Gonville & Caius

Trustees' Annual Report and Accounts 2019/20

For the year ended 30 June 2020

Gonville & Caius

Trustees' Annual Report and Accounts 2019/20

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 2019 – 30 June 2020

Ex Officio	Master	Dr P J Rogerson
Ex Officio	Senior Bursar	Mr R Gardiner
Ex Officio	Senior Tutor	Dr R G Scurr (to 31 August 2019) Dr A Spencer (from 1 September 2020)
Elected members		Professor J Herbert Professor M C Smith Dr M T Calaresu Professor J D Mollon Dr D Hewitt (to 31 August 2019) Professor K Khaw (from 11 October 2019) Dr J Sale Dr G J Conduit Professor E Harper Dr F Gallagher Dr W Handley (to 31 December 2019) Dr R Yotova (from 24 January 2020)

Auditors Peters Elworthy & Moore Salisbury House Station Road Cambridge CB1 2LA	**Legal Advisers** Mills & Reeve LLP Botanic House 98-100 Hills Road Cambridge CB2 1PH
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	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 CCLA Investment Management Ltd Senator House 85 Queen Victoria Street London EC4V 4ET

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. 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. 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 1,018 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 it 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; 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

Covid-19 pandemic

The outbreak of the pandemic has been the defining feature of the year under review. The College had to close at the end of March and request that students who could should return home. Fellows had to teach online. Large numbers of staff were put on furlough leave under the Coronavirus Job Retention Scheme. Remaining staff worked, where they could, substantially from home. The College did however have a number of resident students who could not return home or had no alternative place to live and study and for whom the College maintained basic residential and catering services within government restrictions and guidelines. The College benefited from very significant intercollegiate and University collaboration in working out how to close down services safely and then understand how to complete the much more substantial challenge of planning to reopen the colleges and University on a 'Covid-secure' basis for the new academic year. During the spring and summer regulations changed frequently, each time requiring plans to be revised.

The principal effects and challenges of the pandemic up to the year-end were:

- Shutting down residential accommodation and making buildings safe, including management of student belongings which had to be left when students were asked to leave quickly
- Ensuring clear communication to the various groups within the College affected by changes in the way that the college was run
- Transferring teaching online
- Providing study materials wholly online
- Reconfiguring our catering provision, including the abandonment of dining at the common table and introducing a skeleton takeaway service for remaining residents and staff
- Managing the financial consequences of student rental and catering voids in Easter Term and the wholesale cancellation of the conference events for 2020 from Easter onwards
- Securing adequate supplies for College departments including those required for infection control
- Ensuring that the College Council was informed and available to make quick decisions on often limited information
- Managing the endowment financial assets during the turbulence in the financial markets
- Supporting the well-being of students remotely
- Contributing to remote examination and assessment
- Making staff comfortable with the arrangements for working in Covid-secure environments in the College as the restrictions were lifted
- Graduation in absentia without the normal opportunity to celebrate and congratulate the cohort
- Managing the College's substantial central Cambridge retail property portfolio during the most savage high street recession in living memory
- Ensuring that essential maintenance and the College's kitchen refurbishment programme could continue in a Covid-secure manner while trying to protect the timetable of this very complex project
- Conducting satisfactory interviews for key recruitment both within the fellowship and staff groups
- Determining how student activities could continue, for example the cohesion of the choir and sports clubs.

Subsequent to the year-end the issues revolved around: planning accommodation and services generally for the new year including assessing and splitting the College into households; assessing and preparing rooms for socially-distanced supervisions; the A-level and admissions crisis; plans for infection control/detection with the return of students including the provision of symptomatic and asymptomatic testing; and the massive task for the academic staff of recording lectures for online delivery and being ready for appropriately socially-distanced teaching in person or online.

It is a testament to the ingenuity, dedication and resilience of the College's operational management and staff that the College reopened successfully in October.

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 3rd December 2019 was:

	2019/20	2018/19	% Change
Undergraduate	603	599	0.7
Postgraduate	225	209	7.7
Total	**828**	**808**	**2.5**

Research activities

Three new Research Fellows started their Fellowships during the year: Dr Ted Tregear (English); Dr Francesca de Domenico (Engineering); and Dr Lisa Kattenberg (History). In addition the College appointed Dr Irene Tinti as the Cook-Crone Bye-Fellow for one year (Religion).

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 has increased principally due to the increase in quantity of undergraduates paying unregulated fees (+ 5). Total fee paying undergraduates have however reduced by 4. Fee paying graduate numbers have reduced by 8, but with increased rates income has remained constant. Total fee income does not cover the full cost of educational provision and the net cost to the College of providing education has increased from £3.9m in 2018/19 to £4.1m in 2019/20:

	2019/20 £000	2018/19 £000	Change £000
Income	3,868	3,863	5
Expenditure	(7,946)	(7,797)	(149)
Net Cost	**(4,078)**	**(3,934)**	**(144)**

The average funding for each student that was provided by Gonville & Caius College in 2019/20 was £4,925 (2018/19 was £4,869)

The education costs are made up as follows:

	2019/20 £000	2018/19 £000	Change £000
Teaching	3,472	3,508	-36
Tutorial and student welfare	1,286	1,290	-4
Admissions	346	357	-11
Research	1,070	1,070	-
Scholarships and awards	1,054	820	+234
Other educational facilities	685	723	-38
Other educational expenses	33	29	+4
Totals	**7,946**	**7,797**	**+149**

There was an increase in the costs of Scholarships and awards due to the change in the level of multi-year awards committed at the year end. The changes across the other headings generally show a reduction in expenditure and taken together they offset the Scholarships and awards increase to some extent. The first four categories all included the impact of the pay award for academic staff of 1.8% and for College staff of at least 2% with the lower paid received more as part of the College's commitment to taken into account the Living Wage Foundation's recommendations.

