

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 July 2019



FITZWILLIAM COLLEGE

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REFERENCE AND ADMINISTRATIVE DETAILS

Fitzwilliam College

Storey's Way
Cambridge
CB3 0DG

Charity Registration number: 1137496

Charity Trustees (Members of the Governing Body):

Members of the Governing Body receive no remuneration for acting in that capacity.
However, remuneration is paid to those members holding specific positions as College officers.

Members of the Governing Body during the year were as follows:

Master: Professor N M Padfield*

Bursar: Mr R A Powell*
Senior Tutor: Dr P A Chirico*

Other Members:

Mr F Knights*
Professor N K H Slater
Mr R J A Hooley*
Dr D J Cole
Professor D A Cardwell
Dr R E Horrox* (retired 30/09/2018)
Dr J D Leigh
Dr K W Platts
Dr H A Chalmers
Professor D Keown
Professor B Vira*
Professor R S Langley
Professor E Mastorakos*
Professor D A Coomes
Professor M J Millett
Dr R D Camina
Dr A G Kovalev
Dr S Mukherji
Dr D R E Abayasekara
Professor J A Elliott*
Dr A E H Wheatley
Dr K Saeb-Parsy
Dr S S Owen
Dr A S Tavernor*
Dr P J Rentfrow
Dr S J Gathercole*
Dr M B Wingate
Dr J M Cullen*
Dr S K Larsen* (resigned 31/08/2018)
Dr J K Aitken*
Dr H C Canuto*

Dr A M Watson
Dr A P Jardine
Dr K J Boddy
Dr L M Hanson (resigned 31/08/2018)
Dr S A Middleton (resigned 31/08/2018)
Dr S J Sawiak
Dr A I Televantos (resigned 31/08/2018)
Dr E Lees
Dr G N Glickman
Dr J Guarneri
Dr N K Jones*
Professor I M Tsimpli*
Dr E R Crema
Dr D Frank
Dr C Genakos
Dr R C Powell
Professor M H Kenny
Dr D Winters
Dr C Uhlemann
Dr E Gjesfjeld
Dr R Kievit
Dr A A J D'Sa (appointed 01/10/2018)
Mr A J D Manton (appointed 01/10/2018)
Dr C S Mostajeran (appointed 01/10/2018)
Dr B Wiedemann (appointed 01/10/2018)
Dr J W Rogers (appointed 01/10/2018)
Dr P Mendes Loureiro (appointed 08/05/2019)

*Also served on the College Committee.

REFERENCE AND ADMINISTRATIVE DETAILS (Continued)

Senior officers

Master: Professor N M Padfield
Senior Tutor: Dr P A Chirico
Senior Bursar: Mr R A Powell

Principal advisers

Auditors

Peters Elworthy & Moore
Chartered Accountants and Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

Bankers

Barclays Bank plc
9-11 St Andrews Street
Cambridge
CB2 3AA

Property Managers

Bidwells
Trumpington Road
Cambridge
CB2 9LD

Investment Managers

J.P. Morgan International Bank Limited
25 Bank Street
Canary Wharf
London
E14 5JP

Legal Advisers

Hewitsons LLP
Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

ANNUAL REPORT OF THE GOVERNING BODY

Introduction

Fitzwilliam College has its origin in the Non-Collegiate Students Board, established by the University in 1869; subsequently the name "Fitzwilliam Hall" was adopted, later changed to "Fitzwilliam House". In 1966 Fitzwilliam became a full College by Royal Charter, an event which coincided with the move from the original premises in Trumpington Street, to the present site between Huntingdon Road and Storey's Way.

Fitzwilliam today is one of the larger Colleges in the University, a community of around 1000 people including students, Fellows, Bye-Fellows and staff. The incorporation of "The Grove" into the College in 1988 enabled the completion of new development on the College site, culminating in the opening of the new Library in 2010.

Aims and objectives of the College

The principal charitable objectives of the College, set out in the College's Charter and application for charity registration, are:

- (a) To advance education, religion, learning and research in the University.
- (b) To provide a College wherein members of the University may work for Degrees in the University or may carry out postgraduate or other special studies at Cambridge.

The College's medium term "rolling" plan seeks to ensure that the charitable objectives of the College are applied in a current context. This plan is regularly reviewed, both to ensure that its framework accommodates changing external imperatives, and to measure progress towards specific targets. The current plan is aimed at determining priorities and providing a framework for operation through to 2023. It sets the College's Mission and Objectives:

Our Mission: To be an excellent College in a world-class University

Our Objectives:

1. To deliver a world-class undergraduate education
2. To develop a stimulating and supportive environment for graduate education
3. To advance research by graduates and Fellows
4. To nurture and sustain a lively and welcoming community of scholarship and learning
5. To attract a diverse body of high calibre undergraduate and graduate students

The following sections detail our progress in meeting these objectives, and developing the resources that we have available to support them.

Public Benefit

In its decision making during the year, the Governing Body had due regard to the Public Benefit guidance issued by the Charity Commission. In particular, it has been concerned to ensure that the benefits of the education provided by the College are, and are understood to be, open to talented applicants from every background. It has pursued this aim by investing in an active 'outreach' programme designed to increase awareness of the educational opportunities provided, and by working closely with the University and with supporters of the College to ensure that financial support is available to those who meet the entry criteria, with the intention that no student should be prevented by their financial background from benefitting from the education offered.

