The President and Fellows of Murray Edwards College, founded as New Hall, in the University of Cambridge

Annual Report and Financial Statements

Year Ended 30 June 2020

Charity Registration number 1137530

Murray Edwards College
University of Cambridge

MURRAY EDWARDS COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

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Administrative Details

Address

Murray Edwards College, New Hall, Huntingdon Road, Cambridge, CB3 0DF

Charity registration number

1137530

Senior officers

President	Dame Barbara Stocking DBE
Vice-President	Dr Rachel Polonsky
Bursar	Mr Robert Hopwood
Senior Tutor	Dr Michele Gemelos

Principal advisors

Auditors (external)	Critchleys Audit LLP	Beaver House, 23-28 Hythe Bridge Street, Oxford, OX1 2EP
Bankers	Barclays Bank PLC	Mortlock House Histon Cambridge CB24 9DE
Investment Managers	CCLA Investment Management Limited	Senator House, 85 Queen Victoria Street, London, EC4V 4ET
	Cambridge University Endowment Fund	30 Station Road, Cambridge CB1 2RE
Legal Advisers	Mills & Reeve	Botanic House 100 Hills Road Cambridge CB2 1PH
	Taylor Vinters	Merlin Place Milton Road Cambridge CB4 0DP

Trustees of the charity – Council members

Operating and Financial Review

Introduction

The College was founded on 11th March 1954 as an unincorporated association to promote a third foundation for women in the University of Cambridge. It was incorporated as New Hall, Cambridge, a company limited by guarantee, on 20th April 1954. On 3rd November 1965, the University granted recognition to New Hall as an approved foundation within the University. A royal charter of incorporation in the name of "The President and Fellows of New Hall in the University of Cambridge" was granted on 28th June 1972. College Statutes provide for the constitution and government of the College including the membership and responsibilities of the Governing Body and the College Council.

In June 2008 the College announced a donation of £30m from Ros Smith (New Hall 1981) and her husband Steve Edwards. The donation was made with the purpose of permanently endowing the College to enable it to pursue its objects of learning, education and research as an independent institution within the University of Cambridge. The income from this transformational endowment also enhanced specific areas including widening access and participation, supporting early career stage academics, improving conditions for college teaching officers, employing a full-time schools' liaison officer and initiating the Gateway Programme of study skills and professional development for students.

On 14th June 2011 a Supplemental Charter was granted by HM the Queen, changing of the name to "The President and Fellows of Murray Edwards College, founded as New Hall, in the University of Cambridge". The name honours in perpetuity both the first President, Dame Rosemary Murray, and the Edwards family.

Scope of the financial statements

The consolidated financial statements cover the activities of the College and its two subsidiary companies. These undertake activities which, for legal or commercial reasons, are more appropriately carried out by limited companies.

Aims and objectives of the College

The principal objects of the College, as set out in its charter, are to advance education, learning and research in the University of Cambridge. It is committed to the highest standards of education for women of all backgrounds.

Murray Edwards College is a College within the University of Cambridge. It fulfils its objectives by selecting and admitting undergraduate students for University courses, and accepting graduates admitted by the University. It provides, with the University, an education of the highest quality, through small group teaching, academic supervision, and the provision of library, computing and cultural facilities, living accommodation, and support for students in personal or financial need. The College provides rooms for Fellows' teaching and research and also funds facilities for Research Fellows to help them establish themselves in the academic world through post-doctoral research. Measures of success include the high ranking of Cambridge University in the world, and the very low drop-out rate compared with students in other Universities.

In furtherance of its objectives, the College maintains and manages an endowment of assets, including a property. Governance arrangements for the College are set out on page 16.

As at 30th June 2020, the College comprised the President, 63 Governing Body Fellows, 31 Bye-Fellows, 346 undergraduate students and 41 clinical medical and veterinary students in respect of whom undergraduate fees were received, 147 registered graduate students and 98 full time equivalent permanent non-academic staff.

Public benefit

The Trustees have regard to the Charity Commission's guidance on public benefit when exercising powers and duties to which the guidance is relevant. The Trustees are assisted in this duty by receiving specific briefing on the guidance. They have taken this into account when making decisions to which the guidance is relevant.

The strategic direction of the College is to provide excellence in the education of outstanding women from all backgrounds. It provides opportunities for these young women to develop the skills and confidence to lead the way in the world, to be independent minded, and to take on the challenges they will meet in life and achieve their ambitions. This is done through core teaching and also through the Gateway Programme for personal development, which is available to both graduate and undergraduate students. The College aims to provide both a vibrant intellectual environment for fellows, students and staff and a warm, open and friendly community, maintaining the traditions of a Cambridge college but also at the forefront of innovation. The focus is on meeting the needs of women from all backgrounds within the wider co-educational environment of Cambridge University.

In aiming to provide a world-class education to the students with the most potential in each subject, whatever their means or social background, the College seeks to attract the best applicants from the widest range of schools and colleges. In doing this, the College aims to help achieve the Government's aspiration for a greater number of places being taken up by students from the maintained sector. To this end, the College undertakes an extensive programme of outreach, including school visits as described in the "Widening Access" section below. That section also describes subject-specific events. The aim of these activities is to inform and encourage all academically able students including those who would not otherwise do so to apply to University. Our entry for October 2019 comprised 68% (2018: 67%) from the maintained schools sector.

Students of the College have access to several sources of financial assistance in particular the Cambridge Bursary and Cambridge European Bursary Schemes. In 2019-20, £245k (2018-19: £246k) was distributed to 77 (2018-19: 89) undergraduates through the Cambridge Bursary Schemes. The schemes are operated in common with the University and the other colleges to provide bursary support for UK and EU students of limited financial means, to enable them to meet the cost of their Cambridge education. The net cost of the scheme to the College in 2019-20 was £132k (2018-19: £113k). The College also repeated and expanded a top-up bursary scheme piloted for first year undergraduates in 2018-19, which extended the reach of the Cambridge Bursary Scheme as well as enhancing funding for those already in receipt of Cambridge Bursaries. In 2019-20, the top-up Bursary scheme was extended to all undergraduates, with some financial support from Trinity College. Students may also apply for other grants including hardship grants if they are in financial difficulties. In total in 2019-20 £311k (2018-19: £292k) was spent in the year on scholarships and awards, which includes support for academic excellence, research and academic need, hardship, sporting excellence, music, travel and support for the student unions. Following the onset of the global Coronavirus pandemic and national lockdown in March 2020, College did not offer its usual travel awards for the summer of 2020.

A major benefit provided by the College is subsidised education and living costs for its students. In the year the total cost of education exceeded associated relevant income by £2,552k (2018-19: £1,903k). This represented a subsidy of at least £6,594 (2018-19: £5,105) per fee-paying undergraduate student. This subsidy is financed out of investment income, donations and contributions from the conferencing business. Further substantial educational facilities are provided in the form of the Rosemary Murray Library and IT resources. The College lets its rooms to students at a lower rate than would be obtainable in the open market for equivalent accommodation and provides food at similarly subsidised rates.

The College advances research by providing research fellowships to outstanding academics at the early stages of their careers which enable them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of a permanent academic post. In March 2019 the College appointed an early career Research Fellow in English Literature who took up her position in October 2019. In addition the College supports the research work pursued by its other Fellows through promoting interactions across disciplines, providing facilities and providing grants for research costs, including attendance at national and international conferences and providing paid sabbatical leave from teaching duties.

During this year, discussions around gender equality have been expected to widen out to look at intersectionality, for example, gender and race. With this in mind, the College planned a careers session involving young black alumnae and also a public lecture by a world class black writer. As a result of COVID-19, neither event could take place but these areas will be revisited in the coming academic year. In addition, a major conference is planned for summer 2021 as part of a series on ‘Shaping the World for Women’ - with the first conference on ‘Women in the Arts’ including looking at how merit is defined and how that can create unconscious bias against women.