Residences, Catering and Conferences

Income from residences, catering and conferences amounted to £4.5m which was £1.8m (29%) lower than the previous year due the College being largely closed during the Easter term with very limited rental and catering income. Expenditure reduced by 3.8% owing to consequential savings on food and other costs.

Investment Income

The College depends on investment income to fully fund its activities. The endowment is managed for total return, with a spending rule which seeks to preserve the purchasing power of the endowment and is derived using a 'Yale Rule' being 70% of the previous year's total adjusted for college inflation and 30% based on 2.625% of the value of investments at 31 March 2019. A further level of prudence was added to the calculation for this year with the expendable amount derived from property being the lower of the Yale Rule or the amount of income arising from the property net of costs and an allowance for repairs. The income derived figure was lower for the year leading to a reduction in the overall value of the expendable amount. That amount was subsequently reduced by unrestricted donations and increased by investment management costs and interest on endowment borrowing (reflected in 'Other Expenditure' Note 6).

The key figures are summarised below.

	2019/20 £000	2018/19 £000	Change £000
Drawdown permitted under spending rule	5,349	5,584	(235)
Reduction due to unrestricted donations	(2,843)	(1,527)	(1,316)
Sub-total	2,506	4,057	(1,551)
Gross up for costs of investment management	2,250	1,559	691
Endowment transfer in the Statement of Comprehensive Income and Expenditure	**4,756**	**5,616**	**(860)**

Donations and Fundraising

The College is dependent on the philanthropic donations from 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. During 2019/20 the College commenced a comprehensive review of the fundraising and alumni relation strategy with the view of amending its fundraising priorities.

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 20th July 2017.

The key staff responsible for fundraising are the Director and Deputy Director of Development, supported by a team of six.

The Development and Alumni Relations Office actively seeks lifetime gifts 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 activities. Solicitation methods include face-to-face meetings, telephone calls, emails and letters from Development and Alumni Relations Office staff, and telephone fundraising campaigns in which potential supporters receive calls from current students, carefully selected and closely supervised by our staff.

Alongside many charitable organisations in the UK, the College's database was affected by the Blackbaud ransomware attack that happened in early 2020. Alumni and friends were notified of the breach, and the incident reported to the Information Commissioner's Office and the Charity Commission. The College received several requests for deletion of personal data, which were acted on promptly. Two donors withdrew their direct debit gifts.

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 fundraising 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 fundraising 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.

Fundraising income is a crucial source of revenue and comes in the form of regular or one off gifts and bequests left in wills. Caius is deeply 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 £3.881m, are shown in four places within the Statement of Comprehensive Income and Expenditure:

- New endowments of £913,000 for existing and some new funds. They provide income for the long term.
- Unrestricted donations of £2.843m immediately available for general purposes.
- Donations of £69,000 for specific purposes and immediate use.
- Donations of £56,000 to fund the refurbishment of the Boathouse.

Expenditure

Nearly 50% of expenditure is staffing costs, allocated to various categories. The overall numbers of Fellows and permanent Staff in the College at 30 June were as follows:

	30 June 2020	30 June 2019	Change
Number of Fellows	107	108	(1)
Number of Staff (FTEs)	148	151	(3)

University Contribution

The sum levied is redistributed by the Colleges' Fund to less wealthy colleges. Colleges' contributions are determined principally by reference to the value of their endowments and the number of their students.

Capital and Reserves

Total capital and reserves stood at £341.9m at 30 June 2020 (30 June 2019: £340.6m). The College's unrestricted funds amount to £262.4m (30 June 2019: £261.0m) and are represented in the balance sheet by the College's operational buildings and heritage assets valued at £136.5m and are therefore not considered 'free' reserves, and £126.3m of the investment portfolio. The restricted endowments amount to £74.9m, represented by part of the investment portfolio. There is also a restricted reserve of £4.6m 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, developing the conference business and growing the endowment through prudent investments, development opportunities within the property portfolio and donations. 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 operating or investment income arising from wider economic uncertainty. In addition the reserves are required to permit the repayment of £6.3m debt drawn for operational purposes.

Investments

The Investments of the College decreased from £227m to £226m at 30 June 2020. Falls in retail property values were largely offset by increases on other asset categories. Property assets include £10m financed by a loan from the 2013/14 Cambridge Colleges Private Placement.

Decisions on investment policy are taken by the College Council on the advice of the Investments Committee. The Investments Committee, appointed by the College Council, comprises the Master, the Senior Bursar, three other Fellows of the College and four experienced external members. An Investment Property sub-committee reports to the Investments Committee and focuses on the College's extensive directly property held portfolio.

Financial investments are managed under a discretionary mandate by Partners Capital LLP and the CCLA Investment Management Limited (previously the Cambridge University Endowment Fund). Directly held property investments are managed with the assistance of its agents Bidwells LLP who are responsible for the collection of rent.

The College has interests in three shared equity house purchase arrangements with Fellows of the College.

The investment asset allocation comprises:

	June 20 £000	June 19 £000	June 18 £000	June 17 £000	June 16 £000
Total Return	**1.8%**	**3.9%**	**7.7%**	**12.7%**	**10.6%**
Cash	8,338	12,419	8,413	2,924	4,082
Fixed income	266	-	-	-	-
Credit	5,256	6,243	2,851	2,858	5,661
Hedge funds – absolute return	3,878	12,225	11,998	15,251	13,487
Hedge funds – hedged equities	12,411	10,630	13,604	15,870	16,470
Public equity	77,559	62,222	60,935	56,359	42,184
Private equity	18,676	21,933	17,609	16,421	14,274
Private debt	4,367	4,661	5,405	5,795	4,616
Core property	84,271	88,710	91,222	87,776	86,427
Property funds	2,365	4,591	5,540	2,849	1,283
Infrastructure and operating assets	4,671	-	-	-	-
Contractual and other income	1,770	-	-	-	-
Inflation linked bonds and inflation hedges	2,512	3,825	3,517	3,897	3,940
Total Investments	**226,340**	**227,459**	**221,094**	**210,000**	**192,424**
Private Placement	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**	**(10,000)**
Net Investments	**216,340**	**217,459**	**211,094**	**200,000**	**182,424**

The College aims to grow the endowment to £300m. This is because the College has grown significantly in the past fifty years and a prudent view is taken of long term annual investment returns required to meet the College's annual needs.