ANNUAL REPORT OF THE GOVERNING BODY (continued)***"To attract a diverse body of high calibre undergraduate and graduate students"******Student statistics for the academic year 2018-19***

By gender	Undergraduate		Graduate (full time)		Graduate (part time)	
Female	199	43.4%	97	35.9%	36	30.5%
Male	260	56.6%	173	64.1%	82	69.5%
Total in study	459		270		118	
Writing up / under exam			58			
Total students	459		328			

By Origin	Undergraduate		Graduate (full time)		Graduate (part time)	
Home	358	78%	94	34.8%	35	29.7%
EU	26	5.7%	63	23.3%	20	17%
Overseas	75	16.3%	113	41.9%	63	53.3%
Total in study	459		270		118	
Writing up / under exam			58			
Total students	459		328			

All figures as at January 2019

Widening Participation

An extensive programme of open days, school visits, shadowing schemes, subject-focused study days and other initiatives, has been led by the Admissions Tutors and a full time Schools Liaison Officer, in conjunction with junior and senior members and alumni of the College. We continue to look for innovative ways to introduce students from Widening Participation backgrounds: utilising social media to give a flavour of undergraduate life, visiting schools and organising subject taster days to give state school students the opportunity to explore topics beyond what is covered within the school curriculum. We hold a number of essay competitions which have attracted many good Widening Participation applicants, and every year we add to our offering of events and activities. For example, in 2019 the University took part for the first time in the UCAS Adjustment process in August, by which candidates from Widening Participation backgrounds who had narrowly missed offers but who had gone on to achieve grades at least equivalent to our standard minimum offer to put themselves forward for reconsideration; as a result, four such students were able to take up places at Fitzwilliam.

Admissions Tutors, Directors of Studies and a large team of interviewers sought to identify those with the strongest academic potential from a large and diverse field of candidates for undergraduate study. The College received 558 applications in the 2018-19 admissions round, and interviewed 455 of those candidates either in Cambridge or overseas. 142 offers were made as a result of these applications, and a further 41 offers were made to candidates who had selected other colleges, through the intercollegiate 'pool'. 73% of those new undergraduates regulated by the Office for Students had been educated in the maintained sector, and 30.7% were identified as coming from 'widening participation' contexts: 14.9% were from areas in POLAR3 quintiles 1 and 2 (where a relatively low proportion of 18-year-olds enters higher education); 15.8% were from areas in deciles 1-3 in the Index of Multiple Deprivation IMD; and 16.7% had Output Area Classification (OAC) flags.

Fitzwilliam College's commitment to widening participation continues our founding mission, and has brought to the University a large number of students from diverse backgrounds who have enjoyed conspicuous success. As the year ended we were preparing for a major conference on Access and Widening Participation, the central event in our celebration of the 150th anniversary of the College's genesis.

Financial support

The total value of financial awards to students in the financial year increased by 13% over the previous year to £909,540, and the College's share was 20% of all fee income received.

The main source of funding for undergraduates of limited financial means is the Cambridge Bursary Scheme, operated and funded jointly by the University and the Colleges. 112 Fitzwilliam undergraduates (31.2% of the Home student population) benefitted from these awards, 67 of which were at the maximum level. The College provides an additional range of bursaries and grants to help students with particular needs, under a range of schemes, from multiple funds. For undergraduates these included 97 Maintenance Bursaries, totalling £62,000, 15 Goldman Sachs Bursaries totalling £22,500, and 101 Travel Awards totalling £25,841 (of which 86 were directly related to the student's course of study).

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The efforts of the Development Office and the generosity of our Benefactors have allowed the College, independently and in conjunction with several University funding initiatives, to offer an increasing number of part-cost and fully funded graduate scholarships, to support the growing number of students. Graduate student support awards in 2018-19 totalled £342,794: 2 full-cost Masters Studentships, 2 full-cost PhD Studentships, 31 part-cost graduate studentships, and 54 College Senior Scholarships were awarded to students for the academic year 2018/19, totalling £254,410. 32 received Maintenance Bursaries, totalling £22,250 and 7 received 10th Term Support totalling £23,100. In addition 105 of our graduate students received Research Awards in the total sum of £43,034.

Other awards are made to provide assistance to enable students of limited financial means to take advantage of opportunities to enrich their educational experience. For example:

- (i) 44 first year undergraduates received Top-up Bursary awards funded by Trinity College, totalling £28,356.
- (ii) 277 Prizes and Scholarships were awarded to undergraduates and graduates with distinguished academic records totalling £39,375.
- (iii) 129 additional awards (in the total sum of £29,627) were made from the Student Opportunities Fund. Awards from the Student Opportunities Fund included Vacation Project Accommodation Allowances, Charitable Project Awards, contributions towards the cost of in-session support in English for Academic Purposes, awards for successful participation in the Cambridge University Language Programme, support for costs arising from disabilities, and a contribution to the Undergraduate and Graduate Rent Allowance Scheme. The Fund was additionally the source of a number of the Graduate Research Awards (11, totalling £5,180) and Undergraduate Travel Awards (5, totalling £1,475) noted above.
- (iv) 34 awards were made from subject-specific funds, in the total sum of £16,994.
- (v) 31 students received music awards (totalling £5,742) and 91 received sports awards (totalling £17,349).
- (vi) A further 18 awards were made from the Master's Gift Fund and Fitzwilliam Society Trust Fund, in the total sum of £3,792.

As reported in the section on 'The Appeal' below, the College continues its efforts to secure significant new funding from alumni and others to meet the needs of its current students, aiming both to assist those experiencing financial hardship and to support student engagement in all areas of university life, academic and extra-curricular.

Academic Review

For the academic year 2018-19 the student body comprised 459 undergraduates (51%) and 446 graduate students (49% - including 58 writing up dissertations, and 118 part-time). Pastoral support and general academic and personal guidance were offered to all students by the College's dedicated team of Tutors supported by others including the Chaplain, Nurse, Counsellor, Porters, trained student peer supporters and elected student representatives and welfare teams. Facilities and financial support have been provided for a wide range of extra-curricular activities, including for example sporting fixtures, dramatic performances and numerous musical events, which were open to the public.