The College is committed to providing a place for thought leadership on major public issues. Work continued on the global challenge of young people and work in developing countries with the receipt of a major grant from the British Academy for research on ‘Young People, Work and Climate Change in Uganda’. Despite COVID-19, work is well underway with research tools developed to ‘investigate young people’s views on the impact of climate change and also their solutions’. The research project completes in September 2021 and is a partnership of the University of Cambridge / Murray Edwards College, the University of Makerere, Uganda, and the UK INGO Restless Development.

The College provides an environment and cultural facilities available to the public. In particular, the College is the home of the New Hall Art Collection, one of the largest and most significant collections of contemporary art by women in the world. Through the Collection, the College champions artists who identify as women, to give them visibility and a voice, and promote their work within the ethos of an academic college for women dedicated to gender equality. An Arts Council accredited collection it is publicly accessible and free to visit. We are committed to tackling racial inequalities in the work that we do: we have collaborated with artists, funding organisations, academics and museum professionals to highlight inequalities around race and gender.

Achievements and performance 2019-20

Strategic direction

The Governing Body revised the College's medium term strategic direction in 2018 and the aims, which build on the objectives established in 2014, are:

- To attract the most academically outstanding young women from all backgrounds to study at Murray Edwards College;
- To be a centre of educational excellence where every student is able to achieve their full potential;
- To support and encourage undergraduate and graduate students to develop the confidence and tools to achieve their individual aspirations;
- To continue to build a stimulating intellectual and research environment for Fellows, students and staff as well as a warm, open culture that allows everyone to achieve their best;
- To continue to develop our alumnae as a mutually supportive community of women with an active and lively connection to the College;
- To make Murray Edwards College better known and understood; and
- To secure the College's financial ability to deliver these objectives.

Senior management

Dr Michele Gemelos, Deputy Senior Tutor at St Edmund's College took up the post of Senior Tutor on 1 July 2020 from Dr Kate Peters.

Academic community

The overarching mission of the College, as a self-governing institution committed to the highest standards of education for women of all backgrounds, is to advance education, learning and research in the University of Cambridge.

Key to strengthening our teaching and learning is the appointment to academic posts held jointly with Faculties or Departments of the University. To this end we were very pleased in June 2019 to appoint a new University Lecturer in French under the Trinity Joint Lectureship Scheme. In addition we were joined by two new professorial fellows (in Public Health and English Literature) and an Early Career Research Fellow in English literature, in October 2019. Two further important academic appointments were Dr Susan Haines, who joined us as admissions tutor in August 2019, and Dr Michele Gemelos, who joined the College in June 2020. Additionally, in February 2020, we made a shared CTO appointment with Peterhouse College in Spanish, Dr Geoff Maguire, and appointed a College Lecturer in Computer Sciences (Dr Luana Bulat), who will join us formally in September 2020.

Over the course of Lent term, the growing scale of the Covid-19 pandemic became clear. On 18 March 2020, the University announced its intention to deliver all teaching and assessment online for Easter term, with students being asked to leave College / Cambridge where possible. On 31 March the University published outline arrangements for alternative assessments, to be delivered in place of the scheduled in-person examinations.

As a consequence, first- and second-year assessments will not this year be formally classed, and they followed a wide range of formats. Most final year exams were classed, but this was following a significantly revised assessment process, and it includes a second assessment period which will run in September 2020.

For this reason, final exam results will not be easily compared with previous years' results. An analysis of student performance and progression will therefore need to wait until the autumn of 2020.

Widening access and supporting academic and future careers

The College has maintained its work with schools and students, within our link areas of Greater Manchester, Derbyshire and Haringey and beyond. Due to the global COVID-19 pandemic, some events planned to take place from March 2020 onwards were moved online, while it was necessary to cancel others because they could not be modified successfully to an online format.

Following large uptake in previous years, our Pathways to Success Conference ran twice in July 2019, allowing us to engage with around 185 Year 12 students. Unfortunately, the two Pathways to Success Conferences planned for June 2020 were cancelled.

The She Talks Science programme continues to encompass a blog, webinar series, online resources and a science teachers' conference. We were unable to proceed with the planned student conference part of the programme, but we were able to modify the science teachers' conference to be an online event. We held another Low Participation Neighbourhood Summer School in August 2019, interacting with 75 Year 12 and 119 Year 11 students from neighbourhoods with historically low progression to Higher Education.

We made visits to, or hosted visits from, schools across the country to discuss Cambridge admissions, however face-to-face interactions were fewer than planned due to the suspension of in-person events from March 2020 across the University. Two subject-specific Taster Days took place in February for Land Economy, Geography and Economics, and for Human, Social and Political Sciences and Psychological and Behavioural Sciences, with around 160 students visiting the College across the two events. We again held a STEP Summer School to prepare around 50 female Maths students for the STEP exam which is part of every Cambridge offer for Maths.

Our pioneering Gateway programme continues to strengthen key academic skills and encourage personal and professional development at both undergraduate and graduate level. The summer of 2020 marks 10 years of the Gateway Programme in its current format. Gateway has a major influence on the successful progression of our students through Cambridge.

An internship initiative continues to be an integral strand of the Gateway Programme offering carefully negotiated internships with a number of organisations in different sectors in addition to proposing students for internships offered by corporates.

The College has continued to offer a mentoring programme to younger alumnae, supported by more experienced alumnae. The intention is to continue this on an annual basis.

Key Gateway outcomes

- Overall attendance matched that of 2018-19.
- 50 different sessions and events were run during the year.

- Gateway Leavers awards of £150 were offered to final year students and Graduate students graduating in 2020 who had sufficient credits at the end of Lent term.
- Around 40 alumnae were involved with the programme, along with a number of Fellows and others connected to the College.
- Applications for work placements were similar to 2018-19, although fewer students were involved. Unfortunately many of these did not take place due to the Covid19 pandemic.
- 1:1 careers sessions with a small number of MEC alumnae were made available during June to all finalists and graduates on 1 year programmes to help them plan their careers over the next few difficult years.

Finance and Operations

In common with many organisations across the United Kingdom and elsewhere, the College's income suffered as a result of the Covid epidemic. With only few students in residence during Easter Term, accommodation income of £0.7m was lost and Conference and catering income dropped £0.8m below expected levels, leaving a £1.5m shortfall for 2019-20.

However, higher than expected academic fee and endowment income, job retention scheme receipts and generous donations from alumnae and other benefactors mitigated the total loss of income to £0.4m. This, together with expenditure cuts and reductions, meant that the end of year result came in above that originally budgeted pre-Covid. Capital works were curtailed also, conserving cash. In spite of the 14% dip seen in February and March, investments recovered well to deliver a 6% gain overall for the year. The College therefore weathered the initial financial brunt of the pandemic well and conserved valuable resources to meet the likely continuing challenges ahead. The College's net worth increased to £106.6m by the end of the year with £70m invested.

Technology innovation

Technological change has been a significant feature of the year. A new technology strategy and the timely establishment of a user service group joining up IT strategy and operations across College bore fruit in its first full year with strategy focussing effort first on College objectives, needs and a portfolio review rather than the technologies themselves. Key aspects of IT governance, mobility, service delivery, business continuity, and data security had been identified and were among the strategic strands focussed upon. The College coped well with the increased need for out of office working without having to deploy significant additional resources, and relied on a mix of on-premise and third party cloud-based systems, with concerns about the latter mitigated by the former. The College recognises the importance of data protection and privacy and balances opportunities, risks, short- and long-run costs and benefits in its use of suitable on-site and third party cloud-based technology. Consequently, the College was not affected by the Blackbaud or other Cloud-based platform security breaches during the year. Discussions regarding sharing IT services with other Colleges to improve resilience, scale and efficiency reached an advanced stage. An electronic records management project is also underway.

Learning and development

With over 60 Fellows and 120 staff, the College prioritises sound people leadership, management and engagement. Workshops took place on a variety of issues. Jason Ghaboos, a senior civil servant in the Cabinet Office, delivered well-attended workshops on equality, diversity and inclusion to

Fellows and all staff. The race and ethnicity committee, established last year, also continued its work drawing on wide representation across College. Employment law training also supplemented this.