Current market conditions, including the impact of Brexit, continue to concern the Investments Committee. Therefore the College has gradually reduced its withdrawal percentage under the spending rule from 4% in 2013/14 to 2.625% for 2019/20. A further change was recently made to the spending rule calculation with actual property income (net of an allowance for costs) being set as a limit on the percentage applied to capital values.

Statement of Investment Responsibility

The primary fiduciary responsibility of the College Council in investing and managing the Endowment is to maximise the financial return on those resources, taking into account the amount of risk permitted within the College's investment policy. There are circumstances, however, 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. Therefore as an eleemosynary institution established to exist in perpetuity and a long-term investor, the College will take due care to ensure that its investment management reflects the interests and values of the College. This includes matters of sustainability and environmental, social, and governance issues (together referred to as 'ESG issues' or 'responsible investment') among the many factors that inform its investment decision-making and manager selection.

Financial Assets

The College believes that by engaging in a broad set of extra-financial considerations, the long-term financial performance of the portfolio of financial assets can be improved. The College judges the extent to which responsible investing is successfully integrated within the investment portfolio with the help of our investment managers and through scrutiny of the investment managers' actions and success in managing those issues in the investments they make on the College's behalf. How our investment managers consider ESG issues in their investment decisions, analysis, and monitoring on the college's behalf varies by asset-class and investment strategy.

Where our investment managers invest on our behalf through independent third-party asset managers, they seek to integrate and manage ESG issues through an operational due diligence framework to assess such third-party asset managers. This framework includes an ESG due diligence section to ensure that ESG-related questions are assessed and considered during the due diligence process. After making an investment they continue to monitor identified ESG risks and maintain a dialogue with the third-party assets managers to ensure effective oversight and application of responsible investment best practices. The College scrutinises its investment managers in relation to the effectiveness of their application of those processes and ESG engagement with the relevant third-party asset managers.

Where our investment managers invest on our behalf in their own managed funds, we consider carefully the ethical and responsible investment policy of those funds in the process of selecting those fund managers. The college scrutinises those managers in relation to the effectiveness of their application of ESG criteria in the selection of assets for acquisition or disposal and engagements with investee companies. In this context the following document is relevant at page 7:
https://www.ccla.co.uk/sites/default/files/COIF%20Investment%20Fund%20August%202018.pdf

As a general matter, the College insists that its investment 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.

Directly-held Property Assets

The College holds substantial property assets which it manages directly. These include residential, commercial, retail and agricultural properties. The policy for ensuring sustainable management of these assets, including particularly the rural estates, is under review. The College is actively involved with other similar property owners to determine how matters of environmental sustainability can be managed for the good of the estate in perpetuity.

Operational Assets

Fixed assets are principally the operational buildings of the College. Expenditure operational asset additions during this year were:

- £3,191,000 on the kitchen refurbishment;
- £366,000 on other refurbishments including 3 and 4 St Paul's Road;
- £83,000 for the planned refurbishment of the Aston Webb building; and
- £93,000 on IT infrastructure developments including a new HR and payroll system.

The College also spent £1,093,000, which included the salaries of the in-house maintenance team, on continuing maintenance and repair of its buildings.

The College maintains a five to seven year forward programme of works. The current major projects are refurbishments of the kitchens, commenced in June 2019 and due to complete imminently, and of the Aston Webb building (A to F staircases St Michael's Court) which is in its planning phase.

Trusts and Funds of the College

The majority of the donations to the College are unrestricted and allow the College Council to determine their use. Other donations are for specific purposes, e.g. bursaries, lectureships and studentships. Each of these restricted donations must be accounted for in a separate fund. With some exceptions, notably the Tapp Trust, the underlying assets are invested on an amalgamated basis with a record of the share of the assets and income attributable to each fund to ensure donors' wishes observed.

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 College Committee considers the risks that relate to its area of responsibility and in addition the College has a Health, Safety and Security 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. The Finance Committee is responsible for reviewing the level of expenditure that can be supported by income and together with the Investment Committee establishes an appropriate level of withdrawal 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 thus ensuring that inter-generational equity is maintained.

At the time of approval of these accounts, the principal risks facing the College are the continuing pandemic and the impact the withdrawal of the UK from the European Union. Specific risks affecting the College include the funding of university education and changes which arise as a result of the Augar Review.

Future Developments

Although relatively well-endowed the College supports one of the largest communities of students and Fellows. It has the benefit of a strong 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 challenges of Brexit and the effect on the desirability of the UK as a higher education location, the effects of Covid, the funding position of the principal academic pension scheme, the Universities Superannuation Scheme and growing discontent over the erosion of academic pay. The agreements on the permitted level of fee, negotiated with the Office for Students require universities and colleges to spend more in achieving access and widening participation targets. Meanwhile the value of the regulated fee continues to be eroded by inflation. The model for fees and student funding via the Student Loan Company has been reviewed by the Augar Review but with no political decisions thereon yet. The medium and long-term impact of all these 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:

- delivering education safely in a Covid-secure environment and with the current risk of local or nationwide lock-downs preventing the normalisation of academic activities;
- 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;
- attracting suitably qualified students from the widest possible range of backgrounds;
- providing students with adequate support through bursary schemes to enable them to study without the distraction of financial concerns, in particular for students whose family circumstances have been adversely affected by Covid;

- 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 continue to be considered focussing in the near and medium term on the current three site structure for the College's operational buildings.

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

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 2020 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 2020 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 11th November 2020

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 2020 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated Statement of Changes in Reserves, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The 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 14, 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/auditorsresponsibilties. 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
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA
Date:

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

Statement of Principal Accounting Policies for the Year Ended 30 June 2020

Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge, using the Recommended Cambridge College Accounts (RCCA) format; and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019.

