Selwyn College, Cambridge

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2019

Registered Charity No. 1137517

Contents

Selwyn College
Grange Road, Cambridge CB3 9DQ
Charity Registration Number 1137517

The Head, Fellows and Scholars of Selwyn College is a corporate body comprising the Master, Fellows and Scholars, founded in 1882. In August 2010, the College became a registered charity with the Charities Commission, with its registered office at Grange Road, Cambridge CB3 9DQ.

Members of the Governing Body serving during the year

Mr Roger Mosey
Dr Gilad Antler
Professor Patrick J N Baert
Dr Jennifer Bates
Dr Daniel A Beauregard
Dr John R Benson
Dr Christopher Briggs
Dr Uradyn E Bulag
Professor Nicholas J Butterfield
Dr Jack O Button
Dr Bryan Cameron
Professor R Stewart Cant
Dr Filipe Carreira da Silva
Dr Emily J Charnock
Professor Daping Chu
Professor William J Clegg
Dr Philip J Connell
Professor John S Dennis
Mr Nicholas J A Downer
Professor Katharine J Ellis
Dr Stuart M Eves
Dr Anita C Faul
Dr Elena Filimonova
Mrs Sarah Fraser Butlin
Dr Jessica Gardner
Dr Fabian Grabenhorst
Dr Marta Halina
Dr Asif Hameed
Dr Alan D Howard
Dr Gavin E Jarvis
Dr James H Keeler
Mr Myun Gun Kim
Mr Oleg Kitov
Dr Georgios Kolios
Dr Bonnie C Lander Johnson
Dr Shaun Larcom
Ms Sarah E A MacDonald
Dr Katarzyna Macieszczak
Mr James M R Matheson
Dr Kirsty McDougall
Professor Ian A McFarland
Dr Sarah Meer
Dr James Moultrie
Mr Michael G Nicholson
Dr Nikolaos Nikiforakis
Dr Diarmuid R O'Donnell
Dr Janet A O'Sullivan
Dr Helena Phillips-Robins
Dr Amer A Rana
Dr Stewart O Sage
Dr Joseph W Sampson
Dr Michael J Sewell
Revd Canon Hugh D Shilson-Thomas
Dr David L Smith
Dr Charlotte Summers
Dr Rupert J E Thompson
Dr Paul D Upton
Dr Chander Velu
Dr Deepak Venkateshvaran
Dr Dacia Viejo-Rose
Dr Björn F N Wallace
Dr Heather M Webb
Dr Lauren Wilcox
Dr David W E Willis
Dr Charlotte Woodford
Dr Yu Ye
Dr Victoria Young
Dr Yvonne Zivkovic

JUNIOR MEMBERS

Joe Foye (JCR President)
Lorcan Canavan (JCR Treasurer)
Claire Butler (MCR President)
Richard Wang (MCR Treasurer)

Reference and Administration

Senior Officers:

Head of House:	Mr Roger Mosey
Senior Tutor:	Dr Michael J Sewell
Bursar:	Mr Nicholas J A Downer

Principal advisers:

Auditors:	Peters Elworthy & Moore Salisbury House Station Road Cambridge CB1 2LA
Bankers:	Barclays Bank PLC P O Box 885 Mortlock House Station Road Histon Cambridge CB24 9DE
Investment Managers:	J M Finn & Co 4 Coleman Street London EC2R 5TA
Legal Advisers:	Mills & Reeve Botanic House 100 Hills Road Cambridge CB2 1PH
	Taylor Vinters Merlin Place Cambridge CB4 0DP

Operating and Financial Review for the Year ended 30 June 2019

Scope

Selwyn College (the "College") is pleased to present its operating and financial review, together with the consolidated financial statements for the year ended 30 June 2019.

Aims and Objectives

Founded in 1882 as a place of religion, education, learning and research in memory of George Augustus Selwyn, Bishop successively of New Zealand and of Lichfield, the College is an autonomous, self-governing community of scholars and one of 31 Colleges within the University of Cambridge. The community consists of the Master, 59 fellows and 644 junior members, of whom 372 are undergraduates and 272 are graduate students. The College exists to promote its charitable objectives as laid down in its charter and statutes.

The College provides, in conjunction with the University of Cambridge, an education for undergraduate and graduate students which is recognised as being of the highest international standard. The University came sixth overall in the QS World University Rankings for 2019 and remains one of the two top-ranked universities outside the United States. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides teaching facilities and individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems. It also provides social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

The College advances research through the provision of Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post. In addition, it supports research work pursued by its other Fellows through the promotion of interaction across disciplines, the provision of facilities and grants for national and international conferences, research trips and research materials. It encourages visits from outstanding academics from abroad and the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

Public benefit

The College aims to attract the best applicants from the widest range of schools and colleges, thus helping to achieve the government's aspiration for a greater number of places being taken up by students from the maintained sector. The colleges and the University engage in substantial outreach activities to encourage all academically qualified students to apply for admission to Cambridge, whatever their backgrounds or financial circumstances. The University is committed under an Access and Participation Plan with the Office for Students ("OfS") to increasing the proportion of UK resident students admitted from UK state sector schools and colleges to 64% by 2020, the proportion of UK resident students from the Participation Of Local Area ("POLAR") classification to 13% and UK resident students from regional Indices of Multiple Deprivation ("IMD") to 8.5%. Selwyn has already attained or exceeded the requirement, with 75% of students accepted for entry in October 2019 from the maintained sector, a POLAR figure of 18.2% and an IMD figure of 17.2%.

The College participates enthusiastically in Widening Participation and Aspiration-Raising programmes in conjunction with the University. It also employs its own full-time Schools Liaison Officer to reinforce these outreach efforts. Since 2000, by agreement with the University and the other colleges, Selwyn has targeted non-selective state-maintained 11-16 and 11-18 schools, Further Education and Sixth Form Colleges in West Yorkshire and East Berkshire.

Over the year, the College spent £240,939 on access events, compared with £212,196 the previous year. Once admitted, students have access to several sources of financial aid. In 2018-19, a total of £275,950 (2018 £243,874) was received by Selwyn students through the Cambridge Bursary Scheme, a scheme operated in common with the University and other colleges. Under this Scheme, students whose household income is below £25,000 receive a maximum grant of £3,500 per year in addition to any government loans. Those with incomes of up to £42,620 receive amounts that taper to £300. Around a quarter of all Selwyn undergraduates received some form of Bursary support over the year. In addition, the College paid out £281,727 (2018 £212,136) in awards and scholarships (to support the purchase of books and equipment, attendance at conferences, and travel), studentships, and bursaries in cases of financial hardship.

Achievements and Performance

Academic performance improved over the year, with 118 Selwyn candidates obtaining first class honours in 2019, compared with 105 the previous year. These results place Selwyn comfortably in the top third of colleges, ahead of many illustrious and more affluent names.