A bespoke management training programme for team leaders was also developed and delivered, bringing managers together as a group for the first time on a variety of topics, helping them share experiences and approaches. Senior officers also undertook professional leadership, management and communications training. An independent staff survey demonstrated increased staff satisfaction levels while retention rates were slightly better than the relevant national and local norms. GDPR training was also given to all staff as part of the College's ongoing GDPR compliance work. Training was offered to all staff to enhance technological skills, given the increase in online, remote working.

HR, IT and Communications departments all saw additions of professionally qualified and experienced staff. Communications expertise supported departments across the College and underpinned a wide variety of College objectives and needs, achieving real impact both internally and externally. Indicators focussed on meaningful benchmarks together with qualitative engagement and impact metrics, rather than just basic counting indicators such as web-hits, visitor, follower type indicators.

Estate and Facilities

The College buildings include Victorian and Edwardian buildings in addition to the main buildings on the New Hall site from 1965, the substantial additions of Pearl House (1994), Buckingham House (2001) and Canning & Eliza Fok House (2008).

Maintenance of the College estate continued following the major refurbishment of F and G staircases last year – plans for possible relocation, reconfiguration and refurbishment of office spaces were put on hold in March in the light of the changed financial climate and until the impact of office and home working practices arising and following on from Covid becomes clearer.

Raising funds for the refurbishment of remaining staircases in Orchard Court remains a priority.

The College maintains a five year maintenance plan to ensure timely refurbishment of key elements of plant to control operational risk, the maintenance of buildings to a standard which is intended to prevent more costly remedial works and refurbishment to the extent that the budget can support it. Despite the challenges of Covid, the College is considering options on how to increase its physical footprint and grow its contribution to strategic developments at both College and University level.

Governance

Finally, on governance, the Governing Body and the College Council agreed substantive changes and modernisations to its governing Statutes and Ordinances in order to help it keep pace with and meet the challenges and ways of working of the 21st century. It also introduced flexibility so that any changes required in the future could be made more rapidly and economically. These are awaiting Privy Council and University approval.

The remit of the independent remuneration committee was extended to cover remuneration arrangements for all Governing Body Fellows rather than only those serving on Council.

An independent safeguarding audit was carried out and recommendations taken forward.

Financial Review

The Statement of Comprehensive Income and Expenditure shows a surplus of £1,510k (2018-19: surplus £4,225k). FRS 102 requires the inclusion of capital donations, the effect of changes in the values of investments and certain pension scheme cost adjustments in income and expenditure.

The College manages its finances by reference to management accounts. On this management accounting basis, the College's income amounted to £9,066k, £375k below budget. Expenditure (excluding a net transfer setting aside funds for future use - £307k - and a credit for a reduction in the value of future pension deficit recovery costs - £353k) came to £9,137k, leaving an overall deficit of £71k. This represented an improvement of £274k on like for like budget for the year.

The College reacted swiftly to the outbreak of the pandemic and implemented a series of special budget and cash flow measures to combat significant losses in residential income and events and conferencing business. These measures together with job retention scheme receipts, better than expected performance in academic fees and investment income, the generosity of College benefactors and resilient investment asset performance, meant that the College's financial position improved upon the previous financial year with total net assets of £106.6m (2019 - £105.1m).

There does, however, remain a significant amount of financial uncertainty and challenge ahead. The College has prepared and budgeted prudently ahead of this uncertainty.

Funding

The College's income derives principally from academic fees and charges, charges to students for accommodation and catering, charges for conferences and events and donations, all supported by investment returns from its endowments, as follows:

	2019-20 £000s	2018-19 £000s	Year on year change
College fee	2,404	2,387	+0.1%
Charges to members for accommodation and catering	1,741	2,410	-27.8%
Charges for events and conferences	793	969	-18.2%
Investment income and endowment return transferred	2,162	2,045	+5.7%
Donations and endowments	1,058	686	+56.5%

Of the University regulated undergraduate tuition fee half is retained by colleges. The regulated fee increased from £9,000 to £9,250 for undergraduate students matriculating in 2017 and has remained at this level. There was a similar level of both undergraduate and graduate numbers.

Accommodation and catering charges to members decreased by 27.8% (2018-19: 0.3%). In order to meet the full costs of accommodation, the College draws upon its endowment and other income. This helps the College set rents at a level that makes them more affordable for students and rents for student accommodation represent good value within the wider market.

The College uses its facilities for commercial events and conferences when not required for its academic needs, precedence being given to College events. This activity makes an important contribution to the College's income and free cash flow.

The Endowment performance is commented upon separately in the section "Endowment and investment performance" below.

The College Development Office aims to raise donations from benefactors, including alumnae, trusts and foundations.

The original College buildings date from the 1960s and have required substantial refurbishment and renovation, particularly the Dome, Library and Orchard Court. In addition Buckingham House was rebuilt to provide a conference and residential facility and Canning & Eliza Fok House was built to provide 40 rooms for graduate accommodation. The works were funded partly from £13.5m bank loans drawn from 1999 to 2008. The College sets aside operating cash flow for debt repayment and repaid £300k in the year. Interest on £11.85m outstanding debt, £10.5m of which incurs fixed rates, still amounts to more than £0.5m p.a.

Fundraising and development

The College fundraises to support projects identified as priorities by the Council in accordance with the College's Strategic Direction.

Fundraising techniques include direct mail, telephone fundraising (using live calls only by students of the College), the promotion of legacy giving, and face-to-face fundraising (by private meeting with potential major donors). The College does not use external professional fundraisers or commercial participators.

The College is registered with the Fundraising Regulator and the Director of Development is a member of the Chartered Institute of Fundraising and therefore bound by its code of conduct. The codes of both bodies have been complied with.

To protect vulnerable people and other members of the public the College acts in the following way:

- Before a fundraising telephone call, those who will be called are sent a letter making clear that they can request not to receive the call. The list of those not wishing to receive a call is updated daily to ensure exclusion
- During telephone fundraising calls, a gift ask is made only twice (the second time at a lower level). Training is given on how to ask in this way without applying pressure to the recipient of the call
- Training is given on how to handle a call when contact is made with an obviously vulnerable person where we have previously been unaware of this vulnerability
- We do not persist in asking for personal meetings if there is an indication that a meeting is not welcomed or wanted.

All other fundraising communications are by post and are sent no more than three times a year. The College has received no complaints about fundraising in the year reported.

Staff costs and pensions

Payroll costs (academic and non-academic) decreased by 16% against the previous year. They represent the biggest operating cost of the college. The decrease arose principally as a result of a reduction in the value of future pension deficit recovery payments, offset by cost of living award and living wage increases. Job retention scheme receipts subsidising the cost of staffing are included under Other Income.

The College makes pension fund contributions on behalf of its employees to two defined benefit schemes and one defined contribution scheme:

- The Universities Superannuation Scheme (USS) on behalf of academic and some non-academic staff;
- The Aviva defined contribution scheme on behalf of non-academic staff;
- The Cambridge Colleges Federated Pension Scheme (CCFPS) on behalf of some non-academic staff and which is now closed to new members.

The CCFPS was actuarially valued at March 2017 and the Murray Edwards College section was found to have a deficit. The net liability as at 30 June 2020 is estimated to be £2.1m (2019 £1.8m). The College is required to make recovery payments of £62k p.a. for 10 years from 1 July 2018 (2014 recovery period: 19 years) and increase current service contributions.

In respect of the USS pension scheme, the 2018 valuation decreased the College's net liability within USS significantly from £1.1m to £0.7m. New contribution rates and a revised deficit recovery plan have been put in place following the 2018 valuation. The College's contribution rate increased to 21.1% from 1 October 2019 and a further valuation of the scheme is expected as at 31 March 2020.

