,391</b>

<b>6 Other Expenditure</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Investment management and administration	1,122	1,205
Interest	573	586
Pension scheme losses (gains) and other non-cash pension charges	2,061	(148)
Other general and administrative	799	778
<b>Total</b>	<b>4,555</b>	<b>2,421</b>

**7a Analysis of 2018/2019 Expenditure by Activity**

	<b>Staff costs</b>	<b>Other</b>		
	<b>(Note 8)</b>	<b>Operating Expenses</b>	<b>Depreciation</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>(Note 9)</b>	<b>£000</b>
Education (note 4)	3,926	3,432	439	7,797
Residences, catering and conferences (note 5)	3,406	1,758	1,519	6,683
Contribution under Statute G,II	-	191	-	191
Other (note 6)	470	4,082	3	4,555
<b>Total</b>	<b>7,802</b>	<b>9,463</b>	<b>1,961</b>	<b>19,226</b>

Expenditure includes Development Office costs of £667,000. This expenditure includes £383,000 relating to fundraising and £284,000 relating to alumni relations.

**7b Analysis of 2017/2018 Expenditure by Activity**

	Staff costs (Note 8) £000	Other Operating Expenses £000	Depreciation (Note 9) £000	Total £000
Education (note 4)	3,716	3,712	432	7,860
Residences, catering and conferences (note 5)	3,248	1,632	1,511	6,391
Contribution under Statute G,II	-	184	-	184
Other (note 6)	447	1,971	3	2,421
<b>Total</b>	<b>7,411</b>	<b>7,499</b>	<b>1,946</b>	<b>16,856</b>

Expenditure includes Development Office costs of £627,000. This expenditure includes £386,000 relating to fundraising and £241,000 relating to alumni relations.

<b>7c Auditors' remuneration</b>	<b>2019 £000</b>	<b>2018 £000</b>
Other operating expenses include:		
Audit fees payable to the College's external auditors	30	27
Other fees payable to the College's external auditors	4	10
<b>Total</b>	<b>34</b>	<b>37</b>

**8 Staff costs**

	College Fellows £000	Non- academic £000	Total 2019 £000	Total 2018 £000
Emoluments	1,956	4,382	6,338	6,046
Social security costs	228	332	560	529
Other pension costs	365	539	904	836
<b>Total</b>	<b>2,549</b>	<b>5,253</b>	<b>7,802</b>	<b>7,411</b>

	College Fellows	Non- academic	Total 2019	Total 2018
<b>Staff in post at 30 June</b>				
Academic (number of stipendiary staff)	73	9	82	80
Non-Academic (Staff – Full-Time Equivalents)	1	151	152	150
<b>Total</b>	<b>74</b>	<b>160</b>	<b>234</b>	<b>230</b>

The College Council comprises the Master and 12 Fellows, all of whom are stipendiary. No officers of the College received emoluments of over £100,000.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. During the year emoluments paid to key management personnel was £271,000 (2018: £286,000).



During the year, emoluments paid to Trustees in their capacity as College Fellows was £722,000 (2018: £769,000). The Trustees receive no emoluments in their capacity as Trustees of the College.

## 9 Fixed Assets

	<b>College Buildings and Site £000</b>	<b>Assets in construction £000</b>	<b>Furniture &amp; Equipment £000</b>	<b>Total 2019 £000</b>	<b>Total 2018 £000</b>
<b>Cost/Valuation</b>					
At beginning of year	141,900	444	281	142,625	141,404
Additions	591	668	93	1,352	1,331
Disposals at cost/valuation	-	-	(101)	(101)	(110)
<b>At end of year</b>	<b><u>142,491</u></b>	<b><u>1,112</u></b>	<b><u>273</u></b>	<b><u>143,876</u></b>	<b><u>142,625</u></b>
<b>Depreciation</b>					
At beginning of year	7,232	-	182	7,414	5,578
Charge for the year	1,899	-	62	1,961	1,946
Eliminated on disposal	-	-	(101)	(101)	(110)
<b>At end of year</b>	<b><u>9,131</u></b>	<b><u>-</u></b>	<b><u>143</u></b>	<b><u>9,274</u></b>	<b><u>7,414</u></b>
<b>Net book value</b>					
<b>At end of year</b>	<b><u>133,360</u></b>	<b><u>1,112</u></b>	<b><u>130</u></b>	<b><u>134,602</u></b>	<b><u>135,211</u></b>
<b>At beginning of year</b>	<b><u>134,668</u></b>	<b><u>444</u></b>	<b><u>99</u></b>	<b><u>135,211</u></b>	<b><u>135,826</u></b>