The College remains committed to academic excellence and anticipates further investment in teaching and student facilities in the coming years, notably in the £12.6 million new library and auditorium, on which work has commenced, with completion expected at the end of 2020. Non-academic activities nonetheless remain important and details of the College's many sporting, musical and cultural successes are recorded in the College Calendar.

Governance

The College is a corporation established by Royal Charter of 13 September 1882. The arrangements for governance of the College are set out in its statutes. The Master is Head of House, has statutory powers of governance and presides over the Governing Body. The Senior Tutor has overall responsibility for the admission, education and welfare of undergraduates and graduates and the Bursar has overall responsibility for the finances, estate and administration of the College. The membership of the Governing Body as at 30 June 2019 is shown at the beginning of this report. Members of the Governing Body serve until the earlier of retirement or the end of the academic year in which they reach 67 years of age.

Acting on the powers in the Charities Act 2006, the Secretary of State removed the exempt status of the Colleges of Oxford and Cambridge on 1 June 2010. The College was then registered with the Charity Commission on 12 August 2010 (Registered Number: 1137517). The Governing Body is the trustee body for the charity.

From a financial perspective, the Governing Body has responsibility for ensuring that there is an effective system of internal controls and that financial records are accurately maintained. It is also responsible for safeguarding the assets of the College and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The College is required by statute to present audited financial statements for each financial year. The Cambridge colleges are classed as a special case for purposes of accounting and will continue to publish accounts in the form stipulated by Statute G III 2(i) of the University, *The Recommended Cambridge*

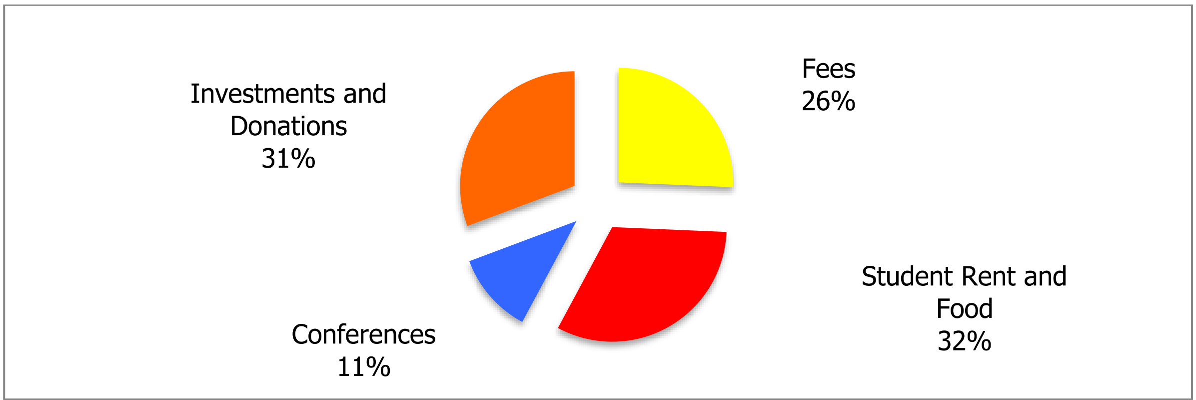
Colleges Accounts ("RCCA"), which is based on Financial Reporting Standards and is compliant with the *Statement of Recommended Practice: Accounting for Further and Higher Education.* The Intercollegiate Committee for College Accounts advises on interpretation. The College is a charity within the meaning of the Taxes Act 1988, s 506 (1).

The Governing Body, which meets three times a year, delegates day-to-day responsibility for the running of the College to the College Council and its sub-committees. Representatives of the undergraduate and postgraduate student bodies attend Governing Body and Council meetings and most of the sub-committees. External members attend meetings of the Investment Committee and the Stipends Committee. Members of the Governing Body are required to act with integrity, in the College's interests without regard to their own private interests, and to manage the affairs of the College prudently, balancing long-term and short-term considerations. The College has a policy for managing conflicts of interest, maintaining a register of interests and seeking declarations of potential conflict at the start of any meeting. In line with Charity Commission recommended best practice, the College has appointed a majority of independent members to its Stipends Committee and has appointed a special committee of disinterested persons to advise it on matters relating to changes in the Universities Superannuation Scheme.

The College is a legally autonomous body; however, it exists within the federal structure of the University. Matters of concern to all colleges and the University are discussed and acted on through a system of University-wide committees, such as the Colleges' Committee, of which all Heads of House are members, the Senior Tutors' Committee, which is chaired by the Vice Chancellor, and the Bursars' Committee. Representatives of the Senior Tutors and Bursars sit on each other's committees and on the Colleges Committee. These committees work through the building of consensus as their decisions are not constitutionally binding. The Cambridge colleges have established an Office for Intercollegiate Services, to support the activities of the principal intercollegiate committees.

Funding

The College's activities are funded from tuition fees, charges for student residences and catering, income from conferences, investments and from donations and bequests. The chart below shows the breakdown by category of the College's income for 2018-19:



Tuition Fees

Tuition Fees for Home and EU undergraduates are charged at the maximum permitted rate of £9,250 for students matriculating in 2018-19. Approval for this level of fee was conditional on the signing of the OfS agreement outlined above and follows the very substantial reduction in the teaching funding for undergraduates provided by the former Higher Education Funding

Council for England ("HEFCE") to universities. Under the College Fee Agreement between 1999 and 2012, the University passed over funds, calculated on a *per capita* basis, to the Colleges. From 2012, the tuition fees for new students are paid either by the students themselves or on behalf of the students through the Student Loans Company. The colleges collect these fees and, under a negotiated fee agreement, pass half over to the University. Both the colleges and the University pay from the fee equal shares towards the Cambridge Bursary Scheme.

In June 2017, the University gained a gold certification in the Teaching Excellence Framework exercise organised by the Higher Education Funding Council for England. This provides objective evidence of consistently outstanding teaching and results for its students. It is of the highest quality found in the UK. This award was made in June 2017 and is valid for up to 3 years.

The higher fee arrangements appear to have had no material adverse effect on Cambridge admissions. 18,378 candidates applied to the University in the 2018 admissions round, 7% up on 2017. In 2018, there were 5.3 applications per place, up from 4.9 the previous year. Selwyn's own ratio is at a broadly similar level.

In 2018-19, fees from home and EU undergraduates amounted to £1.63 million, 2% down on the previous year, due to variations in the number of students staying on for a fourth year. A further £0.4 million was received from privately funded undergraduates, up 9% on the previous year, and £0.58 million from postgraduate students, up 18%. The colleges' share of the tuition fees is substantially below the actual cost of education, which was estimated by the Cambridge colleges in 2018 as £10,988 per annum for an undergraduate (with a further £10,300 of University expenditure for a total cost of education over £21,000) and £6,022 for a postgraduate. Whilst the private undergraduate fee is unregulated and set at a more realistic £9,240, there remains a substantial shortfall, as evidenced by the growing deficit on the education account described below.