Endowment and investment performance

The College's Finance Committee formulates general investment policy on the advice of its Investment Sub-committee. The College instructs fund managers to manage financial investments. Its principal fund managers during the year were CCLA Investment Management Limited and the Cambridge University Endowment Fund (CUEF). Cambridge Associates manages venture capital and private equity investments. The College manages directly a number of small, maturing private equity investments and a literary estate.

The objectives under the investment policy are: for long-term funds, to generate returns in excess of inflation and generate a return sufficient to support the ongoing activities of the College and to preserve the long-term value of the endowment; for short-term funds, to preserve capital value with minimum risk. Assets are invested widely, generally by discretionary investment managers in pursuit of these objectives. Investment managers' ethical and responsible investment policies are reviewed and the College excludes direct investments which materially conflict with its purposes. The College's principal investment manager, CCLA, has achieved an assessment of A or A+ in nearly all categories under UNEP's Principles for Responsible Investment.

The investments are set out in note 9. They represent the College's endowment assets, part of its corporate capital and general reserves.

The College's investments comprise three principal categories: the Segregated Fund and Amalgamated Funds invested principally in units in a common investment fund, limited partnership interests in two venture capital and private equity funds of funds; and the literary estate of Roma Gill, a former Fellow, bequeathed to the College.

The Segregated Fund is managed on a total return basis and subject to an annual spending rule of 3.5% (prior to 2014-15: 4%). The quoted investments section, managed by CCLA, returned 6.1% (2018-19 12.1%), net of fees. An endowment within the Segregated Fund managed by CUEF returned 2.0% (2018-19: 4.7%) net of fees.

The Amalgamated Fund, managed principally by CCLA, is managed on an income and capital basis and returned a total of 6% (2018-19: 11.7%), net of fees.

The literary estate of Roma Gill yielded royalty receipts in the year of £101k (2018-19: £104k) principally from her editions of the plays of Shakespeare, published by OUP.

Assets in the endowment returned a weighted average of approximately 5.4% during the year (2018-19: 11.2%). By comparison, a broad-based benchmark portfolio of quoted UK (30%) and global (45%) equities, property (5%), bonds (15%) and cash (5%) might have returned 0.4% before fees (2018-19: 6.2%).

Capital expenditure

Total capital expenditure, excluding heritage assets, during the year was £0.1m (2018-19: £1.2m). This included items referred to in the maintenance section above qualifying for capitalisation under the College's accounting policies.

Cash flow

Cash flow from operating, investing and financing activities generated £697k (2018-19: £248k). The College normally sets aside £300k for repayment of bank debt. Internal borrowings in 2011-12 from corporate capital, to finance works to the Library and Grove Lodge, are being repaid by way of internal transfers of £40k per annum.

Reserves policy

The College intends to continue to pursue its objects in perpetuity. Its activities require financial support from funds, which include the College's corporate capital, its endowments, and its restricted and unrestricted reserves. These funds are necessary to continue to underpin the significant public benefit provided by the College in pursuance of its objects in the areas of learning, education and research.

Free reserves are those reserves which are freely available to spend on any of the College's objects and as such exclude unexpendable reserves, reserves applied to tangible fixed assets and reserves designated for or restricted to a certain purpose or purposes.

The College considers a suitable minimum level of free reserve to be an amount broadly equivalent to six months' essential operational spend, currently £4m. Such reserves will provide support should the College face an unforeseen downturn or significant event which has an adverse financial impact.

The College intends to increase its contribution to public life and benefit and intends to grow its reserves as it seeks opportunities to do so. The College has not therefore determined a maximum level of free reserves.

The policy and compliance with this policy is reviewed annually and particularly in the event of material change, upwards or downwards, in the level of free reserves. The College has complied with the policy in all material respects during the financial year 2019-20.

Principal risks and uncertainties

The College reviews risks at a corporate level and an operational level. Principal corporate risks include:

- Academic risks including the calibre of students seeking admission to the College and ensuring that the Fellowship is attractive to academics
- Providing buildings and accommodation which are of suitable quality for, and meet the needs of, students and Fellows
- Reputational risk as the College builds a higher profile especially on the subject of women's education and employment
- Maintaining the reputation of the College and ensuring that it provides an excellent academic and student experience
- The impact of Britain's leaving the EU on the attractiveness of Cambridge as a place to study and research
- The effect of the Covid-19 pandemic on the College, including elevated financial risk

Operational risks are reviewed at a departmental level and appropriate procedures put in place to monitor and control them. The College maintains a critical incident plan and tests it with simulated incidents.

The principal financial risks and uncertainties remain securing resources to refurbish and/or repair the older parts of the College, particularly Orchard Court. Financial risks have been elevated following the Covid-19 pandemic, although, as stated elsewhere in this report, the College has weathered the initial brunt of them well.

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 return home should do so. Teaching was provided for online. Certain staff were put on furlough leave under the Coronavirus Job Retention Scheme. Remaining staff worked, where they could, substantially from home. A number of resident students who could not return home or had no alternative place to live and study remained in residence. The College maintained residential and catering services within government restrictions and guidelines. The College benefited from very significant intercollegiate and University collaboration to ensure safe closure of services 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, requiring plans to be revised.

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

- 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 group 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 introduction of a skeleton takeaway service for remaining residents and staff

- Managing the financial consequences of student rental and catering voids in Easter Term and the cancellation/postponement of 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 in the face of uncertainty and 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
- Carrying out essential maintenance in a Covid-secure manner
- Determining how to continue to support student activities

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 recording lectures for online delivery and being ready for appropriately socially-distanced teaching in person or online.

Plans for the future

The strategic intent summarised at the start of this section of the report sets out the principal aims for the medium term. Restated briefly these are:

- to attract the most academically outstanding young women from all backgrounds;
- to be a centre of educational excellence
- to support and encourage students to develop confidence to achieve their aspirations
- to build a stimulating intellectual and research environment for Fellows students and staff and a warm, open culture;
- to develop our alumnae as a mutually supportive community with an active connection to the College;
- to make the College better understood;
- to secure the college’s financial ability to deliver these objectives.

The College continues to be undercapitalised in an uncertain political and economic environment, while facing the challenges of the higher education sector. It will endeavour to continue to improve its financial position through scrutiny of costs and the pursuit of new sources of income, consistent with its charitable objects and having regard to public benefit. In addition it will continue careful stewardship of its endowment. The College will continue to raise benefactions to increase its endowments generally to ensure that the College can exist in perpetuity and, in particular, the income from endowments can support the cost of educating students which is not currently fully covered by the College’s other sources of academic income.

The operational priorities are: the implementation of the outreach and student recruitment strategy, the internal sharing of good practice in learning and gender equality and influencing the wider University in these issues, attracting funding for student support priorities and funding for the refurbishment of the remaining staircases.

Corporate Governance

Statement of Corporate Governance

The following statement is provided by the Council as the College Trustees to enable readers of the financial statements to gain 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 1137530) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.

The Governing Body has the ultimate authority in the governance of the College, which it exercises in accordance with and subject to the College statutes. The Governing Body comprises the President and all Fellows other than Emeritus or Honorary Fellows, and meets at least once in each Term. Statutes specify that one meeting of the Governing Body in each academic year shall be the Audit Meeting.

Subject to ultimate authority being vested by statute in the Governing Body, the College Council is the principal executive body of the College, responsible for administering the affairs of the College and managing its property and income. Under the Statutes of the College, the College Council consists of the President, Vice-President, Bursar and Senior Tutor (all ex officio), nine members of the Governing Body (elected by the Governing Body) and the Presidents of the undergraduate and graduate student unions. These Council members are the College Trustees for the purposes of charity law. An observer drawn from the membership of the relevant student union may attend in the absence of the President of that union. Two staff observers are also in attendance at Council meetings.