The insured value for rebuilding of freehold operational buildings (excluding investments assets) at 30 June 2019 is £220m, compared with the 2018 total of £212m.

**Heritage assets**

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. As stated in the principal accounting policies, heritage assets acquired since 1999 have been capitalised. However, the majority of assets held in the College's collections were acquired prior to this date. 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 the total included in the balance sheet is partial.

Amounts for the current and previous four years were as follows:

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance brought forward	97	90	90	75	75
Acquisitions purchased with College funds	4	7	-	15	-
<b>Total</b>	<b>101</b>	<b>97</b>	<b>90</b>	<b>90</b>	<b>75</b>

**10 Fixed Asset Investments**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Balance at beginning of year	221,094	210,000
Additions	9,411	31,855
Disposals	(8,533)	(33,763)
Appreciation	2,000	9,413
(Decrease)/Increase in cash balances held by fund managers	3,487	3,589
<b>Balance at end of year</b>	<b>227,459</b>	<b>221,094</b>

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Represented by:</b>		
Cash	12,419	8,413
Fixed income	8,353	8,255
Absolute return	12,225	11,998
Hedged equities	13,691	13,604
Private equity	21,422	17,609
Property	92,792	95,101
Public equities	61,712	60,935
Real assets	4,845	5,179
<b>Total</b>	<b>227,459</b>	<b>221,094</b>

<b>11 Stocks and work in progress</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Wine stocks	633	653
Bar, kitchen and other stocks	6	6
<b>Total</b>	<b>639</b>	<b>659</b>

<b>12 Trade and other receivables</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Members of the College	466	256
Commercial rents	288	265
Donations	359	1,077
Other debtors	120	167
Prepayments and accrued income	125	194
<b>Total</b>	<b>1,358</b>	<b>1,959</b>

<b>13 Cash and cash equivalents</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Current accounts	1,590	1,358
Cash in hand	-	1
<b>Total</b>	<b>1,590</b>	<b>1,359</b>

<b>14 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	1,963	2,395
Bank loan due for repayment within a year	160	160
Bank overdraft	-	-
Members of the College	633	418
University fees	35	8
Commercial rent deferred income	567	617
Contribution to Colleges Fund	191	184
Other creditors	-	69
<b>Total</b>	<b>3,549</b>	<b>3,851</b>

**15 Creditors: amounts falling due  
after one year**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Bank loan	2,400	2,560
Other loans	<u>10,000</u>	<u>10,000</u>
Total	<u>12,400</u>	<u>12,560</u>

During 2014 the College borrowed from institutional investors, collectively with other Colleges, the College's share being £10 million. The loans were made in two stages, are unsecured and repayable during the period 2042-2053, and are at fixed interest rates of 4.4% for the first part and 4.45% for the second. Although issued through a funding vehicle, the College has no responsibility for the obligations of any of the other issuing Colleges. In addition the College has an existing unsecured bank loan which is repayable over a period of 21 years, at a fixed rate of 4.59%.