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in Note 7.

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

Basis of Accounting

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

Going concern

The global health crisis caused by COVID-19 has had a significant impact on all businesses. Virtually all College activities ceased as the majority of students returned home in March 2020. Students have, however, returned to the College in October 2020 therefore the majority of College activities have resumed at the date of this report. However, it is unlikely that the conference activity will be able to resume in the immediate future.

The Trustees have prepared forecasts for the period to 2023 which have been stress tested based on a number of scenarios and have considered the impact upon the College and its cash resources and unrestricted reserves. The College has taken measures to reduce its cost base in order to combat the reduction in revenues and to extend financial headroom. The College has sought to utilise financial measures announced by the Chancellor of the Exchequer, on behalf of HM Treasury to support and provide funding to businesses during this time. The College also has significant investments which could be realised if required.

Based upon their review the Trustees believe that the College will have sufficient resources to meet its liabilities as they fall due for the foreseeable future and therefore have continued to adopt the going concern basis in preparing the financial statements.

Basis of Consolidation

The consolidated financial statements include the College and two of its subsidiary undertakings, Caius Conferences Ltd and 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 the balance sheet of the College would not be materially different to the one included in the accounts. The other subsidiary undertaking, Budworth Development Ltd, had no financial transactions in the year to 30th June 2020. Details of the subsidiaries are set out in Note 27.

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 accommodation, 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 2020 this was reduced from 2.75% to 2.625% of the value of investments at 31 March 2019.

Cambridge Bursary Scheme
In 2019-20, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC) and Cambridge University has reimbursed the College for their portion. As a consequence the College reimbursed the SLC for the full amount paid to their eligible students and the College subsequently received a contribution from the University of Cambridge towards this payment.

The net payment of £214,000 is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£149,000
Expenditure	£363,000

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

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.

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.

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.

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.

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.

Contingent liabilities

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

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

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

Financial Instruments

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

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

Financial assets

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

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

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

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

Financial Liabilities

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

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

To the extent that the College enters into forward foreign exchange contracts which remain unsettled at the reporting date the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The College does not apply any hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

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

Endowment Funds

Endowment funds are classified under two headings:

- where the donor has specified that 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 Colleges 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 Statement of Comprehensive Income and Expenditure 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 2017 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.

Employment benefits

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

Reserves

Reserves are allocated between restricted and unrestricted reserves. Endowment reserves include balances which, in respect of endowment to the College, are held as permanent funds, which the College must hold in perpetuity. Restricted reserves include balances in respect of which the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Critical accounting judgements

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

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

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

Useful lives of property, plant and equipment – Property, plant and equipment represent a significant proportion of the College's total assets. Therefore the estimated useful lives can have a significant impact on the depreciation charged and the College's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experiences with similar assets, professional advice and anticipation of future events. Details of the carrying values of property, plant and equipment are shown in note 9.

Recoverability of debtors – The provision for doubtful debts is based on the College's estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

Investment property – Properties are revalued to their fair value at the reporting date by Bidwells. The valuation is based on the assumptions and judgements which are impacted by a variety of factors including market and other economic conditions. The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. As at the valuation date, in the case of some of the properties within the subject portfolio, there is a shortage of market evidence for comparison purposes, to inform opinions of value. The valuation of this portfolio was therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. However, some properties do fall outside of this material uncertainty clause which are listed below:

All Car Parking Spaces and Garages
Office Properties
Residential Properties
Agricultural Properties

Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes the affected valuations will be kept under frequent review.

Retirement benefit obligations – The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 26.

Management are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the accounts. As the College is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2018 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2028. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 26.

Consolidated Statement of Comprehensive Income and Expenditure for the Year Ended 30 June 2020

	Note	Unrestricted £000	Restricted £000	Endowment £000	2020 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2019 Total £000
Income									
Academic fees and charges	*1*	3,719	149	-	3,868	3,715	148	-	3,863
Accommodation, catering and conferences	*2*	4,474	-		4,474	6,264	-	-	6,264
Investment income	*3*	-	-	5,623	5,623	-	-	7,460	7,460
Endowment return transferred	*3*	2,009	2,747	(4,756)	-	3,064	2,552	(5,616)	-
Other income		448	-	-	448	69	-	-	69
Total income before donations and endowments		10,650	2,896	867	14,413	13,112	2,700	1,844	17,656
Donations		2,843	69	-	2,912	1,527	108	-	1,635
New endowments		-	42	871	913	-	623	1,043	1,666
Other capital grants for assets		-	56	-	56	-	74	-	74
Total income		13,493	3,063	1,738	18,294	14,639	3,505	2,887	21,031
Expenditure									
Education	*4*	6,356	1,590	-	7,946	6,160	1,637	-	7,797
Accommodation, catering and conferences	*5*	6,431	-	-	6,431	6,683	-	-	6,683
Other expenditure	*6*	819	1,079	-	1,898	3,730	825	-	4,555
Contribution under Statute G,II		194	-	-	194	191	-	-	191
Total expenditure		13,800	2,669	-	16,469	16,764	2,462	-	19,226
Surplus/(deficit) before other gains and losses		(307)	394	1,738	1,825	(2,125)	1,043	2,887	1,805
Gain/(loss) on investments	*10*	2,550	(10)	(2,134)	406	2,794	38	(832)	2,000
Surplus/(deficit) for the year		2,243	384	(396)	2,231	669	1,081	2,055	3,805
Other comprehensive income/(expenditure)									
Actuarial gain/(loss) in respect of pension schemes	*16*	(923)	-	-	(923)	(1,103)	-	-	(1,103)
Total comprehensive income for the year		1,320	384	(396)	1,308	(434)	1,081	2,055	2,702