The President chairs Governing Body and Council; the Senior Tutor has overall responsibility for admissions, education, and welfare of graduate and undergraduate students; the Bursar has overall responsibility for the finances, buildings, operations and administration of the College. The President and Vice-President are elected by the Governing Body. Officers, other than the President and Vice-President, are appointed, and may be removed, by Council. Council fulfils its responsibilities through a number of principal committees to which some powers are delegated and through which advice is sought. They include:

- Academic Policy (Sub-Committee: Admissions);
- Art;
- Communications;
- Domestic and Estates & Events (Sub-Committees: Gardens, Health and Safety);
- Fellowship Review Group;

- Finance (Sub-Committee: Investment);
- Fundraising and External Relations (supported by the Communications Scheduling Group)
- IT Strategy;
- Personnel (Sub-Committee: Staff Council);
- Prevent Committee
- Race and Ethnicity
- Remuneration
- Student Funding.

The principal officers of the College are listed on page 1.

An Audit Committee, appointed by Council, reports to the Governing Body. It is in the terms of the Audit Committee, *inter alia*, to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Governing Body, in conjunction with the Finance Committee, on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the auditors; and to report to the Governing Body. Membership of the Audit Committee consists of three Fellows other than the Bursar, one to be appointed by Council annually each for a term of three years, together with one external adviser. Serving members of the Finance Committee shall not be eligible for appointment.

The Audit Committee may examine the accounts, consult with the auditor, and is required to report to Council and to Governing Body at the Audit Meeting on matters of general policy in relation to the accounts as it sees fit.

There are registers of interests of Trustees and of the senior administrative officers. Declarations of interest are made systematically at meetings.

The College's Trustees during the year ended 30 June 2020 are set out on page 2.

Statement of Internal Controls

The Trustees are responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives whilst safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.
The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

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 2018 and up to the date of approval of the financial statements.

The Trustees are responsible for reviewing the effectiveness of the system of internal control.
The Trustees' review of the effectiveness of the system of internal control is informed by the work of the Finance and Audit Committees, Bursar and 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.

Transactions between College and members of the Governing Body

Most Fellows hold office or employment with the College and receive remuneration for the services they provide. This ranges from full time employment to occasional teaching. Stipends, salaries and fees for these services are set by Council. The role of the Remuneration Committee, whose members are all independent, is to act as a body to review the level of remuneration and other direct and indirect benefits for the members of the Governing Body, including members of the Council of the College.

Financial management and control

The College operates a devolved budgeting system under which individual budget holders are responsible for managing income and expenditure within their own areas of operation, and for bringing forward budget proposals through an annual budgeting process. Fellows, members of staff and students are encouraged to participate in the process through their membership of the College's Committees. The Finance Committee is responsible for turning the proposals into a coherent and transparent budget proposal which is part of a sustainable financial plan. The budget is considered in detail to ensure that it is consistent with the College's strategic aim and objectives and then recommended to Council for approval.

Statement of Trustees' Responsibilities

College Council, as Charitable Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and parent college and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting statements 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 Trustees are responsible for keeping accounting records that are sufficient to show and explain the college's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent college and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge, the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and parent college and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved by College Council on 9th November 2020

Dame Barbara Stocking

President

Independent Auditor’s Report to the Members of the Council of Murray Edwards College

We have audited the financial statements of Murray Edwards College (the “Charity”) for the year ended 30 June 2020 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and college balance sheets, the consolidated cash flow statement and the related notes. 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).

This report is made solely to the College’s Council, as a body, in accordance with section 144 of the Charities Act 2011, and the regulations made under section 154 of that Act 2011. Our audit work has been undertaken so that we might state to the Members of the Council those matters we are required to state to them in an auditor’s 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's Council as a body, for our audit work, for this report, or for the opinions we have formed.
In our opinion, the financial statements:

- give a true and fair view of the state of the group and charity’s affairs as at 30 June 2020 and of the group's income and expenditure 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.

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 Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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 Members of the Council’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Members of the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity’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 Members of the Council are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's 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 Act 2011 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Members of the Council

As explained more fully in the Statement of Accounting and Reporting Responsibilities set out on page 18, the Members of 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 they 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 Members of the Council are responsible for assessing the Charity'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 Members of the Council either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

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

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

Use of our report

This report is made solely to the College's Council, as a body, in accordance with section 144 of the Charities Act 2011, and the regulations made under section 154 of that Act 2011. Our audit work has been undertaken so that we might state to the Members of the Council those matters we are required to state to them in an auditor's 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's Council as a body, for our audit work, for this report, or for the opinions we have formed.
In our opinion, the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 30 June 2020 and of the group's income and expenditure 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.

Critchleys Audit LLP   Critchleys Audit LLP
Statutory Auditor
Oxford   1 December 2020

Critchleys LLP is eligible to act as an auditor in terms of sections 1212 of the Companies Act 2006.

Statement of Principal Accounting Policies

Basis of preparation

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

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary companies are included in note 27. Intra-group balances are eliminated on consolidation.

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.

Grant income

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

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

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the 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.

Endowment and investment income

Investment income and changes in value of investment assets are 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.

Total return

The College also holds certain restricted and unrestricted permanent capital, derived from specific donations, in a Segregated Fund, the terms of which require that 3.5% per annum of the capital value at the end of January each year is recognised as income in the Consolidated Statement of Comprehensive Income and Expenditure

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates or where there are forward foreign exchange contract, at contract rates. The resulting exchange differences are dealt with in the determination of the income and expenditure for the financial year.

Fixed Assets

Land and buildings

Operational land and buildings are stated at valuation. Buildings on the main College site, being specialised properties, were valued on the basis of their depreciated replacement cost at 30 June 2015 by AECOM, property consultants. Certain off-campus land and buildings are valued on the basis of their existing use. The most recent valuation was carried out by Carter Jonas LLP, property consultants, as at 30 June 2015.

Land purchased prior to 1 July 2002 is not capitalised unless it is held for investment purposes. Land purchased since 1 July 2002 is capitalised in the balance sheet. Freehold land is not depreciated.

Operational buildings are depreciated on a straight-line basis over their expected useful economic lives at the rate of 1.5% per annum.

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 the architects' certificates and other direct costs incurred to the balance sheet date and are depreciated at the rate of 1.5% per annum when they are brought into use.

Maintenance of premises

The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The cost of major refurbishment and maintenance that restores value is capitalised and depreciated at the rate of 1.5% per annum.

Furniture, fittings and equipment

Furniture, fittings and equipment with a cost of more than £10,000 are capitalised and depreciated at the rate of 10% per annum. Project specific IT equipment costs over £10,000 are capitalised and depreciated at a rate of 20% per annum.

Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of comprehensive income and expenditure in the year in which they fall due.

Heritage assets

Works of art, books and other valuable artefacts are capitalised and recognised in the balance sheet at the cost or value of the acquisition where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.
The College has a large art collection most of which has been donated to the College. The valuation of the collection is reviewed by the College's art curator who, with the assistance of the Art Advisory Committee, informs the bursar of any valuation changes on an annual basis. The College includes all assets over £10,000 as valued and includes additions acquired between valuations at a fair value.
All heritage assets are maintained and conserved by College staff with access available by permission of the College. The assets held are properly insured if appropriate, with records kept by those responsible for care of the assets.

Investments

Fixed asset investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation.

Stocks

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

Provisions

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

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

Taxation

The College is a registered charity (number 1137530) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G, II

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

Pension Schemes

The College participates in the following pension schemes:

- Universities Superannuation Scheme (USS) –The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by FRS 102 "Employee benefits", the College therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period and the changes in the present value, calculated by reference to the yield on high quality corporate bonds, of contributions not expected to be settled wholly within 12 months of the reporting period in which the employee renders the related service. The scheme is closed to new non-academic members of the College. Further information on the scheme is provided in note 26.
- Cambridge Colleges Federated Pension Scheme (CCFPS) - a similar defined benefit scheme which is externally funded and contracted out of the (S2P). The scheme is closed to new members of the College. As CCFPS is a federated scheme and the College is able to identify its share of the underlying assets and liabilities, the College values the fund as required by FRS 102. As a result,

the amount charged to the Statement of Comprehensive Income and Expenditure represents the amount calculated under FRS 102.