"To deliver a world-class undergraduate education"

Teaching

Small-group teaching is a distinctive feature of undergraduate education at Cambridge, alongside lectures, seminars and practical work. Directors of Studies in 28 subject areas organised academic supervision by 1008 specialists for Fitzwilliam undergraduates. In the academic year the College employed three College Teaching Officers, each of whom took a major teaching role and a leading responsibility for the academic development of undergraduates in their subject.

Examination results

Fitzwilliam students achieved record results, for the sixth consecutive year. 126 Fitzwilliam undergraduates were awarded Firsts (of which three were starred Firsts). 10 students were awarded University prizes. The proportion of Fitzwilliam students achieving a First in Tripos rose sharply from 24.9% to 27.8%, and the proportion achieving a Good Honours result (2.1 or First) rose from 78.3% to 83.3%, well above the university-wide average of 81.6%. 94% of our third- and fourth-year state-schooled undergraduates achieved a First or 2.1 (compared to 90% of all third- and fourth-year undergraduates in the University).

ANNUAL REPORT OF THE GOVERNING BODY (continued)

“To develop a stimulating and supportive environment for graduate education”

Graduate Admissions

The College made a total of 293 offers for graduate admission in 2019 (214 for Masters courses, 70 for PhDs and 09 for clinical medicine), of whom 153 took up their place (107 for Masters courses, 37 for PhDs and 9 for clinical medicine).

Graduate applications to Cambridge are made to Departments and Faculties, with the option of naming one or two preferred colleges. Of the 274 applicants who moved forward with offers of new graduate places at Fitzwilliam in 2019, 79 (58 Masters and 21 PhDs - 29%) named the College first choice and 25 (19 Masters and 6 PhDs - 9%) second choice.

Achievements

During the year 43 doctoral dissertations by Fitzwilliam students were approved for the award of PhD degrees. 54 College Senior Scholarships were also awarded, and 25 prizes have been awarded so far to Masters Students achieving Distinction in 2018-19.

College support for Graduate students

In addition to the pastoral support and guidance offered by the tutorial system, and the extra-curricular activities mentioned at the head of this section, the College devotes substantial resources to the practical support of research students, in terms of financial assistance (105 Graduate Research Awards were made in the year in the total sum of £43,034), practical guidance and informal mentorship by Tutors and other senior members. The Graduate Tutor organises formal conferences at which research students present their work in progress to audiences of junior and senior College members. Graduate students also participate in subject societies whose activities include social events, research-based seminars and eminent visiting speakers. The MCR (the College's graduate student union) and the Graduate Tutorial team organise an extensive programme of social and academic events throughout the year.

“To advance research by graduates and Fellows”

14 new Bye-Fellows joined the College in 2018-19, taking the total number to 41. Many of them are postdoctoral researchers within the University, who in teaching undergraduates were particularly well placed to explain the early-career research environment. Similarly, opportunities were created for the interchange of ideas between Bye-Fellows and graduate students.

Three early-career researchers took up Research Fellowships at the College in October 2018. In total, with the help of the Isaac Newton Trust, the College funded two stipendiary Research Fellows for 2018-19, as well as providing additional resources for five Research Fellows whose principal funding came from a different source, each pursuing significant research at an early stage in their academic careers. Since the end of the year, one of our established Research Fellows has been appointed to an Assistant Professorship at the University of Durham, and one of our Bye-Fellows left during the year to take up a Research Fellowship at the University of Oxford.

The position of Fellow for Research, created in the previous academic year with a brief to nurture and promote the research carried out by Fellows, Bye-Fellows and post-doctoral researchers, was developed. A proposal to establish a new category of College membership, 'Research Associates', giving up to 20 of the University's post-doctoral researchers an affiliation with the College, and to form a Postdoctoral Society in College, to bring together the Research Associates, Bye-Fellows and Research Fellows, was approved by the Governing Body in July 2019, to be established by 1 January 2020.

College Teaching Officers are employed by the College to meet essential teaching needs which the College has not been able to secure from established University Lecturers. Alongside their teaching responsibilities, are engaged in developing their own academic research, supported through a research fund and an entitlement to sabbatical leave. The College recruited four new College Teaching Officers, one starting in October 2018, two to start in September 2019 and one in January 2021.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

On the basis of their research, teaching and institutional contributions, Dr Genakos was recommended for appointment to a Readership and Dr Guarneri and Bye-Fellow Dr Williams were recommended for appointment to Senior Lectureships. Recognition has been given to Professor Robin Langleigh who was elected a Fellow of the Royal Academy of Engineering (FREng) and Dr Sean Holly (Life Fellow) who has been appointed a Governor of National Institute for Economic and Social Research. Honorary Fellow Professor Sir Angus Stewart Deaton FBA was awarded an Honorary Degree by the University of Cambridge, and took the opportunity of that visit to the College to introduce a discussion of his work at the head of an Institute for Fiscal Studies review into inequality in the UK in the 21st century.

Several Fellows of the College hold senior management roles within the University, notably, Professor Cardwell (Head of the Department of Engineering until his move in September 2018 to be Pro-Vice Chancellor for Strategy and Planning), Professor Vira (Director of the University of Cambridge Conservation Research Institute: to be succeeded in October 2019 in this position by Professor Coomes), and Professor Kenny (Director of the Bennett Institute for Public Policy). Professor Padfield and Professor Cardwell were Deputy Vice-Chancellors for the 2018-19 academic year and Mr Knights was Junior Pro-Proctor of the University. Professor Martin Millet is chairing a two-year academic study into ways the University of Cambridge contributed to, benefited from or challenged the Atlantic slave trade.

"To nurture and sustain a lively and welcoming community of scholarship and learning"

Academic visitors, including Visiting Fellows, who come to the College for periods between one term and a year or more, play an important role in the life of the College, enriching academic discussion and bringing new connections. The research topics of our Visiting Fellows this year have included conservation science, scanning helium microscopy, Mexican cinema, healthcare biomaterials, economics and Catalan literature.