The notes on pages 30 to 51 form part of these accounts

Consolidated Statement of Changes in Reserves

Year ended 30 June 2020

	Income and expenditure reserve			
	Unrestricted	Restricted	Endowment	Total
	£000	£000	£000	£000
Balance at 1 July 2019	261,029	4,286	75,304	340,619
Surplus/(Deficit) from income and expenditure statement	2,243	384	(396)	2,231
Other comprehensive income/(expenditure)	(923)	-	-	(923)
Release of restricted capital funds spent in the year	56	(56)	-	-
Balance at 30 June 2020	262,405	4,614	74,908	341,927
Balance at 1 July 2018	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	(1,103)	-	-	(1,103)
Release of restricted capital funds spent in the year	74	(74)	-	-
Balance at 30 June 2019	261,029	4,286	75,304	340,619

The notes on pages 30 to 51 form part of these accounts

Consolidated Balance Sheet as at 30 June 2020

	Note	2020 £000	2019 £000
Non-current assets			
Fixed assets	9	136,367	134,602
Heritage assets	9	113	101
Investment assets	10	226,340	227,459
Total non-current assets		362,820	362,162
Current assets			
Stock	11	629	639
Trade and other receivables	12	3,112	1,358
Cash and cash equivalents	13	3,371	1,590
Total current assets		7,112	3,587
Creditors: amounts falling due within one year	14	(3,393)	(3,549)
Net Current assets		3,719	38
Total Assets less current liabilities		366,539	362,200
Creditors: amounts falling due after more than one year	15	(15,942)	(12,400)
Net assets excluding pension liability		350,597	349,800
Net pension liability	16	(8,670)	(9,181)
Net assets		341,927	340,619
Restricted reserves			
Income and expenditure reserve – endowment reserve	17	74,908	75,304
Income and expenditure reserve – restricted reserve	18	4,614	4,286
Unrestricted reserves			
Income and expenditure reserve – unrestricted		262,405	261,029
Total Reserves		341,927	340,619

Approved by the College Council on 11th November 2020 and signed on their behalf by Mr Robert Gardiner, Senior Bursar

The notes on pages 30 to 51 form part of these accounts

Consolidated Cash Flow Statement as at 30 June 2020

	Note	2020 £000	2019 £000
Net cash (outflow)/inflow from operating activities	*20*	(2,148)	308
Cash flows from investing activities	*21*	800	609
Cash flows from financing activities	*22*	3,129	(686)
Increase/(decrease) in cash and cash equivalents in the year	*23*	1,781	231
Cash and cash equivalents at beginning of the year		1,590	1,359
Cash and cash equivalents at end of the year		3,371	1,590

The notes on pages 30 to 51 form part of these accounts

Notes to the Accounts 2019/20

1 Academic fees and charges

	2020 £000	2019 £000
College fees:		
Fee income received at the Regulated Undergraduate rate	2,441	2,441
Fee income received at the Unregulated Undergraduate rate	547	477
Fee income received at the graduate rate	698	709
	3,686	3,627
Income for Cambridge Bursaries	149	148
Other income	33	88
Total	3,868	3,863

2 Income from accommodation, catering and conferences

		2020 £000	2019 £000
Accommodation	College members	2,784	3,803
	Conferences	792	836
Catering	College members	542	930
	Conferences	356	695
Total		4,474	6,264

3 Endowment and Investment income

3a Analysis

	2020 £000	2019 £000
Total return contribution (see note 3b)	4,756	5,616

3b Summary of Total Return

	2020 £000	2019 £000
Income from:		
Land and buildings	3,365	3,690
Quoted and other securities and cash	2,257	3,770
Gains on endowment assets:		
Land and buildings	(4,361)	(2,512)
Quoted and other securities and cash	4,767	4,511
Investment Management costs	(2,250)	(1,559)
Total Return for year	3,778	7,900
Total Return transferred to Income and Expenditure Account	(4,756)	(5,616)
Investment management costs (see note 3c)	2,250	1,559
Total return expendable amount	(2,506)	(4,057)
Unapplied Total Return for Year included within Statement of Comprehensive Income and Expenditure (see note 19)	1,271	3,843

3c Investment management costs

	2020 £000	2019 £000
Land and buildings	1,070	670
Other investments	1,180	889
Total	2,250	1,559

4 Education Expenditure

	2020	2019
	£000	£000
Teaching	3,472	3,508
Tutorial	1,286	1,290
Admissions	346	357
Research	1,070	1,070
Scholarships and awards	1,054	820
Other educational facilities	685	723
Other educational expenses	33	29
Total	7,946	7,797

5 Accommodation, Catering and Conferences Expenditure

		2020	2019
		£000	£000
Accommodation:	College members	4,529	4,610
	Conferences	343	335
Catering:	College members	1,100	1,092
	Conferences	459	646
Total		6,431	6,683

6 Other Expenditure

	2020	2019
	£000	£000
Investment management and administration	1,780	1,122
Interest	640	573
Pension scheme losses (gains) and other non-cash pension charges	(1,397)	2,061
Other general and administrative	875	799
Total	1,898	4,555

7a Analysis of 2019/2020 Expenditure by Activity

	Staff costs (Note 8)	Other Operating Expenses	Depreciation (Note 9)	Total
	£000	£000	£000	£000
Education (note 4)	4,049	3,456	441	7,946
Accommodation, catering and conferences (note 5)	3,432	1,477	1,522	6,431
Other (note 6)	479	1,415	4	1,898
Contribution under Statute G,II	-	194	-	194
Total	7,960	6,542	1,967	16,469

Expenditure includes Development Office costs of £483,000. This expenditure includes the cost of alumni relations.

7b Analysis of 2018/2019 Expenditure by Activity

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

Expenditure includes Development Office costs of £667,000. This expenditure includes the cost of alumni relations.