The Colleges Fund

The Colleges Fund, which is funded through an intercollegiate taxation system, makes grants to colleges with insufficient endowments. Grants to Selwyn from the Colleges Fund since the beginning of this arrangement in 1998 have totalled £3,117,013. The College has now however made sufficient financial progress that it has since 2016 no longer qualified for such assistance and has even begun making modest contributions to the Fund. Notwithstanding such progress, it considers that the burden of buildings maintenance and the need to maintain world class facilities requires a more substantial endowment.

Student Residences and Catering

Rent and catering for members of the College was the largest revenue source, accounting for 32% of income (2018 34%). Most junior members live in College accommodation while in residence. The majority of the College's 499 rooms are located on or adjacent to the main site on Grange Road and, following the £13.2 million refurbishment of Cripps Court, two-thirds now have ensuite facilities. The College provides a wide range of student accommodation with varying charges depending on the facilities provided. A typical room rent in 2018-19 was around £125 per week for a standard room (2018 £128) and £157 for an ensuite room (2018 £157). This is substantially below the levels charged by private landlords in Cambridge (up to £260 per week) and barely covers the economic cost to the College of providing the room. The College acknowledges that welfare considerations must play a part in rent discussions and that sharp rent rises are to be avoided where possible. In consequence, the College has put in place a five-year agreement designed to achieve breakeven on the rent account.

The College also offers a variety of catering services to members: snacks, brunches, cafeteria self-service meals and formal hall dinners. The College is recognised for the high quality of its offering and continues to hold a 5-star environmental health rating, the highest awarded by Cambridge City Council. During the year, the College invested £0.2 million in upgrading the servery facilities and £0.5 million in a complete refurbishment of the bar.

Conferences
The College has a long-term strategy of building its conference income to help offset losses on the education account. This amounted to £1.2 million in 2018-19, representing 11% of total unrestricted income, and a 5% decrease compared with 2017-18. The College seeks to cover the out-of-term portion of the year-round costs of the estate and the staff and continues to work closely with many University departments, notably the Institute of Continuing Education and its Summer Schools on the adjacent Sidgwick Site.

Donations and bequests
One of the fundamental challenges facing the College is that its endowment is insufficient to support the current scale of its operations, as income from investments can only partly offset losses in education. The generosity of the College's alumni and supporters continues to play an important role in securing the future scope, scale and quality of its operations. The College has registered with the Fundraising Regulator. All fundraising activity meets or exceeds current standards and is accountable to the College Council. The College does not use third parties to assist in its fundraising and has received no fundraising complaints in the last year.

Investment Income
Although the College's endowment remains modest when compared to other Cambridge colleges, income from investments is a vital source of revenue, amounting to £1.6 million or 15% of total income in 2018-19, a 4% fall compared with the previous year. The College endeavours to manage its investments to ensure that it can continue to meet its charitable objectives in perpetuity. The portfolio continues to be managed by the College's Investment Committee, which includes external members and the College's stockbroker. The College's policy of favouring a more defensive portfolio structure with a long-term view has served it well over the years, with an annual average return over the past 17 years of 7.3%, compared to RPI of 2.8% over the same period. The College is now looking to lower the investment risk by gradually increasing exposure to a variety of managed funds as opposed to its traditional practice of direct equity investment. It has also invested £4.0 million in the University Endowment Fund.

Financial review
This is the fourth year that the College has prepared its accounts in accordance with FRS 102 and 2015 RCCA. Operational information such as the underlying deficit and cash generation information remains broadly comparable with historic data.

Income and Expenditure
In 2018-19, the College generated a statutory surplus, now described in the accounts as total unrestricted comprehensive income, of £0.5 million for the year, compared with a deficit of £71,000 last year, with much of the difference attributable to the receipt of a generous legacy. The picture remains clouded by large year-on-year variations in non-cash items, notably pension scheme adjustments, and it is perhaps more instructive to focus on the underlying operational condition of the College.

The table below reconciles the statutory figure to the underlying result, where the College recorded an underlying deficit of £0.8 million, a deterioration of £0.3 million from last year.

	2019 £000	2018 £000
Total Comprehensive Unrestricted Income	**(490)**	**530**
Postgraduate Studentships Committed less paid	(43)	(138)
FRS102 Pension Cost Adjustments	527	299
Actuarial loss/(gain) in respect of pension schemes	1,029	(601)
Increase/(decrease) in market value of investments	(250)	13
Unrestricted Donations Income	(1,586)	(577)
Loan Interest	-	(1)
Underlying Deficit	**(813)**	**(475)**

Income from fees and charges rose by 4% to £2.7 million, driven by higher receipts from international students and graduates. Related expenditure on education rose by 7% to £4.0 million, leading to a rise in the education deficit from £1.1 million to £1.3 million.

Income from accommodation of College members rose by 4% to £2.6 million, helped by strong room and rental management. The corresponding 3% increase in related expenditure to £2.6 million resulted in a reduction of the accommodation deficit to £61,480. The College aims to break even on the rent account and has made steady progress in deficit reduction over the years, whilst at the same time having due regard to student welfare.

Income from catering for College members rose by 13% to £0.9 million, a pleasing result given the investment in restructuring and modernising the catering facilities and extending opening hours. Success in controlling costs restricted the similar rise in related expenditure to 2%, or £1.4 million, leading to a £70,000 narrowing of the member catering deficit to £475,000. It is hoped that further progress will be made in reducing the deficit in the coming years. Student spend in Hall rose by 11% over the year to just over £900 per head per year, an encouraging result for the new facilities. The College Bar has also been refurbished and will offer all day dining. Early signs are encouraging, with Easter Term takings more than doubling over the previous year.

Conference income fell by 5% to £1.2 million due to a number of cancellations after terrorist incidents and the (ultimately unnecessary) need to hold vacation rooms available for students over Easter in the event of a disorderly Brexit.

Investments

The College’s investment portfolio amounted to £67.6 million at 30 June 2019, compared to £62.1 million the previous year. The total return on the portfolio amounted to 7.7%, a good performance in an uncertain environment. This represented an outperformance relative to the ARC Charity Balanced Index (3.0%) and the University Endowment Fund (4.8%). The College's average annual return for the last three years has been 6.0%, and 7.5% per annum over the past five years.

Investment income fell by 4.1% to £1.6 million, or 15% of total college income, largely due to a migration from direct equity holdings to pooled funds. Most pooled funds are growth oriented and have low rates of distribution compared to corporate dividend payout policies. It is highly likely that the College will need to adopt the total return policy already in place at many colleges. This involves the development of a spending policy, whereby a certain percentage of the annual growth in income and capital is taken out of the portfolio. The amount is typically derived from an agreed formula that should allow smoothing over the years to protect income in the event of market turbulence. Should this prove necessary, proposals will be brought to the Governing Body in due course.