- Aviva - a defined contributions pension scheme set up for non-academic staff in 2010-11. The College contributes at 5% in addition to employee contributions of 2%. The scheme is administered by Aviva. Contributions are charged to the Income and Expenditure account in the period to which they relate.

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 to 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 Estimates and 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.

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

Retirement benefit obligations – The cost of defined benefit pension plans [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.

Consolidated Statement of Comprehensive Income and Expenditure

					2020				2019
Income	Note	Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total
		£000	£000	£000	£000	£000	£000	£000	£000
Academic fees and charges	1	2,562			2,562	2,566			2,566
Accommodation, catering and conferences	2	2,534			2,534	3,379			3,379
Investment income	3	415	32	1,493	1,940	1,233	35	1,447	2,715
Endowment return transferred	3	1,359	27	(1,386)	-	1,232	58	(1,290)	-
Other income		330			330	95			95
Total income before donations and endowments		7,200	59	107	7,366	8,505	93	157	8,755
Donations		461	385	208	1,054	261	210	87	558
New endowments		-	-	4	4			128	128
Other receipts		-	-	-	-	-	-	-	-
Heritage assets		-	-	19	19	-	-	-	-
Total income		7,661	444	338	8,443	8,766	303	372	9,441
Expenditure									
Education	4	3,737	276	336	4,349	3,270	725	295	4,290
Accommodation, catering and conferences	5	4,281			4,281	4,639			4,639
Investment management costs	3	59	3	129	191	54	3	119	176
Other expenditure		(157)			(157)	1,241			1,241
Total expenditure	6	7,920	279	465	8,664	9,204	728	414	10,346
Surplus/(deficit) before other gains and losses		(259)	165	(127)	(221)	(438)	(425)	(42)	(905)
Gain/(loss) on investments	9	606	31	1,094	1,731	1,635	87	3,408	5,130
Surplus/(deficit) for the year		347	196	967	1,510	1,197	(338)	3,366	4,225
Other comprehensive income									
Actuarial gain/(loss) in respect of pension schemes	15	(291)			(291)	(179)			(179)
Total comprehensive income for the year		56	196	967	1,219	1,018	(338)	3,366	4,046

Statement of Changes in Reserves

	Income and expenditure reserve			Revaluation	
	Unrestricted	Restricted	Endowment	reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 July 2019	43,118	1,657	46,457	13,868	105,100
Surplus/(Deficit) from income and expenditure statement	347	196	967		1,510
Actuarial gain/(loss) in respect of pension schemes	(291)	-	-		(291)
Adjustment for surplus on restricted funds in the year	131	169	7		307
Transfers	177	(168)	(9)		-
Balance at 30 June 2020	43,482	1,854	47,422	13,868	106,626

	Income and expenditure reserve			Revaluation	
	Unrestricted	Restricted	Endowment	reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 July 2018	42,603	2,020	43,078	13,868	101,569
Surplus/(Deficit) from income and expenditure statement	1,197	(338)	3,366		4,225
Actuarial gain/(loss) in respect of pension schemes	(179)				(179)
Adjustment for surplus on restricted funds in the year	(424)	(17)	(80)		(521)
Transfers between funds	(79)	(8)	93		6
Balance at 30 June 2019	43,118	1,657	46,457	13,868	105,100

The notes on pages 34 to 54 form part of these accounts.

Consolidated Balance Sheet

	Note	2020 £000	2019 £000
Non-current assets			
Intangible Assets	8	770	770
Fixed assets	8	49,263	50,024
Heritage assets	8	867	848
Investments	9	69,968	68,129
Current assets			
Stocks	10	30	25
Trade and other receivables	11	436	410
Cash and cash equivalents	12	1,504	1,118
		1,970	1,553
Creditors: amounts falling due within one year	13	(1,531)	(1,180)
Net current assets		439	373
Total assets less current liabilities		121,307	120,144
Creditors: amounts falling due after more than one year	14	(11,850)	(12,150)
Provisions			
Pension provisions	15	(2,831)	(2,894)
Total net assets		106,626	105,100
Restricted reserves			
Income and expenditure reserve – endowment reserve	16	47,422	46,457
Income and expenditure reserve – restricted reserve	17	1,854	1,657
		49,276	48,114
Unrestricted reserves			
Income and expenditure reserve – unrestricted		43,482	43,118
Revaluation reserve		13,868	13,868
		57,350	56,986
Total reserves		106,626	105,100

The notes on pages 34 to 54 form part of these accounts.

Unrestricted reserves includes an amount of £26,658,905 (2019 £26,132,307) previously described as corporate capital.

These accounts were approved by the College Council on 9th November 2020 and are signed on their behalf by:

B.M. Stocking

Dame Barbara Stocking
President

Consolidated Cash Flow Statement

	Note	2020 £000	2019 £000
Net cash inflow/(outflow) from operating activities	19	(509)	(674)
Cash flows from investing activities	20	2,041	1,755
Cash flows from financing activities	21	(835)	(833)
Increase/(decrease) in cash and cash equivalents in the year		697	248
Cash and cash equivalents at beginning of the year		3,715	3,467
Cash and cash equivalents at end of the year	12	4,412	3,715
Cash flows		697	248

The notes on pages 34 to 54 form part of these accounts.

Notes to the accounts

1 Academic fees and charges

	2020 £000	2019 £000
College fees		
Fee income paid on behalf of undergraduates at the publicly-funded rate:		
- Undergraduate new regime (per capita £4,564 2019 £4,564)	1465	1471
Privately-funded undergraduate fee income (per capita £8,188; 2019 - £7,785)	418	358
Erasmus students	19	19
Graduate fee income	502	539
Sub-total college fees	2,404	2,387
Other income	158	179
Total	2,562	2,566

Income in respect of the Cambridge Bursary Scheme is included in other income.

2 Income from Accommodation, catering and conferences

		2020 £000	2019 £000
Accommodation	College members	1,431	1,952
	Conferences	474	495
Catering	College members	310	458
	Conferences	319	474
Total		2,534	3,379

3 Endowment return and investment income

3a Analysis

	2020 £000	2019 £000
Total return contribution (see note 3b)		
Income from:		
Quoted securities	164	160
Fixed interest securities	-	-
Common investment fund	609	595
Royalties	101	104
Return on Segregated Fund	1,360	1,318
Move restricted from investment income	(307)	521
Other interest receivable	13	17
Total	1,940	2,715

3b Summary of total return

	2020 £000	2019 £000
Income from:		
Quoted and other securities and cash	1,839	2,611
Royalties	101	104
Gains/(losses) on endowment assets:		
Quoted and other securities and cash	1,731	5,130
Investment management costs (see note 3c)	(191)	(176)
Total return for year	3,480	7,669
Total return transferred to income and expenditure reserve (see note 3a)	(1,940)	(2,715)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure (see note 18)	1,540	4,954

Notes to the accounts

3c Investment management costs

	2020 £000	2019 £000
Securities	191	176
Total	191	176

4 Education expenditure

	2020 £000	2019 £000
Teaching	2,371	2,346
Tutorial	787	651
Admissions	586	614
Research	171	173
Scholarships and awards	254	244
Other educational facilities	180	262
Total	4,349	4,290

5 Accommodation, catering and conferences expenditure

		2020 £000	2019 £000
Accommodation	College members	2,657	2,801
	Conferences	664	700
Catering	College members	610	716
	Conferences	350	422
Total		4,281	4,639

6a Analysis of 2019/20 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
Education	2,682	1,513	154	4,349
Accommodation, catering and conferences	2,056	1,499	726	4,281
Investment management costs	-	191		191
Other	(171)	14		(157)
Totals	4,567	3,217	880	8,664

Expenditure includes fundraising costs of £117,120. This expenditure includes the costs of alumnae relations.