7c Auditors' remuneration

	2020 £000	2019 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	26	30
Other fees payable to the College's external auditors	7	4
Total	33	34

8 Staff costs

	Academic £000	Non-academic £000	Total 2020 £000	Total 2019 £000
Salaries	1,953	4,413	6,366	6,338
National insurance	232	344	576	560
Other pension costs	426	592	1,018	904
Total	2,611	5,349	7,960	7,802

	Average staff numbers 2020		Average staff numbers 2019	
	Number of Fellows	Number of Non-Fellows	Number of Fellows	Number of Non-Fellows
Academic (number receiving a stipend)	74	13	73	9
Non-Academic (full-time equivalents)	2	148	1	151
Total	76	161	74	160

At the balance sheet there were 107 members of the Governing Body. During the year the average number receiving remuneration was the 76 shown above.

One officer of the College received remuneration in the range of £100,000 to £110,000 (2019: None). Remuneration includes salary, employer's national insurance contributions, employer's pension contributions plus any taxable benefits either paid, payable or provided, gross of any salary sacrifice arrangements

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

For the College these are the Master, the Senior Bursar and the Senior Tutor. During the year remuneration paid to key management personnel was £329,000 (2019: £271,000).

The Trustees received no remuneration in their capacity as Trustees of the Charity.

9 Fixed Assets

	Land	College Buildings	Assets in construction	Furniture & Equipment	Total 2020	Total 2019
	£000	£000	£000	£000	£000	£000
Cost/Valuation						
At beginning of year	62,220	80,271	1,112	273	143,876	142,625
Additions	-	366	3,273	93	3,732	1,352
Disposals at cost/valuation	-	-	-	(33)	(33)	(101)
At end of year	62,220	80,637	4,385	333	147,575	143,876
Depreciation						
At beginning of year	-	9,131	-	143	9,274	7,414
Charge for the year	-	1,905	-	62	1,967	1,961
Eliminated on disposal	-	-	-	(33)	(33)	(101)
At end of year	-	11,036	-	172	11,208	9,274
Net book value						
At end of year	62,220	69,601	4,385	161	136,367	134,602
At beginning of year	62,220	71,140	1,112	130	134,602	135,211

The insured value for rebuilding of freehold operational buildings (excluding investments assets) at 30 June 2020 is £223m, compared with the 2019 total of £220m.

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:

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Balance brought forward	101	97	90	90	75
Acquisitions purchased with College funds	12	4	7	-	15
Total	113	101	97	90	90

10 Fixed Asset Investments

	2020 £000	2019 £000
Balance at beginning of year	227,459	221,094
Additions	81,252	9,411
Disposals	(79,259)	(8,533)
Appreciation	406	2,000
(Decrease)/Increase in cash balances held by fund managers	(3,518)	3,487
Balance at end of year	226,340	227,459

Represented by:	2020 £000	2019 £000
Cash	8,338	12,419
Fixed income	266	-
Credit	5,256	6,243
Hedge funds - absolute return	3,878	12,225
Hedge funds - hedged equities	12,411	10,630
Public equities	77,559	62,222
Private equity	18,676	21,933
Private debt	4,367	4,661
Core property	84,271	88,710
Property funds	2,365	4,591
Infrastructure and operating assets	4,671	-
Contractual and other income	1,770	-
Inflation linked bonds and inflation hedges	2,512	3,825
Total	226,340	227,459

11 Stocks and work in progress

	2020 £000	2019 £000
Wine stocks	619	633
Bar, kitchen and other stocks	10	6
Total	629	639

12 Trade and other receivables

	2020 £000	2019 £000
Members of the College	250	466
Commercial rents	679	288
Donations	1,831	359
Other debtors	283	120
Prepayments and accrued income	69	125
Total	3,112	1,358

13 Cash and cash equivalents

	2020 £000	2019 £000
Current accounts	3,371	1,590
Cash in hand	-	-
Total	3,371	1,590

14 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	1,781	1,963
Bank loan due for repayment within a year	360	160
Bank overdraft	-	-
Members of the College	458	633
University fees	37	35
Commercial rent deferred income	528	567
Contribution to Colleges Fund	194	191
Other creditors	35	-
Total	3,393	3,549

15 Creditors: amounts falling due after one year

	2020	2019
	£000	£000
Bank loans	5,942	2,400
Other loans	10,000	10,000
Total	15,942	12,400

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 2020

	CCFPS	USS	Other	Total
	£000	£000	£000	£000
Balance at beginning of year	5,789	3,053	339	9,181
Movement in year:				
Current service cost including life assurance	248	-	(3)	245
Contributions	(314)	(46)	(44)	(404)
Change in expected contributions	-	(1,461)	-	(1,461)
Other finance cost	131	48	7	186
Actuarial (gain)/loss recognised in Statement of Comprehensive Income and Expenditure	899	-	24	923
Balance at end of year	6,753	1,594	323	8,670

Year to 30 June 2019

	CCFPS	USS	Other	Total
	£000	£000	£000	£000
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
Balance at end of year	5,789	3,053	339	9,181

17 Endowment funds	**Restricted Permanent**	**Unrestricted Permanent**	**Total 2020**	**Total 2019**
	£000	**£000**	**£000**	**£000**
Balance at beginning of year:				
Capital	75,304	-	75,304	73,249
New donations and endowments	872	-	872	1,043
Increase / (Decrease) in market value of investments	(1,268)	-	(1,268)	1,012
Balance at end of year	74,908	-	74,908	75,304
Analysis by type of purpose				
Fellowship, Research, Scholarship and Studentship Funds	58,191	-	58,191	58,958
Prizes Funds	679	-	679	681
Bursaries, Hardship and Travel Funds	7,570	-	7,570	7,197
General and Other Trust Funds	8,468	-	8,468	8,468
Balance at end of year	74,908	-	74,908	75,304
Analysis by asset				
Property	30,335	-	30,335	32,103
Investments	41,950	-	41,950	39,217
Cash	2,623	-	2,623	3,984
Balance at end of year	74,908	-	74,908	75,304