A central purpose of the College is to encourage the exchange and flow of ideas between members at all stages of their academic career. This is achieved by formal academic exchanges, such as the opportunity for graduate students to teach undergraduates, an extensive network of subject-based societies, which serve to bring together Fellows, graduates and undergraduates with common interests, and a stimulating programme of lectures, discussions, conferences and cultural events most of which are open to the Public.

The busy programme of lectures and discussions has been built around the annual Foundation Lecture, the Arrol Adam lecture series, and less formal events "In conversation with the Master". Honorary Fellow Professor Paul Muldoon delivered the 2018 Foundation Lecture, entitled "A Feast and a Famine: James Joyce's *The Dead*". Arrol Adam lectures were given by Professor Paul Seabright, on global religions since the Second World War, and by Professor Richard Marks, on stained glass in medieval England. Master's Conversations engaged with topics across a wide spectrum, from discussing whether the University is doing enough to prevent sexual harassment, and the Vice Chancellor's approach to leading a global university, to whether protecting the environment helps to alleviate poverty, and the experiences of a BBC reporter on Castro's Cuba.

We were also delighted to welcome Honorary Fellow Humphrey Burton CBE, who conversed with the Master on Leonard Bernstein, while student choristers and chamber musicians provided musical illustrations from Bernstein's works. There has been a very busy programme of musical and cultural events during the year featuring both professional and student performers. Highlights were a production by Fitzwilliam Chamber Opera of Mozart's *The Marriage of Figaro* and a student-led Musical Theatre showcase under the umbrella of the newly reconstituted Fitz Theatre Society. Professional concerts included the Alvor Ensemble, Pop-Up Opera (*La Tragédie de Carmen*), folk duo The Askew Sisters and The Fitzwilliam String Quartet.

College facilities and operations

Our infrastructure

The College employs its own maintenance team which, supported by external contractors, is equipped to undertake routine maintenance and refurbishment work to ensure that the main fabric of the buildings is maintained in a sound condition. Major projects are contracted to competent suppliers operating under the direction of professional project managers overseen by the Bursar and the Estates Committee.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The completion of the Library and IT Centre, opened in 2010, marked the completion of the College site, the construction of New Court, the Chapel, Wilson Court, the Auditorium and Gatehouse Court having provided a range of high quality, and progressively newer, buildings. However, the Lasdun buildings (the Central Building and the original accommodation blocks), constructed in the early 1960s, are now at the point where they require significant and expensive refurbishment. Plans have been developed for both programmes for which the estimated cost is in excess of £25 million. At the time of writing we have completed approximately 25% of the works.

The financial demand of the remainder of the refurbishment programme is very considerable; it will need to be spread over many years, operating surpluses will have to be reinvested and substantial additional funding will be required.

The College is in the fortunate position of being able to accommodate all of its undergraduates in College-owned accommodation, and all who so wish can be housed on the College site. As the refurbishment programme proceeds, there will be a further reduction in the number of bedrooms on the College site, which will need to be compensated by sourcing additional accommodation.

With the completion of the first phase of accommodation refurbishment (staircases A-C), 44% of our first year undergraduates are now accommodated in refurbished bedrooms on the College site. The new accommodation has been extremely well received and has played a significant part in attracting students to the College. Work has now commenced on the next phase of the programme, which is the refurbishment of the rooms on the north side of the College. Planning permission for the external façade, the landscaping and the staircases was received in November 2017, and the first stage of the works, the replacement of the windows facing inward to the College, has been completed in the 2019 long vacation. The Governing Body at its July meeting authorised detailed design for refurbishment of D, E and F staircases to proceed, with a view to undertaking the works in 2020-21. This project will involve relocating some 50 students for the whole of that academic year. Raising the finance to complete the next phase of this project is now the focus of the Bursar and the Development Director and team.

The major project completed during the year was the much needed extension to the graduate common room (the MCR) adjacent to The Grove. This was completed in April, and has been very well received by our graduate student community, who expect that the 'new' MCR will play a vital part in graduate student life for many years to come. The College is extremely grateful to the alumni donors who have generously funded this project.

Although there has been no major rebuilding project on the College site this summer, the continuing need to maintain the ageing infrastructure has occupied the constant attention of the maintenance team. The former student bedrooms in The Grove have been converted into Fellows offices, the mains water delivery system to the Huntingdon Road side of the College has been replaced, and the opportunity has been taken to undertake repairs and redecorations to the Master's Lodge, in preparation for the arrival of the new Master. Rolling maintenance programmes are in place for the College site and College houses. The capital budgeting process has ensured that a proportionate sum of money is put aside each year for improving the resilience of our IT network, which is such a vital resource to all of our community, and good progress has been made with this project during the year.

Expenditure on maintenance of College buildings was £0.94 million during the year, and capital expenditure on improvements (including College houses) was a further £1.3 million. The combined figure of £2.24 million was 2.1% of the valuation of the College buildings and property investments at the year-end.

Our people

The College's academic mission is delivered by a dedicated group of academic and non-academic staff. The academic staff comprises the Fellows, supported by Bye-fellows, and very many subject supervisors from across Cambridge. In addition to the 116 permanent members of non-academic staff, our casual staff also play a vital role in the running of the College. It is the aim of the College to involve students in the affairs of the College where possible and consistent with their academic work.

In 2019 we completed our second formal staff survey, seeking the views of non-academic staff on a wide variety of issues, including communication, training, management, reward and values. This was an opportunity to see whether the responses to the 2017 survey have made an impact on job satisfaction. It is very good to see that positive scores increased in 18 out of the 19 questions. In the summary below 2017 response rates are in brackets:

ANNUAL REPORT OF THE GOVERNING BODY (continued)

- 78% (73%) response rate
- 91% (85%) say they enjoy working for the College,
- 88% (84%) expressed themselves satisfied with their position at the College,
- 93% (90%) are clear in what is expected of them,
- 84% (88%) feel they can cope with the demands of their job and
- 85% (82%) feel that they receive the training they need to do their job.