**16 Pension liabilities****Year to 30 June 2019**

	<b>CCFPS</b>	<b>USS</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at beginning of year	4,635	1,052	364	6,051
Movement in year:				
Current service cost including life assurance	254	-	(3)	251
Contributions	(317)	(55)	(43)	(415)
Change in expected contributions	-	2,034	-	2,034
Other finance cost	126	22	9	157
Actuarial (gain)/loss recognised in Statement of Comprehensive Income and Expenditure	1,091	-	12	1,103
<b>Balance at end of year</b>	<b>5,789</b>	<b>3,053</b>	<b>339</b>	<b>9,181</b>

**Year to 30 June 2018**

	<b>CCFPS</b>	<b>USS</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at beginning of year	5,361	1,307	428	7,096
Movement in year:				
Current service cost including life assurance	252	-	(3)	249
Contributions	(283)	(82)	(49)	(414)
Change in expected contributions	-	(201)	-	(201)
Other finance cost	140	28	11	179
Actuarial (gain)/loss recognised in Statement of Comprehensive Income and Expenditure	(835)	-	(23)	(858)
<b>Balance at end of year</b>	<b>4,635</b>	<b>1,052</b>	<b>364</b>	<b>6,051</b>

<b>17 Endowment funds</b>	<b>Restricted Permanent</b>	<b>Unrestricted Permanent</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at beginning of year:</b>				
Capital	73,249	-	73,249	66,878
New donations and endowments	1,043	-	1,043	2,034
Increase in market value of investments	<u>1,012</u>	-	<u>1,012</u>	<u>4,337</u>
<b>Balance at end of year</b>	<u><b>75,304</b></u>	<u>-</u>	<u><b>75,304</b></u>	<u><b>73,249</b></u>
<b>Analysis by type of purpose</b>				
Fellowship, Research, Scholarship and Studentship Funds	58,958	-	58,958	57,378
Prizes Funds	681	-	681	581
Bursaries, Hardship and Travel Funds	7,197	-	7,197	6,836
General and Other Trust Funds	<u>8,468</u>	-	<u>8,468</u>	<u>8,454</u>
<b>Balance at end of year</b>	<u><b>75,304</b></u>	<u>-</u>	<u><b>75,304</b></u>	<u><b>73,249</b></u>
<b>Analysis by asset</b>				
Property	32,103	-	32,103	32,721
Investments	39,217	-	39,217	37,822
Cash	<u>3,984</u>	-	<u>3,984</u>	<u>2,706</u>
<b>Balance at end of year</b>	<u><b>75,304</b></u>	<u>-</u>	<u><b>75,304</b></u>	<u><b>73,249</b></u>

<b>18 Restricted Reserves</b>	<b>Capital Grants unspent £000</b>	<b>Permanent Unspent and other restricted income £000</b>	<b>Restricted expendable endowment £000</b>	<b>Total 2019 £000</b>	<b>Total 2018 £000</b>
<b>Balance at beginning of year:</b>					
Capital	-	-	110	110	102
Accumulated income	-	3,169	-	3,169	2,855
<b>Total</b>	<b>-</b>	<b>3,169</b>	<b>110</b>	<b>3,279</b>	<b>2,957</b>
New grants	74	148	-	222	157
New donations	-	108	623	731	-
Endowment return transferred	-	2,548	4	2,552	1,858
Increase in market value	-	37	1	38	153
Expenditure	-	(2,461)	(1)	(2,462)	(1,689)
Capital grants utilised	(74)	-	-	(74)	(157)
<b>Total</b>	<b>-</b>	<b>3,549</b>	<b>737</b>	<b>4,286</b>	<b>3,279</b>
<b>Balance at end of year</b>					
Capital	-	-	737	737	110
Accumulated income	-	3,549	-	3,549	3,169
<b>Total</b>	<b>-</b>	<b>3,549</b>	<b>737</b>	<b>4,286</b>	<b>3,279</b>
<b>Analysis of restricted funds by type of purpose</b>					
<b>Analysis by type of purpose</b>					
Fellowship, Research, Scholarship and Studentship Funds	-	2,756	-	2,756	2,443
Prizes Funds	-	225	-	225	208
Bursaries, Hardship and Travel Funds	-	461	737	1,198	523
General and Other Trust Funds	-	107	-	107	105
<b>Total</b>	<b>-</b>	<b>3,549</b>	<b>737</b>	<b>4,286</b>	<b>3,279</b>