Donations
The College is dependent on donations and benefactions to build its endowment and offset losses in its core activities. It is a vital source of revenue and the College is very appreciative of the generosity of its alumni. This year the College received £1.7 million in expendable donations, last year it received £0.7 million. In addition, the College received £0.6 million in new endowments; last year it also received £0.6 million. It also received £2.4 million (last year £3.9 million) of donations in support of capital projects, notably Phase III of Ann's Court.

Cash Flow
The College continues to focus on its cash flow. This can be calculated in a number of ways and in the interests of simplicity, one measure of the progress of recent years is to take the underlying deficit and add back the annual depreciation charge, as follows:

	2019	**2018**
	£000	**£000**
Underlying Deficit	(813)	(475)
Depreciation Charge	1,894	1,878
Cash Flow	1,081	1,403
Change	-23%	-15%

Cash generation has declined in the last three years, although the figure of around £1.1 million remains a respectable result in an increasingly challenging operating environment. Solid cost control has allowed the College to navigate several years of recession and remain cash positive. Annual benchmarking exercises with other colleges suggest that Selwyn remains amongst the most efficiently run. The College's staff cost per capita student remains for example 4% below the college average and the utility cost 15% below the average. Cost control remains a priority, with a robust annual budgeting process in place. Maintaining positive cash flow over the long term remains a key objective. When cash generation turns negative, the College will have to sell assets or borrow money to fund its day-to-day operations. This would certainly be imprudent and unsustainable.

Staff Costs and Pensions
Staff costs amounted to £4.5million, or 43% of total expenditure. This represented a 2% increase on the previous year. At 30 June 2019, the College employed 59 Fellows and 101 full-time equivalent staff, compared with 56 Fellows and 100 full-time equivalent staff the previous year.

Under FRS102 the College is required to disclose all its pension liabilities on the balance sheet. As set out in Note 16, the total liability has increased by £1.6 million to £6.2 million, of which £1.0 million arises from an actuarial adjustment of the liability in respect of members of the Cambridge Colleges Superannuation Scheme (CCFPS) and a USS contribution shortfall of £0.4 million. The College is committed, to the best of its ability, to protecting the pension benefits of its employees.

Balance Sheet

Liquid resources fell somewhat from £0.8 million to £0.7 million at the year-end. The College is debt free. Land and buildings of £59.4 million and the investment portfolio of £67.6 million form the other main components of a balance sheet of £121.6 million.

Reserves

At 30 June 2019 the College had £65.5 million in unrestricted reserves (2018: £65.0 million). Effectively these reserves are all invested in non-current fixed assets of £59.4 million (2018: £59.0 million), leaving only a modest reserve of usable resources available to support the activities of the College through any period of significant financial stress. An additional £15 million of endowment would for example bring the College close to breakeven.

The College does not have a formal target for free reserves. It aims to build these up over time, first through the erosion of operating deficits and increased efficiency and second, through philanthropy. It is therefore imperative that the College continues to pursue fundraising opportunities with the aim of strengthening the endowment and to seek improvements in the efficiency and cost-effectiveness of its operations. It is only through the generation of unrestricted income surpluses that the College will be able to build up a prudent buffer against future adverse events.

Buildings and Estate

Maintaining its listed and historic buildings is one of the College's major costs, with an annual depreciation charge of £1.9 million (or 19% of total expenditure) set aside to cover their upkeep and replacement. In the year under review, capital expenditure on buildings amounted to £1.1 million, of which substantially all is spent on the new Library and Auditorium described below, with a further investment of £1.2 million in fixtures, fittings and equipment, including the refurbishment of the College Bar and the Servery, which should bring increased revenues and a reduction in the catering deficit.

During the year, work began on the construction of Phase III of Ann's Court, a mixed-use building that will house a new library on the upper two floors and a flexible auditorium space on the ground floor. This will in turn allow the conversion of the existing library into a new College Archive and will create additional teaching and seminar space. The cost will be £12.6 million, of which the greater part has already been raised. Investment in high quality facilities to attract and retain the best students and staff against increasing international competition remains a key part of the College's strategy and this building will support that objective. The project is expected to complete in late 2020.

Risks and Uncertainties

The primary risks facing the College continue to be of a financial nature. Good progress has been made in stabilising the financial position but Selwyn remains relatively underendowed (with an endowment of about one-third of the collegiate average) and thus more vulnerable to influences outside its control. It remains focussed on cost control and cash preservation, but recognises that cost cutting will in itself not eliminate the deficit. The long-term solution is to raise revenue by means of an increased endowment, rather than cost cutting at the expense of the scope and quality of the College's educational and other charitable objectives. Only then will this vulnerability to external events be reduced.

The College continues to incur losses in its core businesses of educating, feeding and housing young people. The current level of endowment and conference income, though increasing, remains insufficient to offset these operating losses. Fees are once again moving to the centre of the political stage, with increased questioning of the viability of the current fee regime. Fee ncreases above the rate of inflation are unlikely, although the cost of provision rises relentlessly and the education deficit is unlikely to diminish materially. This is after all the key charitable objective. The College should however aim for breakeven on the rent and food accounts. It has done well to bring the rent account close to breakeven, but welfare considerations constrain our ability to raise rents and food prices. It is hoped that the new facilities and longer opening hours in the Bar and the servery will encourage students to make more use of College facilities and reduce the catering deficit.

The situation regarding Brexit remains uncertain, with the impact falling more on academic and support staff than students. The collegiate university has historically attracted the best people, irrespective of nationality, and this has underpinned its world leading status. Any impediment to the free flow of people has the potential to damage the attractiveness of the University as a place of research or employment. The College celebrates the diversity of its staff and values their contribution enormously. The financial and political uncertainty surrounding Brexit could potentially damage key revenue streams such as investment and conference income which, if prolonged, could undermine years of progress in strengthening the finances. A shortage of labour in a tight market such as Cambridge could lead to higher wage costs in order to attract and retain staff.

Student welfare has become a matter of national debate. The college has strong pastoral systems in place to promote the welfare and wellbeing of its students and staff and has worked with other colleges and the University to develop a common set of safeguarding policies.

A further cause for concern is the risk that the perception that the disparity of wealth amongst colleges will lead to an inequality of service provision. This may in the future have an adverse effect on the College's ability to attract the best students and staff.

Outlook

As a general rule, growth in costs will exceed growth in income, given the constraints on the College's ability to increase fees and prices. In consequence, the results are again down from the previous year. That said, the College has nonetheless made strong financial progress in recent years, as evidenced by its recent emergence from the safety net of the Colleges Fund. Early signs suggest that the recent substantial investment in the catering and bar facilities will help erode that deficit. Construction has started on a new facility that will enhance the College's academic standing and support growth in its conference business. Costs are still being addressed where practicable and efficiencies are still being sought but the Governing Body is conscious of the need to preserve the ethos of the College.