The survey has given us a new set of issues to work on, and action plans are in place to respond to these.

The College continues to work to ensure that its employment package remains competitive and attractive to potential employees and over the last three years has been progressively raising rates of pay for those staff at the lower end of the pay scale at a faster rate than the general pay awards. These staff will benefit again from higher pay rises than the norm in 2019-20; whilst the College has not formally sought Living Wage accreditation, following the August pay uplift all permanent staff will be paid at or above the Living Wage Foundation's 'Living Wage'. The discretionary bonus scheme, which rewards staff generally according to the financial performance of the College, ensures that this is significantly exceeded.

The future availability of sufficient and reliable pensions for staff in retirement has been uppermost in our minds this year. The College has continued to respond as employer to a series of consultations relating to the 2017 and 2018 valuations of the Universities Superannuation Scheme (USS), aligning itself to the University of Cambridge's position, in the firm belief that its own future is inextricably aligned with the University. The 2018 valuation has been concluded without any adverse impact on benefits, which means that the position for staff is clearer for the time being than it was last year, but arguments continue over the division of contributions between employer and employee. At the year-end Fitzwilliam had 72 members of USS on the payroll. The Fitzwilliam College Assistant Staff Superannuation Fund, a defined benefit scheme which was closed to new members in 2004, was revalued as at 1st August 2018 with an increased deficit. This has no impact on remaining members of the scheme. However, the Trustees of the scheme were forced seek new providers of actuarial and administrative services, following the decision by Aviva (the provider) and, simultaneously, the provider of member administration support, that they were withdrawing from servicing defined benefit schemes. The Trustees conducted a competitive tender and selected KPMG as the service provider; KPMG took over the role on conclusion of the 2018 valuation.

Our operations

Our operational aims are:

- To deploy our resources effectively to deliver the College Mission
- To comply with legal and regulatory obligations wherever we operate, including those which fall upon the College as part of collegiate Cambridge University
- To meet consistently and wherever possible, exceed, the standards of service, support and operational performance that are expected
- To promote the College and the University values by celebrating the academic and non-academic successes of students, Fellows, alumnae/i and staff of the College.

Regular surveys are undertaken to gauge the level of satisfaction of our students with their educational and accommodation experiences. These include the National Student Survey, University wide surveys initiated by the University and by the Cambridge University Student Union, and College surveys, which test experience of specific groups and support our commitments under Accreditation Network UK (ANUK), the College's regulator for student accommodation. Audits have taken place during the year for Health and Safety, and for ANUK compliance.

We continue to invest in our systems. In common with most other organisations we are constantly having to invest in information systems security as the attempts to break into our systems become ever more frequent and sophisticated. Keeping up with fast moving technology is a big challenge for a College, which is in scale terms a "small to medium sized institution", and our aim is to co-operate and share resources wherever we reliably can. Alongside this challenge we must continue to invest in systems to improve efficiency and effectiveness. Following upgrades last year to our finance systems and implementation a new conference management system, the major enhancement this year has been the replacement of the College's student accommodation management software, which was implemented in time for the new student arrivals in Michaelmas 2019, and initial experience has been excellent.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Financial Review

The financial statements represent the activities of the College itself and its two wholly owned operating subsidiaries - Fitzwilliam College Services Ltd, which provides conference management services, and Kawakawa Bay Ltd which provides launderette services. The decision has been taken to close Kawakawa Bay Ltd in the interest of operational efficiency, and 2018-19 will therefore be its last trading year. The presentation of the accounts follows FRS 102, the International Accounting Standard which took effect in 2016. The Statement of Comprehensive Income and Expenditure, which includes all donations and capital appreciation of investments as income, presents a particular challenge for an endowed charity, for which new endowments cannot be spent.

Whilst it would be tempting to focus on the "Total surplus or deficit for the year", which shows a surplus of £2.90 million, this figure includes new endowments and donations earmarked for capital expenditure; the true measure of the operational performance of the College is set out in the "Unrestricted" column of the consolidated statement, which shows a deficit for the year of £0.19 million. This figure is struck after providing £0.64 million to increase the provision for the College's commitment to the USS deficit year; this has had to be based upon the 2017 valuation notwithstanding the fact that this has been superseded by the 2018 valuation which was concluded at the end of September. The consequence is that there is expected to be a corresponding credit of £0.39 million in the 2019-20 accounts (see note 27).

The underlying operating performance in the year, before charging this exceptional provision, has been strong with a surplus of £0.44 million. It should be noted that the previous year's figure for unrestricted donations included a single item of £6.04 million relating to the transfer of assets on closure of the former Library operating company.

Unrestricted income and expenditure

The unrestricted income of the College is made up of academic fees (31%), charges to students for accommodation (29%), meals and other services (12%), income from conference activity (16%), donations for general purposes and the unrestricted income from the College's investment assets (10%). Other sources of income make up the remaining 2% of income.

51% of expenditure (excluding depreciation) is represented by staff costs (including academic stipends), and non-academic salaries alone make up 43%. The latter cost rose by 5% after a 7% rise last year. Other academic expenditure makes up a further 16%, establishment related costs 12%, and Catering supplies 6%. Administration costs (£0.30 million), bank interest (£0.49 million) and fundraising expenses (£0.13 million) make up a further 9%.

The operating surplus, before deduction of depreciation, improved by 16%. Income grew by 9.4% and expenditure increased by 8.0%. This was a much better outcome than budgeted, mainly driven by higher than expected income from conferences (£1.85 million), which built further on the recovery seen last year, and unrestricted donations (£0.50 million).