**19 Memorandum of Unapplied Total Return**

Included within reserves, the following amounts represent the Unapplied Total Return of the College:

	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>
Unapplied Total Return at beginning of year		108,134	96,958
Unapplied Total Return for the year	<i>3b</i>	3,843	11,176
Unapplied Total Return at end of year		<u>111,977</u>	<u>108,134</u>

**20 Reconciliation of consolidated surplus for the year to net cash inflow/(outflow) from operating activities**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Surplus for the year	2,702	14,176
<b>Adjustment for non-cash items</b>		
Depreciation	1,961	1,946
Gain on endowments, donations and investment property	(2,000)	(9,413)
Decrease (increase) in stocks	19	(13)
Decrease/(increase) in trade and other receivables	(301)	(888)
Increase/(decrease) in creditors	601	(195)
Pension costs less contributions payable	3,092	(996)
<b>Adjustment for investing or financing activities</b>		
Investment income	(7,460)	(7,003)
Investment expenditure	1,121	1,205
Interest payable	573	586
<b>Net cash inflow/(outflow) from operating activities</b>	<u>308</u>	<u>(595)</u>

**21 Cash flows from investing activities**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Non-current investment disposal	-	24,500
Investment income	5,481	4,973
Investment expenditure	(771)	(989)
Payments to acquire non-current assets	(4,101)	(25,800)
	<u>609</u>	<u>2,684</u>

**22 Cash flows from financing activities**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Interest paid	(526)	(540)
Repayments of amounts borrowed	(160)	(160)
<b>Total cash flows from financing activities</b>	<u>(686)</u>	<u>(700)</u>



**23 Analysis of cash and bank balances**

	At beginning of year £000	Cash Flows £000	At end of year £000
Cash at bank and in hand	1,359	231	1,590
	<u>1,359</u>	<u>231</u>	<u>1,590</u>

**24 Capital commitments**

	2019 £000	2018 £000
Capital commitments at 30 June are as follows:		
Authorised and contracted	<u>5,271</u>	<u>477</u>
Authorised but not yet contracted for	<u>292</u>	<u>93</u>

**25 Pensions**

The College participates in four defined benefit schemes: The Universities Superannuation Scheme (USS); the Cambridge Colleges Federated Pensions Scheme (CCFPS); the Old Non Contributory Scheme; and the Church of England funded Pensions Scheme. The assets of the schemes are held in separate trustee administered funds, with the exception of the closed Old Non Contributory Scheme which is recorded separately in the College balance sheet. The total pension cost for the year was £904,000 (2018: £836,000). The breakdown by scheme is shown below:

	2019 £000	2018 £000
USS	734	700
CCFPS	150	118
Church of England	11	8
Non-contributory scheme	<u>9</u>	<u>10</u>
Total	<u>904</u>	<u>836</u>

**25a Universities Superannuation Scheme**

The pension costs charged to the Statement of Comprehensive Income and Expenditure is £734,000 (2017: £700,000).

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

The 2017 valuation was the fourth valuation for USS 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 assumption 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:

	2017 valuation
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	Post-retirement: 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:

	2019	2018
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.

	2019	2018
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 £1,811,000, a decrease of £1,242,000 from the current year end provision and a lower charge through the Statement of Comprehensive Income of £829,000.