18 Restricted Reserves	Capital Grants unspent £000	Permanent Unspent and other restricted income £000	Restricted expendable endowment £000	Total 2020 £000	Total 2019 £000
Balance at beginning of year:					
Capital	-	-	737	737	110
Accumulated income	-	3,549	-	3,549	3,169
Total	-	3,549	737	4,286	3,279
New grants	56	149	-	205	222
New donations	-	69	42	111	731
Endowment return transferred	-	2,723	24	2,747	2,552
Increase in market value	-	(9)	(1)	(10)	38
Expenditure	-	(2,641)	(28)	(2,669)	(2,462)
Capital grants utilised	(56)	-	-	(56)	(74)
Total	-	3,840	774	4,614	4,286
Balance at end of year					
Capital	-	-	774	774	737
Accumulated income	-	3,840	-	3,840	3,549
Total	-	3,840	774	4,614	4,286
Analysis of restricted funds by type of purpose					
Analysis by type of purpose					
Fellowship, Research, Scholarship and Studentship Funds	-	2,979	-	2,979	2,756
Prizes Funds	-	245	-	245	225
Bursaries, Hardship and Travel Funds	-	496	774	1,270	1,198
General and Other Trust Funds	-	120	-	120	107
Total	-	3,840	774	4,614	4,286

19 Memorandum of Unapplied Total Return

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

	Note	**2020**	**2019**
		£000	**£000**
Unapplied Total Return at beginning of year		111,977	108,134
Unapplied Total Return for the year	*3b*	1,271	3,843
Unapplied Total Return at end of year		113,248	111,977

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

	2020	**2019**
	£000	**£000**
Surplus for the year	1,308	2,702
Adjustment for non-cash items		
Depreciation	1,967	1,961
Gain on endowments, donations and investment property	(406)	(2,000)
Decrease (increase) in stocks	9	19
Decrease/(increase) in trade and other receivables	(1,161)	601
Increase/(decrease) in creditors	(152)	(301)
Pension costs less contributions payable	(511)	3,092
Adjustment for investing or financing activities		
Investment income	(5,623)	(7,460)
Investment expenditure	1,780	1,121
Interest payable	641	573
Net cash inflow/(outflow) from operating activities	(2,148)	308

21 Cash flows from investing activities

	2020	**2019**
	£000	**£000**
Non-current investment disposal	60,183	-
Investment income	3,659	5,481
Investment expenditure	(1,422)	(771)
Payments to acquire non-current assets	(61,620)	(4,101)
	800	609

22 Cash flows from financing activities

	2020	**2019**
	£000	**£000**
Interest paid	(614)	(526)
New borrowing	4,000	-
Repayments of amounts borrowed	(257)	(160)
Total cash flows from financing activities	3,129	(686)

23 Consolidated reconciliation and analysis of net debt

	At beginning of year £000	Cash Flows £000	At end of year £000
Cash and cash equivalents	1,590	1,781	3,371
Borrowings: Amounts falling due within one year: unsecured loans	(160)	(200)	(360)
Borrowings: Amounts falling due after more than one year: unsecured loans	(12,400)	(3,542)	(15,942)
	(10,970)	(1,961)	(12,931)

24 Financial Instruments

	2020 £000	2019 £000
Financial assets		
Financial assets at fair value through Statement of Comprehensive income:		
Listed equity investments	97,760	82,530
Other investments	35,970	43,410
Financial assets that are debt instruments measured at amortised cost:		
Cash and cash equivalents	11,709	14,009
Other debtors	541	586
Financial liabilities		
Financial liabilities measured at amortised cost		
Loans	16,303	12,560
Trade creditors	214	553
Other creditors	677	811

25 Capital commitments

	2020 £000	2019 £000
Capital commitments at 30 June are as follows:		
Authorised and contracted	1,982	5,271
Authorised but not yet contracted for	295	292

26 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 £1,018,000 (2018: £904,000). The breakdown by scheme is shown below:

	2020 £000	2019 £000
USS	856	734
CCFPS	145	150
Church of England	10	11
Non-contributory scheme	7	9
Total	1,018	904

26a Universities Superannuation Scheme

The pension costs charged to the Statement of Comprehensive Income and Expenditure is £856,000 (2019: £734,000).

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

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

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumption used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension Increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21+: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

		2018 valuation
Mortality base table		Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
		Post-retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality		CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

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

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

	2020	**2019**
Discount rate	0.73%	1.9%
Pensionable salary growth	1.58%	1.9%

26b 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 2020, for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

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

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

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

- Male aged 65 now has a life expectancy of 21.9 years (previously 21.8 years).
- Female aged 65 now has a life expectancy of 24.2 years (previously 24.0 years).
- Male aged 45 now and retiring in 20 years has a life expectancy of 23.2 years (previously 23.1 years).
- Female aged 45 now and retiring in 20 years has a life expectancy of 25.6 years (previously 25.5 years).

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

	Male	Female
Active Members – Option 1 Benefits	65	63
Deferred Members – Option 1 Benefits	62	60

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

Employee Benefit Obligations

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

	2020 £000	2019 £000
Present value of plan liabilities	(21,412)	(19,575)
Market value of plan assets	14,659	13,786
Net defined benefit (liability)	(6,753)	(5,789)

The amounts to be recognised in the profit and loss for the year ended 30 June 2020 (with comparative figures for the year ended 30 June 2019) are as follows:

	2020 £000	2019 £000
Current service cost	219	191
Administrative expenses	29	29
Interest on net defined benefit liability	131	126
(Gain)/loss on plan changes	-	33
Total	379	379

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

	2020 £000	2019 £000
Present value of plan liabilities at beginning of period	19,575	17,343
Current service cost (including employee contributions)	219	191
Employee contributions	48	50
Benefits paid	(577)	(556)
Interest on plan liabilities	437	464
Actuarial losses/(gains)	1,710	2,050
(Gain)/loss on plan changes	-	33
Present value of plan liabilities at end of period	21,412	19,575