The College has much to be proud of: it remains successful academically and is a strikingly vibrant community. These are qualities to be protected and encouraged in a challenging future.

NJA Downer

N J A Downer
05 November 2019

Statement of Responsibilities of the Governing Body

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

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, the Governing Body are required to:

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

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

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

Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

Independent Auditors' Report to the Governing Body of Selwyn College
Year Ended 30 June 19

Opinion

We have audited the financial statements of Selwyn College (the 'College') for the year ended 30 June 2019, which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Operating and Financial Review other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the College trustees, as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and the Charities Act 2011. Our work has been undertaken so that we might state to the College trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College trustees as a body, for our audit work, for this report, or for the opinions we have formed

Peters Elworthy & Moore

PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

21 December 2019

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

Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and 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 all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 7a.

All items dealt with in arriving at the surplus for 2019 and 2018 relate to continuing operations.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets and certain land and buildings.

Recognition of income

a. Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors.

b. Restricted grant income

Grants received 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.

c. 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, the amount is measurable and receipt is probable. 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.

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

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

f. Cambridge Bursary Scheme
The College paid Cambridge Bursaries to eligible students in full and received a contribution from the University.

The net payment of £123k (2018: £95k) is shown within the Statement of Comprehensive Income and Expenditure as follows:

	2019	**2018**
	£000	**£000**
Restricted income from Academic fees and charges (note 1)	153	149
Restricted expenditure on Education (note 4)	276	244
	£123	**£95**

Fixed assets

a. Land and buildings
The operational buildings held by the College on 1 July 2002 have been brought into the accounts at depreciated replacement cost based on a valuation carried out by Davis Langdon LLP, Chartered Surveyors. Subsequent additions and improvements to the College's buildings are accounted for at cost. Freehold buildings are depreciated on a straight-line basis over their expected useful economic life of 50 years. Freehold land is not depreciated. Leasehold buildings are amortised over 50 years, or, if shorter, the period of the lease.

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

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to 30 June 2018. They are not depreciated until they are brought into use.

No value has been placed on the land occupied by the College's operational buildings as at 1 July 2002; purchases of land after this date are to be capitalised.

b. Maintenance of premises
The College has a five-year rolling maintenance plan that is reviewed on an annual basis. The cost of routine maintenance is charged to the Consolidated Statement of Income and Expenditure as it is incurred.

c. Furniture, fittings and equipment
Furniture, fittings and equipment costing less than £100 per individual item or group of related items are written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful lives as follows:

Furniture and fittings	15 years
Motor vehicles	10 years
General equipment	5-20 years
Computer equipment	4 years
Library books	20 years
Musical instruments	50 years

No depreciation is charged in the year of acquisition.

d. Heritage assets
The College holds a collection of rare books which is not recognised in the Balance Sheet. This collection has arisen through donations and largely comprises works on theology. Few of the books are scarce or in first editions and the subject area is unfashionable. It would be difficult and expensive to replace the collection but equally the possibility of finding a specialist buyer could not be guaranteed, therefore to attribute any value to these books would be unrealistic.

The College employs a professional archivist whose responsibilities include the care and maintenance of the rare book collection. The exposure of the collection to heat and light is strictly controlled.

The College also holds a number of paintings and drawings but the majority of these are portraits of members and benefactors of the College. As such this collection pertains to the history of the College and has little external market value.

e. Leased assets
The College does not hold any fixed assets under finance leases.

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. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Stocks

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

Provisions

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

Contingent liabilities and assets

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

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

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

Foreign currencies

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 the actual year end rates. The resulting exchange differences are dealt with in the determination of the comprehensive income and expenditure for the financial year.

Taxation

The College is a registered charity (number 1137517) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G,II

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

Pension costs

The College participates in the Universities Superannuation Scheme (USS). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the Scheme are held in a separate trustee-administered fund. Because of the mutual nature of the Scheme, the assets are not attributed to individual institutions and a Scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the College therefore accounts for the Scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to income and expenditure represents the contributions payable to the Scheme in respect of the accounting period. Since the College has entered into an agreement (the Recovery Plan) that determines how each employer within the Scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is included in income and expenditure.

The College also participates in the Cambridge Colleges Federated Pension Scheme (CCFPS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the Scheme are held in a separate trustee administered fund. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the schemes. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the Scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

The College also offers membership of NEST, a defined contribution pension scheme, to its non-academic employees and the pension charge represents the amounts payable by the College to the scheme in respect of the employees' service during the year.

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 judgements

FRS102 makes the distinction between a group pension plan and a multi-employer pension scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into any agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss in accordance with section 28 of FRS102. The Governing Body are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

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

Statement of Comprehensive Income and Expenditure

Year ended 30 June 2019

Income	Note	Unrestricted £000	Restricted £000	Endowment £000	2019 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2018 Total £000
Academic fees and charges	1	2,604	153	-	2,757	2,510	149	-	2,659
Residences, catering and conferences	2	4,693	-	-	4,693	4,558	-	-	4,558
Investment income	3	-	-	1,650	1,650	-	-	1,715	1,715
Endowment return transferred	3	974	676	(1,650)	-	961	754	(1,715)	-
Total income before donations and endowments		8,271	829	-	9,100	8,029	903	-	8,932
Donations		1,586	66	-	1,652	577	154	-	731
New endowments				590	590			558	558
Other capital grants for assets		-	2,390	-	2,390	-	3,904	-	3,904
Total income		9,857	3,285	590	13,732	8,606	4,961	558	14,125
Expenditure									
Education	4	3,180	853	-	4,033	2,927	857	-	3,784
Residences, catering and conferences	5	5,775	-	-	5,775	5,606	-	-	5,606
Interest payable		-	-	-	-	(1)	-	-	(1)
Other expenditure	6	528	-	-	528	127	-	-	127
Total expenditure	7	9,483	853	-	10,336	8,659	857	-	9,516
Surplus/deficit) before other gains and losses		374	2,432	590	3,396	(53)	4,104	558	4,609
Loss on disposal of fixed assets	9	(80)	-	-	(80)	(1)	-	-	(1)
Gain/(loss) on investments	10	250	82	2,758	3,090	(13)	(4)	(99)	(116)
Surplus before contribution under Statute G, II		544	2,514	3,348	6,406	(67)	4,100	459	4,492
Contribution under Statute G, II		(5)	-	-	(5)	(4)	-	-	(4)
Surplus/(deficit) after contribution under Statute G, II being surplus/(deficit) for the year		539	2,514	3,348	6,401	(71)	4,100	459	4,488
Other comprehensive income									
Actuarial (loss)/gain in respect of pension schemes	16	(1,029)	-	-	(1,029)	601	-	-	601
Total comprehensive income for the year		**£(490)**	**£2,514**	**£3,348**	**£5,372**	**£ 530**	**£4,100**	**£459**	**£5,089**

The notes on pages 28 to 41 form part of these accounts.