#### **25b 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 (CCFPS).

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

#### Employee Benefit Obligations

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>£000</b>	<b>£000</b>
Present value of plan liabilities	(19,575)	(17,343)
Market value of plan assets	13,786	12,708
<b>Net defined benefit (liability)</b>	<b>(5,789)</b>	<b>(4,635)</b>

The amounts to be recognised in the profit and loss for the year ended 30 June 2019 (with comparative figures for the year ended 30 June 2018) are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Current service cost	191	224
Administrative expenses	29	28
Interest on net defined benefit liability	126	140
(Gain)/loss on plan changes	33	-
<b>Total</b>	<b>379</b>	<b>392</b>

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>£000</b>	<b>£000</b>
Present value of plan liabilities at beginning of period	17,343	17,936
Current service cost (including employee contributions)	191	224
Employee contributions	50	53
Benefits paid	(556)	(633)
Interest on plan liabilities	464	462
Actuarial losses/(gains)	2,050	(699)
(Gain)/loss on plan changes	33	-
<b>Present value of plan liabilities at end of period</b>	<b><u>19,575</u></b>	<b><u>17,343</u></b>

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>£000</b>	<b>£000</b>
Market value of plan assets at beginning of period	12,708	12,575
Contributions paid by the College	316	283
Employee contributions	50	54
Benefits paid	(556)	(633)
Administrative expenses paid	(42)	(45)
Interest on plan assets	338	321
Return on assets, less interest included in Profit & Loss	972	153
<b>Market value of plan assets at end of period</b>	<b><u>13,786</u></b>	<b><u>12,708</u></b>
<b>Actual return on plan assets</b>	<b><u>1,310</u></b>	<b><u>474</u></b>

The major categories of plan assets as a percentage of total Scheme assets for the year ending 30 June 2019 (with comparative figures for the year ended 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>	<b><u>100%</u></b>	<b><u>100%</u></b>

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 comparable figures for the year ending 30 June 2018) are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Return on assets less interest included in statement of income and expenditure	972	153
Expected less actual plan expenses	(13)	(17)
Experience gains and losses arising on plan liabilities	(240)	(38)
Changes in assumptions underlying the present value of plan liabilities	(1,810)	737
<b>Remeasurement of net defined benefit liability recognised in OCI</b>	<b>(1,091)</b>	<b>835</b>

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>£000</b>	<b>£000</b>
Net defined benefit asset/(liability) at beginning of year	(4,635)	(5,361)
Recognised in statement of income and expenditure	(379)	(392)
Contributions paid by the College	316	283
Remeasurement of net defined benefit liability recognised in OCI	(1,091)	835
<b>Net defined benefit asset/(liability) at end of year</b>	<b>(5,789)</b>	<b>(4,635)</b>

### 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 funding valuation are different to those adopted under FRS102.

The last such 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 £140,565 payable for the period from 1 July 2018 to 30 September 2032

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

**25c Old Non Contributory Scheme**

The scheme is an unfunded defined benefit final salary scheme not operated under Trust. The scheme is not registered with the HM Revenue and Customs under the terms of the Finance Act 2004. The College's employees covered by the Scheme were not contracted out of the State Second Pension (S2P).

The principle 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	2.7
Pension increases in payment	0.0	0.0

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 aged 65 now has a life expectancy of 21.8 years (previously 21.9 years)
- Female aged 65 now has a life expectancy of 24 years (previously 23.8 years)

**Employee Benefit Obligations**

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>£000</b>	<b>£000</b>
Present value of plan liabilities	(319)	(340)
<b>Net defined benefit (liability)</b>	<u>(319)</u>	<u>(340)</u>



The amounts to be recognised in the statement of income and expenditure for the year ended 30 June 2019 (with comparative figures for the year ended 30 June 2018) are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Interest on net defined benefit liability	9	10
<b>Total</b>	<u>9</u>	<u>10</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>£000</b>	<b>£000</b>
Present value of plan liabilities at beginning of period	340	405
Current service cost		-
Interest on plan liabilities	9	10
Actuarial losses (gains)	13	(26)
Benefits paid	(43)	(49)
<b>Present value of plan liabilities at the end of the period</b>	<u>319</u>	<u>340</u>

The plan has no assets.