The Education account was in deficit to the extent of £2.12 million (2018: £1.27 million). Income from academic fees amounted to £3.50 million (2018: £3.26 million) and academic expenditure to £5.62 million (2018: £4.53 million). The deficit was met from endowment and investment income.

Income from rents, catering and conference activity was £6.55 million (2018: £6.04 million) and costs were £6.36 million (2018: £6.12 million) producing a surplus of £0.19 million (2018: deficit £0.08 million). Conference income, which helps to mitigate the overhead costs of providing the College infrastructure and thus reduce the costs to students, grew by 17% after 44% growth during the previous year. Most of the Conference business is of an academic or educational nature.

Endowment and investment return at £1.34 million was £0.11 million higher than in 2018, due to the planned increase in income from the investment portfolio under our Total Return accounting policy. Unrestricted donations added a further £0.49 million.

Restricted income and expenditure

Restricted funds arise from expendable donations for specific purposes, and the income from any endowed funds which were given to support specific projects. The income is matched against the eligible expenditure and any surplus carried forward to restricted reserves.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Restricted income (excluding that related to building funds) during the year was £1.65 million (2018: £1.32 million) and associated educational expenditure was £0.85 million (2018: £0.71 million). The growth in income and expenditure over recent years reflects the success of the Appeal in raising funds for educational expenditure; expenditure will normally lag donations in this way. The College has been very grateful for the financial support received over the years from other Colleges and Trusts within the University of Cambridge, including Trinity College, the Isaac Newton Trust and The Leathersellers' Company for teaching activities and student support. The surplus of £0.80 million is carried forward to future years.

Capital grants are funds given to support capital projects, such as buildings. The matching expenditure is not shown in the income and expenditure statement, as it takes the form of capital investment. £0.45 million was received during the year towards the refurbishment programme.

Endowment income

The endowment comprises restricted funds, the income from which may only be used for purposes specified by the donors, and unrestricted funds, from which the College can use the income (but not the capital) for general expenditure.

Under the College's Total Return Accounting policy, the College draws, as income, an amount based on a five-year rolling average of the financial year-end values of the Discretionary Investment Portfolio. In order to provide budget certainty and an opportunity to react to unanticipated changes in market conditions, the rolling average is lagged by one year, and the maximum that can be taken as income has been set at 4%. This change has contributed to an increase in income from the investment portfolio of £0.11 million.

Income within the Endowment arises from new donations and from investment returns. It is pleasing to report that the College's endowment has grown again, by £1.8 million to £61.1 million. The College was very grateful to receive a further contribution of £0.6 million from the Colleges' Fund, which is taken to Endowment in accordance with the condition of the grant.

Reserves and Financing

The College includes within its endowment external properties owned by the College, which are used to accommodate students. It considers that this policy is consistent with accounting and Charity Commission guidance, since the properties have the characteristics of investments, being relatively easily convertible to liquid assets and not considered essential to the fulfilment of the College's charitable objects. Taking this into account Fitzwilliam still has one of the smallest endowments among the Cambridge undergraduate colleges, and needs to continue to grow its reserves in order to provide assurance that it has sufficient resources to be able to sustain its academic mission in the long term.

Reserves which are available to meet general expenditure needs can now be measured as the difference between the value of investment assets and the endowment and restricted reserves. On this basis, 'free' reserves have recovered from £7.1 million to £9.0 million. A contributory factor has been that, due to the strong operating performance and the temporary pause in the need to fund the refurbishment programme, it has been possible to reinvest the income from the investment portfolio. Liquid assets remain sufficient to meet current liabilities as they fall due. This level of free reserves is still considered low in the context of the financing requirements of the refurbishment programme, pension fund deficits and the potential need to absorb operating deficits in the future.

The refurbishment programme will continue to place a heavy demand on College resources over the years to come, and the College has set itself an internal policy that requires 50% of internal refurbishments of accommodation to be met by donations and 100% of other projects. This formula is designed to allow the College to maintain an appropriate level of contingency, when financing refurbishment projects. It is very pleasing to report that these targets have been met for the works completed to date, and that College cash flow has been able thus far to finance the balance over the development period.

In 2008 the College took out a long term loan of £10 million intended to assist in the financing of construction projects and the management of its long term investment. The loan was initially used to fund completion of the Library, and new student accommodation, with the balance being invested to defray interest costs. The College has given certain general and financial covenants in connection with this loan, which have been met at all relevant times during the year.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Investment performance

The College investment portfolio consists of properties in Cambridge, which in the main are student accommodation, and a "discretionary investment portfolio", which is managed by the College's investment advisors under a discretionary mandate. Both classes of investment are overseen by the Investment Advisory Committee, operating under the primary investment objective to protect the real value of the capital base and the income generated from it.

At the year-end, Cambridge property totalled £32.4 million in value and made up 43% of all investments. The property market in Cambridge remains reasonably robust. The Governing Body has a long-term objective to reduce the allocation to 30%.

The value of the College's discretionary investment portfolio at the year-end was £42.7 million, compared with £39.2 million at the start of the year. This comprised £35.4 million of public market investments, and £7.3 million in private equity investments.

Global equity markets delivered positive returns over the year despite being down 11% at the midpoint after a volatile end to 2018. The second half of the financial year (first half of 2019) witnessed a change in tone from nearly all major central banks (particularly the Fed) to a far more accommodative stance, leading to renewed confidence that the economic cycle would continue, and a return of capital to equities. This was in spite of the challenges of an escalating trade war between the US and China, the world's two largest economies, which has caused global economic growth to slow and the risk of recession to increase. The value of sterling against the US dollar performed a 'round trip' during the period, strengthening up to \$1.32 in November before falling back to \$1.21 in July as concerns of the prospect of a 'no deal' Brexit increased.