Statement of Changes in Reserves

Year ended 30 June 2019

	Note	Income and expenditure reserve			
		Unrestricted	Restricted	Endowment	Total
		£000	£000	£000	£000
Balance at 1 July 2018		64,977	6,752	44,538	116,267
Surplus/(deficit) from income and expenditure statement		539	2,514	3,348	6,401
Other comprehensive income		(1,029)	-	-	(1,029)
Release of restricted capital funds spent in the year		1,040	(1,040)	-	-
Balance at 30 June 2019		**£65,527**	**£8,226**	**£47,886**	**£121,639**

	Income and expenditure reserve			
	Unrestricted	Restricted	Endowment	Total
	£000	£000	£000	£000
Balance at 1 July 2017	64,308	2,791	44,079	111,178
Surplus/(deficit) from income and expenditure statement	(71)	4,100	459	4,488
Other comprehensive income	601	-	-	601
Release of restricted capital funds spent in the year	139	(139)	-	-
Balance at 30 June 2018	**£64,977**	**£6,752**	**£44,538**	**£116,267**

The notes on pages 28 to 41 form part of these accounts.

Balance Sheet as at 30 June 2019

	Note		30 June 2019 £000		30 June 2018 £000
Non-current assets					
Fixed assets	9		59,383		59,018
Investments	10		67,597		62,134
Current assets					
Stocks	11		271		268
Trade and other receivables	12		2,061		849
Cash and cash equivalents	13		735		842
			3,067		1,959
Creditors: amounts falling due within one year	14		(2,112)		(2,104)
Net current assets/(liabilities)			955		(145)
Total assets less current liabilities			127,935		121,007
Creditors: amounts falling due after more than one year	15		(100)		(100)
Provisions					
Pension provisions	16		(6,196)		(4,640)
Total net assets		**£**	**121,639**	£	116,267

	Note		30 June 2019 £000		30 June 2018 £000
Restricted reserves					
Income and expenditure reserve – endowment reserve	17		47,886		44,538
Income and expenditure reserve – restricted reserve	18		8,226		6,752
			56,112		51,290
Unrestricted reserves					
Income and expenditure reserve – unrestricted			65,527		64,977
Total Reserves		**£**	**121,639**	£	116,267

Approved by the Governing Body on 26 November 2019 and signed on their behalf by:

NJA Downer

N J A Downer
Bursar

The notes on pages 28 to 41 form part of these accounts.

Cash Flow Statement for the year ended 30 June 2019

	Note	**2019 £000**	2018 £000
Reconciliation of surplus for the year to net cash flows from operating activities			
Surplus for the year		6,401	4,488
Adjustment for non-cash items			
Depreciation	9	1,894	1,878
Investment income	3	(1,650)	(1,715)
(Gain)/Loss on endowments and donations	18	(3,090)	116
(Increase)/Decrease in stocks	11	(3)	10
(Increase)/Decrease in trade and other receivables	12	(1,212)	(109)
Increase/(Decrease) in creditors excluding loans	14	158	(101)
Pension costs less contributions payable	16	528	299
Adjustment for investing or financing activities			
Investment income	3	1,650	1,715
Interest payable		-	(1)
Loss on sale of non-current assets	9	80	(1)
Net cash inflow from operating activities		**4,756**	6,579
Cash flows from investing activities			
Purchases of investment assets		(2,374)	(5,679)
Payments to acquire non-current assets	9	(2,339)	(613)
Total cash inflow from investing activities		**(4,713)**	(6,292)
Cash flows from financing activities			
Interest paid		-	1
Long term loans received		-	100
Long term loans repaid	14/15	(150)	(300)
Net cash inflow from financing activities		**(150)**	(199)
(Decrease)/Increase in cash and cash equivalents in the year		**(107)**	88
Cash and cash equivalents at beginning of the year		842	754
Cash and cash equivalents at end of the year	13	**£ 735**	£ 842

The notes on pages 28 to 41 form part of these accounts.

Notes to the Accounts for the year ended 30 June 2019

1 ACADEMIC FEES AND CHARGES

	2019	2018
College fees:	**£000**	£000
Fee income received at the Regulated Undergraduate rate	1,633	1,658
Fee income received at the Unregulated Undergraduate rate	395	362
Fee income received at the Graduate rate	576	490
From the University of Cambridge and Isaac Newton Trust for Cambridge Bursaries	153	149
	£2,757	£2,659

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

		2019	2018
		£000	£000
Accommodation:	College members	2,582	2,477
	Conferences	714	833
Catering:	College members	880	781
	Conferences	517	467
		£4,693	£4,558

3 ENDOWMENT AND INVESTMENT INCOME

	2019	2018
Income from:	**£000**	£000
Quoted securities		
Equities	1,380	1,471
Fixed interest	237	238
Cash	33	2
	£1,650	£1,715

Investment Management fees paid to J. M. Finn & Co. were £106,658 (2018: £101,681) and are included in Other Operating Expenses (Note 7a).

4 EDUCATION EXPENDITURE

	2019	2018
	£000	£000
Teaching	2,208	2,134
Tutorial	481	429
Admissions	250	231
Access	241	212
Research	119	146
Scholarships and awards	282	212
Cambridge Bursaries	276	244
Other educational facilities	176	176
Total	£4,033	£3,784

Notes to the Accounts for the year ended 30 June 19

5	RESIDENCES, CATERING AND CONFERENCE EXPENDITURE		2019 £000	2018 £000
	Accommodation	- College members	2,643	2,556
		- Conferences	1,175	1,136
	Catering	- College members	1,355	1,325
		- Conferences	602	589
	Total		£5,775	£5,606

6	OTHER EXPENDITURE	2019 £000	2018 £000
	Net return on pension scheme assets less liabilities	528	127
		£528	£127

7a	ANALYSIS OF 2018-19 EXPENDITURE BY ACTIVITY	Staff costs (note 8) £000	Other Operating Expenses £000	Depreciation £000	Total £000
	Education (note 4)	1,764	1,936	333	4,033
	Residences, catering and conferences (note 5)	2,699	1,515	1,561	5,775
	Interest payments	-	-	-	-
	Other expenditure (note 6)	-	528	-	528
		£4,463	£3,979	£1,894	£10,336

Other Operating Expenses includes £275,060 as costs of fundraising (2018: £242,221) and £165,444 as costs of alumni relations (2018: £164,554).