Analysis of the remeasurement of the net defined benefit liability recognised in the 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>£000</b>	<b>£000</b>
Experience gains and losses arising on plan liabilities	(9)	22
Changes in assumptions underlying the present value of plan liabilities	(4)	4
<b>Remeasurement of net defined benefit liability recognised in OCI</b>	<u>(13)</u>	<u>26</u>

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>£000</b>	<b>£000</b>
net defined benefit (liability) at beginning of year	(340)	(405)
Contributions paid by the College	43	49
Recognised in Profit and Loss	9	(10)
Remeasurement of net defined benefit liability recognised in OCI	(13)	26
<b>Net defined benefit (liability) at the end of the year</b>	<u>(319)</u>	<u>(340)</u>

#### Funding Policy

The scheme is an unfunded arrangement. The College pays pension out of their own funds as they fall due.

#### 25d Church of England Funded Pensions Scheme

The College also participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Boards, which holds the assets of the schemes separately from those of the Employer and the Responsible Bodies.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Bodies, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the statement of income and expenditure in the year are contributions payable towards benefits and expenses accrued in that year (2019: £11,000, 2018: £8,000), plus the figures highlighted in the table below as being recognised in the Other Comprehensive Income (OCI), giving a total charge of £6,000 for 2019 (2018: £9,000).

The valuation of the Scheme is carried out every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement,.
- investment returns of 2.6% p.a. on gilts and 4.6% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- increase in pensionable stipends of 3.2% p.a.; and
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recover plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

<b>% of pensionable stipends</b>	<b>January 2016 to December 2017 %</b>	<b>January 2018 to December 2025 %</b>
Deficit repair contributions	14.1	11.9

The deficit repair contributions under the recovery plan in force as at 31 December 2016, 31 December 2017 and 31 December 2018 were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the scheme's rules.

Section 28.11A of FRS102 requires agreed deficit recovery plans to be recognised as a liability. The movement in the provision is set out in the table below:

	<b>2018 £000</b>	<b>2017 £000</b>
Balance sheet liability at 1 January	24	23
Deficit contribution paid	(3)	(3)
Interest cost (recognised in SoFA)	-	-
Remaining change to balance sheet liability* (recognised in statement of income and expenditure)	(2)	4
Balance sheet liability at 31 December	<u>19</u>	<u>24</u>

\*Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	<b>December 2018</b>	<b>December 2017</b>	<b>December 2016</b>
Discount rate	2.1% p.a.	1.4% p.a.	1.5% p.a.
Price inflation	3.1% p.a.	3.0% p.a.	3.1% p.a.
Increase to total pensionable payroll	1.6% p.a.	1.5% p.a.	1.6% p.a.

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

**26 Principal Subsidiary Undertakings**

	<b>Country of Incorporation and Operation</b>	<b>Class of Shares</b>	<b>Proportion of shares held</b>
Caius Property Services Limited	United Kingdom	Ordinary	100%
Budworth Development Limited	United Kingdom	Ordinary	100%
Caius Conferences Limited	United Kingdom	Ordinary	100%

**27 Contingent Liabilities**

With effect from 16 March 2007, the Universities Superannuation Scheme (USS) positioned itself as a 'last man standing' scheme so that in event of an insolvency of any of the participating employers in USS, the amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers.

**28 Related Party Transactions**

Owing to the nature of the College's operations and the composition of its College Council it is possible that transactions will take place with organisations in which a member of the College Council may have an interest. All transactions involving organisations in which a member of the College Council may have an interest are conducted at arm's length and in accordance with the College's normal procedures. One trustee has purchased a house using the Fellows' shared equity scheme and one trustee has purchased a house using the College mortgage scheme which is no longer open to new members.

**29 Perse Trust**

The College provides trustees for the Perse Trust, a registered non-collegiate charity. In addition, the College oversees investment management of the Perse Trust endowment which at 30 June 2019 amounted to £724,000. These assets have been excluded from the College balance sheet as have the liabilities of the Trust with the exception of £26,000 which was owed to the College and has since been paid by the Trust.

**30 Post Balance Sheet Event**

As set out in Note 25a 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 £1,242,000 in the provision for the obligation to fund the deficit on the USS pension which would instead be £1,811,000. 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.