6b Analysis of 2018/19 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
Education	2,497	1,626	167	4,290
Accommodation, catering and conferences	2,103	1,819	717	4,639
Investment management costs	-	176		176
Other	857	384		1,241
Totals	5,457	4,005	884	10,346

Expenditure includes fundraising costs of £129,932. This expenditure includes the costs of alumnae relations.

6c Auditor's remuneration

	2020 £000	2019 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	21	20
Other fees payable to the College's external auditors	0	-
Internal auditor's fees	-	-

Notes to the accounts

7 Staff costs	College Fellows £000	Staff £000	2020 £000	2019 £000
Emoluments	1,330	2,628	3,958	3,673
Social security costs	150	200	350	328
Other pension costs	(38)	117	79	1,114
Other staff costs	50	130	180	342
	1,492	3,075	4,567	5,457

Job retention scheme receipts subsidising the cost of staffing are included under Other Income.

Average staff numbers (full-time equivalents):

	2020	2019
Academic	64	65
Staff	98	108
Total	162	173

At 30th June 2020, the Governing Body comprised the President and 63 Fellows, all of whom are declared stipendiary.

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

	2020	2019
£60,001-£70,000	1	1
£70,001-£80,000	3	2
£80,001-£90,000	0	-
Trustees aggregate emoluments	551	496

The Trustees received no emoluments in their capacity as Trustees of the charity.

Cost of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College.

	2020 £000	2019 £000
Aggregate cost of key management personnel	419	402

Key management personnel consists of President, Vice President, Bursar, Senior Tutor and Director of Development.

Notes to the accounts

8 Fixed assets	Intangible Assets £000	Land £000	Buildings £000	Furniture, fittings and equipment £000	Heritage Assets £000	2020 £000	2019 £000
Cost or valuation							
At beginning of year	770	-	52,861	1,589	848	56,068	54,113
Additions	0	-	84	37	-	121	1,187
Heritage assets capitalised	0	-	-	-	19	19	-
Disposals	0	-	(2)	-	-	(2)	(2)
At end of year	770	-	52,943	1,626	867	56,206	55,298
Depreciation							
At beginning of year	0	-	3,088	1,338	-	4,426	3,542
Charge for the year	0	-	794	86	-	880	884
At end of year	-	-	3,882	1,424	-	5,306	4,426
Net book value							
At beginning of year	770	-	49,773	251	848	51,642	50,571
At end of year	770	-	49,061	202	867	50,900	50,872

Intangible assets represent a literary copyright, which has been reclassified from investments in the year. Comparatives have been restated accordingly.

The insured value of freehold land and buildings as at 30 June 2020 was £94,481,928 (2019: £98,729,728).

The College's land and buildings were revalued at 30 June 2015.

Heritage assets

The College holds and conserves the New Hall Art Collection which has been built up over a number of years and which consists of mainly donated works. The Art Collection is preserved, conserved and managed in accordance with recognised national standards and the collection on display is open to the public for viewing. Those items not on general display can be accessed by the wider public by prior arrangement. The works are normally donated on a permanent basis so will be included as endowment assets. The Collection was last professionally valued in 2012 by Bonhams. As stated in the Statement of Accounting Policies all works of art valued over £10,000 are included in the accounts. Heritage Assets capitalised in the year were £19,000 (2019 £Nil).

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

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Value of acquisitions by donation	19	-	-	20	100
Total acquisitions capitalised	19	-	-	20	100

Notes to the accounts

9 Investments

	2020	2019
	£000	£000
Balance at beginning of year	68,129	62,397
Additions	163	565
Disposals	(385)	(640)
Gain/(loss) on investments	1,731	5,130
Increase/(decrease) in cash balances held at fund managers	330	677
Balance at end of year	69,968	68,129
Represented by:		
Property	100	100
Quoted securities – equities	-	-
Fixed interest securities	-	-
Common investment funds	65,080	63,484
Alternative investments	1,880	1,948
Cash in hand and at investment managers	2,908	2,597
Other investments	-	-
	69,968	68,129

10 Stock

	2020	2019
	£000	£000
Goods for resale	30	25
Balance at end of year	30	25

11 Trade and other receivables

	2020	2019
	£000	£000
Members of the College	12	-
Trade debtors	6	80
Taxation	37	9
Other debtors	205	227
Prepayments and accrued income	176	94
	436	410

12 Cash and equivalents

	2020	2019
	£000	£000
Bank deposits	-	-
Current accounts	1,503	1,117
Cash in hand	1	1
	1,504	1,118
Cash held as part of Investments	2,908	2,597
	4,412	3,715

Notes to the accounts

13 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	788	482
Members of the College	135	170
Taxation and social security	149	177
Accruals and deferred income	459	351
	1,531	1,180

14 Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Bank loans	11,850	12,150
	11,850	12,150

The bank loans of £11.85m are repayable as follows: £1.35 million by March 2025, £1.5 million by March 2029 and £9 million by March 2048.

The loans are subject to the following fixed interest rate contracts:

Loan amount	Rate	Maturity
£1.5m	4.56%	2026
£9m	5.00%	2048

Notes to the accounts

15 Pension provisions	2020	2019
	£000	£000
Balance at beginning of year	2,894	1,998
Movement in year:		
Current service cost including life assurance	333	307
Contributions	(380)	(353)
Other finance (income)/cost	57	67
Other allocation to staff costs	(364)	696
USS provision for deficit recovery	-	-
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	291	179
Balance at end of year	2,831	2,894
Cambridge Colleges' Federated Pension Scheme	2,085	1,801
Universities Superannuation Scheme	746	1,093
	2,831	2,894

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 26.

The adoption of the new deficit recovery plan following the 2018 actuarial valuation has given rise to a decrease in the deficit provision which has decreased from £1,093k to £746k. More details on the 2018 actuarial valuation are set out in note 26.

The major assumptions used to calculate the obligation are:

	2020	2019
Discount rate	0.73%	1.58%
Salary growth	2.7%*	2.00%

* 2.7% from 1.7.2021, 0% until 30.6.21.

Notes to the accounts

15 Pension provisions (continued)

Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 30 June 2020	Approximate Impact
0.85% pa decrease in discount rate	£30k
Increase in Employer Contribution rate from 19.5% to 21.1% from 1st October 2019 to 23.7% from 1st October 2021	£62k

Notes to the accounts

16 Endowment funds

	Restricted permanent endowments	Unrestricted permanent endowments	2020	2019
	£000	£000	£000	£000
Restricted net assets relating to endowments are as follows:				
Balance at beginning of year:	7,316	39,141	46,457	43,078
New donations and endowments	4		4	129
Other receipts	-	-	-	-
Heritage assets capitalised	19	-	19	-
Return on Segregated Fund	65	1,295	1,360	1,321
Drawdown	(64)	(1,326)	(1,390)	(1,290)
Income	344	5	349	216
Expenditure	(336)	-	(336)	(321)
Investment management costs	(18)	(111)	(129)	(99)
Increase/(decrease) in market value of investments	175	913	1,088	3,415
Transfers		-	-	8
Balance at end of year	7,505	39,917	47,422	46,457

Analysis by type of purpose:				
Fellowship funds	4,099	1,100	5,199	5,112
Award funds	275		275	266
Hardship funds	650		650	599
Other student support	3		3	-
Travel Grant Funds	-		-	-
Graduate studentship funds	-	288	288	282
Research funds	1,612		1,612	1,571
Other funds	866	-	866	848
General endowments	-	38,529	38,529	37,779
	7,505	39,917	47,422	46,457

Analysis by asset:				
Property	16	84	100	100
Investments	7,451	39,630	47,081	46,096
Cash	38	203	241	261
	7,505	39,917	47,422	46,457