7b	ANALYSIS OF 2017-18 EXPENDITURE BY ACTIVITY	Staff costs (note 8) £000	Other Operating Expenses £000	Depreciation £000	Total £000
	Education (note 4)	1,725	1,725	334	3,784
	Residences, catering and conferences (note 5)	2,644	1,418	1,544	5,606
	Interest payments	-	(1)	-	(1)
	Other expenditure (note 6)	-	127	-	127
		£4,369	£3,269	£1,878	£9,516

7c	AUDITORS' REMUNERATION	2019	2018
	Other operating expenses include:	£000	£000
	Audit fees payable to the College's external auditors	16	15
	Other fees payable to the College's external auditors	-	-
		£16	£15

Notes to the Accounts for the year ended 30 June 2019

8 STAFF

	2019 College Fellows £000	**2019 Non-academic £000**	**2019 Total £000**	2018 Total £000
Staff costs:				
Emoluments	808	2,735	3,543	3,465
Social Security costs	67	190	257	252
Other pension costs (see note 20)	117	546	663	652
	£992	£3,471	£4,463	£4,369

	Average staff nos.			Average staff nos.		
	Number of Fellows	**Full-time equivalents**	**2019 Total**	Number of Fellows	Full-time equivalents	2018 Total
Academic	56	-	56	53	-	53
Non-academic	3	101	104	3	100	103
	59	101	160	56	100	156

At 30 June 2019 there were 60 Members of the Governing Body. During the year the average number receiving a stipend from the College was the 59 as shown above.
No officer or employee of the College, including the Head of House, received emoluments of over £100,000 (2018: none).
During the year, emoluments paid to Trustees in their capacity as College Officers were: £807,949 (2018: £822,590). The trustees receive no remuneration in their role as trustees of the charity.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. This includes the aggregated emoluments paid to key management personnel. The Master, Bursar and Senior Tutor are the College's key management personnel.

	2019 Total £000	2018 Total £000
Aggregate emoluments	£216	£201

Notes to the Accounts for the year ended 30 June 2019

9 FIXED ASSETS

	2019 Land and buildings £000	2019 Equipment £000	2019 Total £000	2018 Total £000
Cost or valuation				
At beginning of year	73,407	6,578	79,985	79,432
Additions at cost	1,122	1,217	2,339	613
Disposals at cost/valuation	-	(256)	(256)	(60)
At end of year	74,529	7,539	82,068	79,985
Depreciation				
At beginning of year	18,173	2,794	20,967	19,148
Charge for the year	1,456	438	1,894	1,878
Eliminated on disposals	-	(176)	(176)	(59)
At end of year	19,629	3,056	22,685	20,967
Net book value				
At end of year	**£54,900**	**£4,483**	**£59,383**	£59,018
At beginning of year	£55,234	£3,784	£59,018	£60,284

The insured value of freehold land and buildings as at 30 June 2019 was £110,202,869 (2018: £108,572,110).

10 INVESTMENTS

	2019 £000	2018 £000
Balance at beginning of year	62,134	56,569
Additions at cost	16,514	2,547
Disposals at opening market value	(9,142)	(2,167)
Appreciation on disposals/revaluation	3,210	8
Increase in cash balances held by fund managers	(5,119)	5,177
Balance at end of year	£67,597	£62,134

	2019 £000	2018 £000
Represented by:		
Quoted securities – equities	50,603	43,799
Quoted securities – fixed interest	10,564	6,786
Cash held for reinvestment	6,430	11,549
	£67,597	£62,134

11 STOCKS

	2019 £000	2018 £000
Goods for resale	£271	£268

12 TRADE AND OTHER RECEIVABLES

	2019 £000	2018 £000
Members of the College	132	84
Trade debtors	152	108
Taxation recoverable	223	160
Sundry debtors	1,468	335
Prepayments	86	162
	£2,061	£849

Notes to the Accounts for the year ended 30 June 2019

13 CASH AND CASH EQUIVALENTS

	2019	2018
	£000	£000
Current accounts	708	821
Cash in hand	27	21
	£735	£842

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£000	£000
Loan repayable 2nd July 2017, interest 0%	-	150
Trade creditors and accruals	574	515
PAYE and Social Security	135	134
VAT	-	6
Students' deposits	78	104
Other creditors	1,325	1,195
	2,112	2,104

15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2019	2018
	£000	£000
Interest-free loan repayable 1st September 2020	100	100
	£100	£100

16 PENSION PROVISIONS

	CCFPS	**USS**	**2019**	2018
	£000	**£000**	**£000**	£000
Balance at beginning of year	4,352	288	4,640	4,942
Movement in year:				
Current service cost including life assurance	695	102	797	820
Contributions	(681)	(117)	(798)	(648)
Other finance cost)	119	409	528	127
Actuarial loss/(gain)	1,029	-	1,029	(601)
Balance at end of year	£5,514	£682	£6,196	£4,640

Notes to the Accounts for the year ended 30 June 2019

17 ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	2019 Total £000	2018 Total £000
Balance at beginning of year:				
Capital	23,896	20,642	44,538	44,079
New donations and endowments	590	-	590	558
Increase/(decrease) in market value of investments	1,181	1,577	2,758	(99)
Balance at end of year	£25,667	£22,219	**£47,886**	£44,538

Analysis by type of purpose:

	2019	2018
Fellowship Funds	9,984	9,390
Scholarship Funds	4,196	4,005
Prize Funds	426	386
Hardship Funds	7,664	6,921
Travel Grant Funds	597	539
Other Funds	2,801	2,655
General endowments	22,218	20,642
	£47,886	£44,538

Analysis by asset:

	2019	2018
Investments	47,886	44,538
	£47,886	**£44,538**

Notes to the Accounts for the year ended 30 June 2019

18 RESTRICTED RESERVES

Reserves with restrictions are as follows:

Consolidated	Capital grants unspent £000	Unspent restricted income £000	Restricted expendable endowment £000	2019 Total £000	2018 Total £000
Balance at beginning of year:					
Capital	4,439	-	51	4,490	729
Accumulated income	-	2,068	194	2,262	2,062
	4,439	2,068	245	6,752	2,791
From the University of Cambridge for Cambridge Bursaries	-	153	-	153	149
New grants	2,390	-	-	2,390	3,904
New donations	-	32	34	66	154
Investment income	-	675	1	676	754
Increase/(decrease) in market value of investments	-	80	2	82	(4)
Capital grants utilised	(1,040)	-	-	(1,040)	(139)
Expenditure	-	(716)	(137)	(853)	(857)
	1,350	224	(100)	1,474	3,961
Balance at end of year					
Capital	5,789	-	54	5,843	4,490
Accumulated income	-	2,292	91	2,383	2,262
	£5,789	**£2,292**	**£145**	**£8,226**	**£6,752**
Analysis of other restricted funds/donations by type of purpose:					
Fellowship Funds		892	135	1,027	973
Scholarship Funds		431	(80)	351	339
Prize Funds		103	6	109	99
Hardship Funds		650	56	706	686
Travel Grant Funds		91	12	103	85
Other Funds	5,789	125	16	5,930	4,570
	£5,789	**£2,292**	**£145**	**£8,226**	**£6,752**