Underlying growth in the discretionary portfolio was £1.7 million, representing a total return of 4.0%. This compares to RPI inflation for the 12 months to July 2019 of 2.9%. The objective of maintaining the real value of the portfolio and allowing a 4% annual cash withdrawal was therefore not met during the year. The main portion of the portfolio's total return came from the equity allocation, which represented 65% of total public markets assets at the year-end. The remaining return came principally from alternative assets, mainly gold, and from fixed income assets and cash. During the period, the cost of hedging the non-sterling currency exposure of the portfolio reduced the overall return as sterling weakened against major currencies during the financial year.

It should be noted that these returns do not yet reflect any significant contribution from the allocation to private equity. The nature of private equity is such that investments are made over a longer term timeframe as suitable opportunities arise. At this point, it is therefore too early to assess performance for this allocation. The College's portfolio continues to build the allocation to private equity towards its 20% target (including property holdings); \$5.3m was drawn during the year, making \$9.0m since the start of the investment.

The Appeal

This year the College formally completed its 150th Anniversary ten year fundraising campaign. £23 million was raised against a target of £20 million. Funds received during the 2018-19 financial year totalled £2.39 million.

During the campaign's term, over 3000 Fitzwilliam alumni made a contribution, with the average gift being £317. While the headline achievements - the capital projects, the major subject fund donations - tend to catch our attention, it is important to reflect on the significance of the smaller contributions. They not only give the College reassurance that it building on firm foundations - over a third of contactable alumni made at least one gift - but also underline that there remains significant potential for further growth.

In this financial year, 1,385 alumni made a donation, representing 11% of the contactable alumni on our records. During the telephone campaign, £0.27 million (2018: £0.27 million) was raised from 314 alumni donors. 68% of the alumni spoken to in the campaign chose to make a donation. In recent years, the majority of regular donations raised during our annual telephone campaign have been directed towards unrestricted funds, the benefit of which can be seen in the broader College balance sheet.

College fundraising has three clear aims for the next financial year. Firstly, we must secure funding for the continuation of the refurbishment of D, E and F staircases, through a mixture of major donations and broader alumni giving. Secondly, we will continue to promote the importance of the unrestricted fund, both with regular donors and during telephone campaigns. Thirdly, the College is preparing a robust case for support to raise funds for our access, widening participation and student support activities.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Looking ahead

The last year has been positive. Our students continue to flourish, achieving strong academic results and taking advantage of the array of wider opportunities available to them in College and throughout the University. For the most part they work hard but also enjoy themselves and develop hugely over their time in Fitzwilliam. For students who struggle more we aim to give, or help them access, the support they need, whether academically or personally to help them achieve and be happy.

Our most recent results confirm our belief that 'widening participation' goes hand in hand with academic achievement. We are confident that we can continue to encourage applications from a diverse range of backgrounds, accept a broad group of students and help them succeed at Cambridge. As a College we are proud to be at the forefront of the University's drive to widen access and believe this helps makes us a friendly, supportive and broad-based academic community. We will continue to work for enhancement of financial support and are particularly keen to extend support to graduate students. We believe that the balanced undergraduate/graduate ratio at Fitzwilliam is important to our ethos and vibrancy but are conscious that widening access is important across the whole student body. We are also establishing a Postdoctoral Society over the coming months to strengthen ties with this important group within the University. We continue to have a committed Fellowship who work very hard to support the aims of the institution and care deeply about the individual students with whom they have contact. They are ambitious for the future development of the College. We want to stand out as a great College in a world class University.

Inevitably there are challenges ahead, both internally and externally. We must continue to raise funds to refurbish student accommodation in College, in outside houses and the central building. Investments in IT and wider support for a range of provision such as counselling require ever increasing funding.

Such financial pressures need to be seen against a backdrop of political and economic uncertainty. The future trajectory of tuition fees is unclear and there is increasing regulatory pressure on universities. Brexit presents a challenge in relation to future research funding, HE government funding and the attraction of academics, non-teaching staff and students. The continuing dispute around the USS pension scheme is indicative of pressures in the system which are both understandable but difficult to resolve. Fundamentally, however, talented academic staff are the bedrock of our College and of the University and the competition for talent is international. It is vital that policy makers understand that our universities are competing globally and are an essential part of the future economic success and broader reputation and standing of the UK. Fitzwilliam College will continue to play its part in explaining this, and in developing the next generation of graduates who are ready to help grapple with national and global challenges.



R A Powell
Bursar

Date: 27th November 2019



Baroness Morgan of Huyton
Master

Date: 27th November 2019

ORGANISATION AND GOVERNANCE

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

Fitzwilliam College is an independent College of the University of Cambridge and was formed under Royal Charter granted on 9 September 1966.

Having previously held exempt charitable status, the College became a Registered Charity (registered number 1137496) subject to regulation by the Charity Commission for England and Wales, on 16th August 2010.

The Fellows of the College comprise the Governing Body, which is responsible for the government of the College in accordance with its Statutes. The Fellows are the Trustees of the Registered Charity and are responsible for ensuring compliance with charity law. New Fellows are elected by a vote of the Governing Body, having been formally proposed by the College Committee, and take up their trusteeship upon formal admission. The detailed procedures for election and admission are set out in Statute XVIII of the College Statutes which can be viewed on the College website. New Fellows are made aware of their duties and responsibilities as Trustees as part of their induction to the College, including being provided with a copy of the Charity Commission Welcome Pack, and the document "The Essential Trustee".

The College has a policy for the registration and declaration of interests for the purpose of managing any conflicts that might arise in the conduct of the College's business. A register of interests is maintained and updated regularly. Declarations of interest are made systematically at meetings; at the discretion of the chair, members may be required to absent themselves from the meeting during discussion of the matter in respect of which they have an interest.