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

	2020 £000	2019 £000
Market value of plan assets at beginning of period	13,786	12,708
Contributions paid by the College	314	316
Employee contributions	48	50
Benefits paid	(577)	(556)
Administrative expenses paid	(44)	(42)
Interest on plan assets	306	338
Return on assets, less interest included in Profit & Loss	826	972
Market value of plan assets at end of period	14,659	13,786
Actual return on plan assets	1,132	1,310

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

	2020	2019
Equities	49%	57%
Bonds & Cash	41%	34%
Property	10%	9%
Total	100%	100%

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

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2020 (with comparable figures for the year ending 30 June 2019) are as follows:

	2020 £000	2019 £000
Return on assets less interest included in statement of income and expenditure	826	972
Expected less actual plan expenses	(15)	(13)
Experience gains and losses arising on plan liabilities	118	(240)
Changes in assumptions underlying the present value of plan liabilities	(1,828)	(1,810)
Remeasurement of net defined benefit liability recognised in OCI	(899)	(1,091)

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

	2020 £000	2019 £000
Net defined benefit asset/(liability) at beginning of year	(5,789)	(4,635)
Recognised in statement of income and expenditure	(379)	(379)
Contributions paid by the College	314	316
Remeasurement of net defined benefit liability recognised in OCI	(899)	(1,091)
Net defined benefit asset/(liability) at end of year	(6,753)	(5,789)

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.

26c 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:

	2020	**2019**
	% p.a.	**% p.a.**
Discount rate	1.45	2.25
Pension increases in payment	0.00	0.0

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

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

Employee Benefit Obligations

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

	2020	**2019**
	£000	**£000**
Present value of plan liabilities	(317)	(319)
Net defined benefit (liability)	(317)	(319)

The amounts to be recognised in the statement of income and expenditure for the year ended 30 June 2020 (with comparative figures for the year ended 30 June 2019) are as follows:

	2020	**2019**
	£000	**£000**
Interest on net defined benefit liability	(7)	(9)
Total	(7)	(9)

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

	2020 £000	2019 £000
Present value of plan liabilities at beginning of period	319	340
Current service cost	-	-
Interest on plan liabilities	7	9
Actuarial losses (gains)	34	13
Benefits paid	(43)	(43)
Present value of plan liabilities at the end of the period	317	319

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 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020 £000	2019 £000
Experience gains and losses arising on plan liabilities	(18)	(9)
Changes in assumptions underlying the present value of plan liabilities	(16)	(4)
Remeasurement of net defined benefit liability recognised in OCI	(34)	(13)

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

	2020 £000	2019 £000
net defined benefit (liability) at beginning of year	(319)	(340)
Contributions paid by the College	43	43
Recognised in Profit and Loss	(7)	(9)
Remeasurement of net defined benefit liability recognised in OCI	(34)	(13)
Net defined benefit (liability) at the end of the year	(317)	(319)

Funding Policy

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

26d Church of England Funded Pensions Scheme

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

Each participating Responsible Body 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 each specific Responsible Body, 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 (2020: £10,000, 2019: £11,000), plus the figures highlighted in the table below as being recognised in the Other Comprehensive Income (OCI), giving a total credit of £3,000 for 2020 (2019 a charge of £6,000).

The valuation of the Scheme is carried out every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- increase in pensionable stipends of 3.4% p.a.; Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	**January 2018 to December 2020 %**	**January 2021 to December 2022 %**
Deficit repair contributions	11.9	7.1

As at 31 December 2017 and 31 December 2018 the deficit repair contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force 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:

	2019 £000	2018 £000
Balance sheet liability at 1 January	19	24
Deficit contribution paid	(3)	(3)
Interest cost (recognised in SoFA)	-	-
Remaining change to balance sheet liability* (recognised in statement of income and expenditure)	(10)	(2)
Balance sheet liability at 31 December	6	19

*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:

	December 2019	December 2018	December 2017
Discount rate	1.1% p.a.	2.1% p.a.	1.4% p.a.
Price inflation	2.8% p.a.	3.1% p.a.	3.0% p.a.
Increase to total pensionable payroll	1.3% p.a.	1.6% p.a.	1.5% 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.

27 Principal Subsidiary Undertakings

	Country of Incorporation and Operation	Cost	Class of Shares	Proportion of shares held	Principal activity
		£			
Caius Property Services Limited	United Kingdom	1	Ordinary	100%	Dormant
Budworth Development Limited	United Kingdom	1	Ordinary	100%	Dormant
Caius Conferences Limited	United Kingdom	1	Ordinary	100%	Provision of conference services

28 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.

29 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.

The College maintains a register of interests for all College Council members and where any member of the College Council has a material interest in a College matter they are required to declare that fact.

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

Fellows are remunerated for teaching, research and other duties within the College. Fellows are billed for any private catering. The Trustees remuneration is overseen by the College's Remuneration Committee.

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

From	**To**	**2020 Number**	**2019 Number**
£0	£10,000	5	5
£10,001	£20,000	3	2
£20,001	£30,000	-	3
£30,001	£40,000	-	2
£40,001	£50,000	1	2
£50,001	£60,000	4	2
£60,001	£70,000	1	2
£70,001	£80,000	-	1
£80,001	£90,000	-	-
£90,001	£100,000	1	-
	Total	15	19

The total Trustee salaries were £500,000 for the year (2019: £583,000)

The Trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £125,000 for the year (2019: £140,000).

The College has a number of trading and dormant subsidiary undertakings which are consolidated into these accounts. All subsidiary undertakings are 100% owned by the College and are registered and operating in England and Wales.

The College has taken advantage of the exemption within section 33 of FRS 102 not to disclose transactions with wholly owned group companies that are related parties.

30 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 2020 amounted to £689,000. These assets have been excluded from the College balance sheet as have the liabilities of the Trust with the exception of £22,000 which was owed to the College and has since been paid by the Trust.