19 CAPITAL COMMITMENTS

	2019 £000	2018 £000
Commitments contracted for at 30 June:	£9,441	£-

Notes to the Accounts for the year ended 30 June 2019

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PENSION SCHEMES

The College participates in the following pension schemes: the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). Eligible non-academic staff not wishing to join CCFPS are auto-enrolled into NEST. Contributions payable in respect of the year were as follows:

	2019 £000	2018 £000
USS	117	112
CCFPS	539	536
NEST	7	4
	663	652

Universities Superannuation Scheme

With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the Scheme are held in a separate trustee-administered fund. Because of the mutual nature of the Scheme, the assets are not attributed to individual institutions and a Scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the College therefore accounts for the Scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to income and expenditure represents the contributions payable to the Scheme in respect of the accounting period. Since the College has entered into an agreement (the Recovery Plan) that determines how each employer within the Scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is included in income and expenditure.

The total cost charged to income and expenditure is £117 (2018: £112) as shown in note 8.

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

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

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

Notes to the Accounts for the year ended 30 June 2019

20 PENSION SCHEMES

Universities Superannuation Scheme (continued)

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

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

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

2019	2018
Pre-retirement 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.	Pre-retirement 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
Post-retirement 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	Post-retirement 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
CM_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.	CM_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

Future improvements to mortality

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

	2019	2018
Scheme assets	£60.0bn	£63.6bn
Total Scheme liabilities	£67.5bn	£72.0bn
FRS 102 total scheme deficit	£7.5bn	£8.4bn
FRS 102 total funding level	89%	88%

Notes to the Accounts for the year ended 30 June 2019

PENSION SCHEMES

Universities Superannuation Scheme (continued)
Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 30 June 2019, and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £123,631, a decrease of £558,158 from the current year end provision and a credit through the Statement of Comprehensive Income of £149,153.

Cambridge Colleges Federated Pension Scheme
The College is also a member of a multi-employer defined benefit scheme: the Cambridge Colleges' Federated Pension Scheme. A full valuation was undertaken as at 31 March 2017 and updated to 30 June 2019 by a qualified independent actuary.

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

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

	2019	**2018**
	% p.a.	**% p.a.**
Discount rate	2.25	2.70
Salary inflation assumption	2.90	2.75
Retail Prices Index (RPI) assumption	3.40	3.25
Consumer Prices Index (CPI) assumption	2.40	2.25
Pension increases in payment (RPI Max 5% p.a.)	3.30	3.15
Pension increases (CPI Max 2.5% p.a.)	1.90	1.80

The underlying mortality assumption is based upon the standard table known as S3PA on a year of birth usage with CMI_2018 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2018: S2PA with CMI_2017 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

	2019	**2018**
Males currently aged 65 now	21.8	21.9
Females currently aged 65 now	24.0	23.8
Males aged 45 now and retiring in 20 years	23.1	23.3
Females aged 45 now and retiring in 20 years	25.5	25.4

Notes to the Accounts for the year ended 30 June 2019

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme (continued)
Members are assumed to retire at their normal retirement age (65) apart from in the following indicated cases:

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

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

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

	2019	**2018**
	£000	**£000**
Present value of plan liabilities	(17,681)	(14,822)
Market value of plan assets	12,167	10,470
Net defined benefit liability	**(5,514)**	**£(4,352)**

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

	2019	**2018**
	£000	**£000**
Current service cost	649	692
Administration expenses	25	18
Interest on net defined benefit liability	119	122
Loss of plan changes	22	-
Total	**£815**	**£832**

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

	2019	**2018**
	£000	**£000**
Present value of Scheme liabilities at beginning of period	14,822	14,632
Current service cost (including Employee contributions)	649	692
Employee contributions	17	20
Benefits paid	(29)*	(427)
Interest on Scheme liabilities	409	384
Actuarial losses/(gains)	1,791	(479)
Loss on plan changes	22	-
Present value of Scheme liabilities at end of period	**£17,681**	**£14,822**

*net benefits paid after receipt of two large death in service lump sums

Notes to the Accounts for the year ended 30 June 2019

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme (continued)

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

	2019 £000	2018 £000
Market value of Scheme assets at beginning of period	10,470	9,991
Contributions paid by the College	681	519
Employee contributions	17	20
Benefits paid	(28)	(426)
Administration expenses	(35)	(31)
Interest on plan assets	290	262
Return on assets, less interest included in income and expenditure	772	135
Market value of plan assets at end of period	**£12,167**	**£10,470**
Actual return on plan assets	£1,063	£397

The major categories of Scheme assets as a percentage of total Scheme assets at 30 June 2019 (with comparative figures at 30 June 2018) are as follows:

	2019	2018
Equities	57%	64%
Bonds and cash	34%	30%
Property	9%	6%
Total	**100%**	**100%**

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

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

	2019 £000	2018 £000
Return on assets, less interest included in Profit & Loss	772	135
Expected less actual scheme expenses	(10)	(13)
Experience gains and losses arising on Scheme liabilities	95	(223)
Changes in assumptions underlying the present value of Scheme liabilities	(1,886)	703
Re-measurement of net defined benefit liability recognised in OCI	**£(1,029)**	**£602**

Notes to the Accounts for the year ended 30 June 2019

20 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme (continued)

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

	2019 £000	2018 £000
Deficit in Scheme at beginning of year	(4,352)	(4,641)
Recognised in income and expenditure	(814)	(832)
Contributions paid by the College	681	519
Re-measurement of net defined benefit liability recognised in OCI	(1,029)	602
Net defined benefit liability at end of year	**£(5,514)**	**£(4,352)**

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 valuation was at 31 March 2017. This showed that the Scheme'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 Scheme's Schedule of Contributions dated 28 June 2018 and are as follows:

- Annual contributions of not less than £99,277 per annum payable for the period 1 July 2018 to 31 March 2034.

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

NEST

The College offers membership of NEST, a defined contribution pension scheme, to its non-academic employees not wishing to join the CCFPS. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the College amounting to £6,854 (2018: £3,959) of which 758 (2018: £527) was outstanding at the year end.

Notes to the Accounts for the year ended 30 June 2019

21 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.

22 POST BALANCE SHEET EVENT

As set out in Note 20 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed post year end. This results in a decrease of £558,158 in the provision for the obligation to fund the deficit on the USS pension which would instead be £123,631. As the Schedule of Contributions was not in place at the financial year end this adjustment will be reflected in the Financial Statements for the year ended 30 June 2020.