Notes to the accounts

17 Restricted Reserves

	Other restricted funds	2020	2019
	£000	£000	£000
Reserves with restrictions are as follows:			
Balance at beginning of year:	1,657	1,657	2,020
Endowment return transferred	-	-	-
Other receipts	-	-	-
Income	445	445	273
Expenditure	(276)	(276)	(712)
Investment Management costs	(3)	(3)	(3)
Increase/(decrease) in market value of investments	31	31	87
Transfers	-	-	(8)
Balance at end of year	1,854	1,854	1,657

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

	Other restricted funds	2020	2019
Fellowship funds	587	587	458
Award funds	439	439	462
Other student support	208	208	182
Travel grant funds	43	43	40
Graduate studentship funds	6	6	21
Other funds	571	571	494
	1,854	1,854	1,657

Notes to the accounts

18 Memorandum of Unapplied Total Return

	2020	2019
	£000	£000
Included within reserves the following amounts represent the unapplied total return of the College:		
Unapplied total return at beginning of year	20,807	15,822
Unapplied total return for year (see note 3b)	1,540	4,954
Segregated income in excess of drawdown	(30)	31
Unapplied total return at end of year	22,317	20,807

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

	2020	2019
Surplus/(deficit) for the year	1,510	4,225
Adjustment for non-cash items:		
Depreciation	880	884
Profit/(loss) on the sale of non-current assets	2	1
Loss/(gain) on endowments, donations and investment property	(1,731)	(5,130)
Investment management fees reinvested	76	176
Decrease/(increase) in stocks	(5)	7
Decrease/(increase) in trade and other receivables	(26)	118
Increase/(decrease) in creditors	351	146
Heritage assets capitalised	(19)	-
Adjustment for surplus on restricted funds in the year	307	(521)
USS pension deficit	(347)	705
CCFPS additional actuarial gain	(3)	4
Pension costs less contributions payable	3	(1)
Segregated dividend income debtor	2	281
Decrease/(increase) in endowment drawdown retained in investments	(99)	(59)
Adjustment for investing or financing activities	(7)	670
Investment income	(1,940)	(2,715)
Interest payable	537	535
Net cash (outflow)/inflow from operating activities	(509)	(674)

20 Cash flows from investing or financing activities

	2020	2019
Non-current investment (acquisition)/disposal	222	75
Investment income	1,940	2,715
Held for capital calls	-	152
Payments made to acquire non-current assets	(121)	(1,187)
Total cash flows from investing activities	2,041	1,755

Notes to the accounts

21 Cash flows from financing activities

	2020	2019
	£000	£000
Interest paid	(537)	(535)
Profit on the sale of non-current assets	2	2
Repayments of amounts borrowed	(300)	(300)
Total cash flows from financing activities	(835)	(833)

22 Capital commitments

	2020	2019
Capital commitments at 30 June 2020 are as follows:	£000	£000
Authorised and contracted	60	264
Authorised but not yet contracted for	-	-

23 Lease obligations

At 30 June 2020 the College had commitments under non-cancellable operating leases with payment due as follows:

	2020	2019
	£000	£000
Land and buildings:		
Due within one year	32	48
Due between two and five years	120	128
Other		
Due within one year	8	5
Due between two and five years	9	3

Notes to the accounts

24 Consolidated reconciliation and analysis of net debt

Cash and cash equivalents	At 1 July 2019 £000	Cash Flows £000	At 30 June 2020 £000
Borrowings:			
Amounts falling due after more than one year			
Bank Loans	12,150	(300)	11,850

25 Financial Instruments

	2020 £000	2019 £000
Financial assets		
Listed equity investments	65,080	63,483
Other equity investments	1,880	1,948
Cash and cash equivalents	4,412	3,715
Other debtors	260	316
Total	71,632	69,463
Financial liabilities		
Loans	11,850	12,150
Trade creditors	788	482
Other creditors	284	347
Total	12,922	12,979

26 Pensions

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

The liabilities of the plan have been calculated, at 30 June 2020, for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

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

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

The underlying mortality assumption is based upon the standard table known as S3PA on a year of birth usage with CMI_2019 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2019: S2PA with CMI_2018 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

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

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

	Male	Female
Active members – option 1 benefits	65	63
Deferred members – option 1 benefits	62	60

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

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
	£000S	£000S
Present value of plan liabilities	(6,919)	(6,416)
Market value of plan assets	4,834	4,615
Net defined benefit/(liability)	(2,085)	(1,801)

The amounts to be recognised in Profit and Loss for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020	2019
	£000s	£000s
Current service cost	22	25
Administrative expenses	11	11
Interest on net defined benefit (asset)/liability	41	44
(Gain)/loss on plan changes	-	16
Curtailment (gain)/loss	-	-
Total	74	96

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

	2020	2019
	£000s	£000s
Present value of plan liabilities at beginning of period	6,416	5,951
Current service cost	22	25
Employee contributions	5	7
Benefits paid	(224)	(236)
Interest on plan liabilities	142	158
Actuarial (gains)/losses	558	495
(Gain)/loss on plan changes	-	16
Curtailment (gain)/loss	-	-
Present value of plan liabilities at end of period	6,919	6,416

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

	2020	2019
	£000s	£000s
Market value of plan assets at beginning of period	4,616	4,342
Contributions paid by the College	80	83
Employee contributions	5	7
Benefits paid	(224)	(236)
Administrative expenses	(16)	(15)
Interest on plan assets	101	114
Return on assets, less interest included in Income and Expenditure	272	321
Market value of plan assets at end of period	4,834	4,616
Actual return on plan assets	374	435

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

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

	2020	2019
	£000s	£000s
Return on assets, less interest included in Income and Expenditure account	272	321
Expected less actual plan expenses	(5)	(4)
Experience gains and losses arising on plan liabilities	21	24
Changes in assumptions underlying the present value of plan liabilities	(579)	(519)
Remeasurement of net defined benefit liability recognised in OCI	(291)	(178)

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

	2020	2019
	£000s	£000s
Net defined benefit asset/(liability) at beginning of year	(1,801)	(1,610)
Recognised in income and expenditure	(73)	(96)
Contributions paid by the College	80	83
Remeasurement of net defined benefit liability recognised in OCI	(291)	(178)
Net defined benefit asset/(liability) at the end of the year	(2,085)	(1,801)

Funding Policy

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

The last such actuarial valuation was as at 31 March 2017. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall. These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 28 June 2018 and are as follows:

- Annual contributions of not less than £62,097 per annum payable for the period from 1 July 2018 to 30 September 2028.

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

University Superannuation Scheme

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

Pension costs

The total cost charged to the Consolidated Statement of Comprehensive Income is £300k (2019: £270k).

Deficit recovery contributions due within one year for the institution are £34k (2019: £26k).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. As at the year end, 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 USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £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%.

Pensions Costs (Continued)

The key financial assumptions used in the 2018 valuation are described below.

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. 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% p.a. for males and 1.6% p.a. 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. In accordance with the requirements of FRS 102 and the SORP, the College has made a provision for this contractual commitment to fund the past deficit based on 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. The 2020 deficit recovery liability reflects this plan. In the prior year, the deficit payments were 5% of salaries up to June 2034.

This reduction in deficit contributions has given rise to a decrease in the deficit provision which has decreased from £1,093k to £746k, as set out in note 15.

27 Principal subsidiary undertakings

The College owns 100% of the share capital of the following companies:

Company	Principal Activities
Murray Edwards Conferences Limited	Conferencing and Catering
Murray Edwards Developments Limited	Dormant

28 Related party transactions

Owing to the nature of the College's operations and the composition of its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body has an interest. All transactions involving organisations in which a member of the Governing Body 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 Council.

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

From	To	2020	2019
£0	£10,000	12	11
£10,001	£20,000	2	2
£20,001	£30,000	1	2
£30,001	£40,000	-	1
£40,001	£50,000	2	2
£50,001	£60,000	-	1
£60,001	£70,000	2	1
£70,001	£80,000	2	1
Total		21	21

The total Trustee salaries were £470,024 for the year (2019: £435,377)

The trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £131,178 for the year (2019: £106,102)

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.