The members of the Governing Body during the year ended 31st July 2019, including the senior officers, are listed on page 1.

Corporate Governance

The College statutes require that at least one Ordinary College Meeting of the Governing Body be held in each University term and a Special College Meeting (called the Audit Meeting) takes place every year. At the Audit meeting the Governing Body reviews the Annual Report and Financial Statements and the Risk Register and satisfies itself that they present a balanced and understandable assessment of the College's position and prospects. During the year the Governing Body met on seven occasions, including the Audit Meeting.

There is an internal Audit Committee made up of two elected members of the Governing Body, with the remit to report to the Governing Body on the Annual Accounts of the College and any matters arising therefrom, including strategic issues, management of the College and its finances, and the content of the Bursar's Report on the Accounts. The members of the Audit Committee meet with the external auditors and have full independent access to them. The Audit Committee is also responsible for advising the Governing Body on the adequacy of the College's risk management arrangements.

The Governing Body has delegated some duties to the College Committee so that it can control key issues and monitor the overall performance of the College. The Governing Body decides on organisational strategy and authority is delegated to the College Officers for implementing that strategy and for managing the College.

It is the duty of the College Committee to keep under review the effectiveness of the College's internal systems of financial and other controls, to advise the Governing Body on the appointment of auditors, to monitor the implementation of recommendations made by the auditors, and to approve the Bursar's annual report to the Governing Body.

The College Committee is chaired by the Master, and its membership comprises the President, the Senior Tutor, the Graduate Tutor, the Bursar, the Secretary of the Governing Body and 7 Fellows elected to serve for 2 years at a time.

The work of the Governing Body and the College Committee is supported and informed by a number of Committees, the most important of which are the Education Committee, the Tutorial Committee, the Admissions Committee, the Investment Advisory Committee, the Estates Committee and the Development Committee.

ORGANISATION AND GOVERNANCE (continued)

Statement of Trustee benefits

Members of, and academic visitors to, the College, both students and Fellows, are the prime beneficiaries of the Charity. The College is constituted by Royal Charter as a self-governing body of scholars. This means that the Fellows who are members of the Governing Body are also Trustees of the Charity. This places a special fiduciary duty on the Governing Body to ensure that the private benefit accruing to the Master and Fellows through stipends and related benefits is objectively reasonable, measured against academic stipends generally; the Governing Body is satisfied that this is the case, noting particularly that annual pay increases normally follow national settlements applying to the university sector.

Any employment and/or remuneration of the Master and Fellows is undertaken with the intention of furthering the College's charitable purposes. The senior officers of the College such as the Master, Bursar, Development Director, Senior Tutor, College Lecturers, Tutors, Directors of Studies, and Dean receive stipends. Fellows of the College may also receive remuneration for undertaking teaching. No remuneration is paid for undertaking the role of Trustee. Remuneration received by Fellows for teaching and the performance of other College Offices in the year 2018-19 was £921,000. Office facilities are also provided for all Fellows.

As beneficiaries of the Charity the Fellows receive certain allowances and privileges to support them in their teaching and research activities. These include research allowances, dining rights and the use of College guest rooms for academic visitors.

Subject to availability and need, the College Statutes also require the Governing Body to make available residential accommodation in College free of any rental charge. Resident Fellows pay a charge to cover the costs of servicing this accommodation. During the year ended 2018-19 there were 8 Fellows resident in the College. Research Fellows who choose not to live in College are paid a living out allowance.

The College operates a housing loan scheme to support new Fellows acquiring their first property in the Cambridge area. The purpose is to enable the College to attract new Fellows and thereby to strengthen the teaching and research undertaken within the College. The loans are made at a rate of interest which is not less than the Official Rate of interest, as determined by HM Revenue & Customs from time to time, which should be applied to beneficial loans made by employers to employees. At the end of the financial year 2018-19 there were 7 housing loans outstanding with a balance of £732,234.

Stipends and Remuneration

Stipends and other aspects of trustee benefits are determined by the Governing Body, acting under advice from the Stipends and Remuneration Committee. Formerly this committee was comprised of three senior Fellows who do not draw stipends from the College, chaired by the Master. The constitution of the Committee was changed from January 2019, such that the membership of the Committee now comprises three external members and two internal members (who do not draw stipends from the College) plus the Master. The Chair of the Committee is an external member. For any matters concerning the remuneration of the Master, the Master withdraws and the President becomes a member.

The Committee meets three times a year, unless circumstances require an additional meeting. Individual stipends are reviewed on a three yearly cycle, with the exception of the Master whose stipend is reviewed five years from appointment. The Committee oversees and reviews all individual salaries, stipends and allowances paid to academic staff, including trustees, and the annual process of making individual salary increments and special bonus awards to non-academic staff. In determining a level of remuneration which is objectively reasonable and fair, the Committee has regard to comparative data available for similar roles across Cambridge Colleges and for other stipendiary roles within the College. Recommendations from the Stipends and Remuneration Committee must by Statute be approved by the Governing Body, which by convention only approves or rejects the recommendations; it does not amend them.

Principal Policies

Employment

The College consults with its non-academic staff through staff team meetings, Head of Department meetings and an annual all-staff meeting held by the Bursar. Training needs are identified on an individual basis through regular appraisals and are addressed through both external and internal provision. The College is committed to the principle and practice of equal opportunities and seeks to apply these in all its employment related activities..

ORGANISATION AND GOVERNANCE (continued)

After the closure of the Fitzwilliam College Assistant Staff Superannuation (FCASS) scheme to new contributions in 2004, members of the non-academic staff were offered the opportunity to join Universities Superannuation Scheme (USS) upon completion of a satisfactory probationary period. This option closed on 31st October 2013, since when staff who are not already a member of one of the above schemes have been offered membership of the Cambridge Colleges Group Personal Pension scheme, a defined contribution scheme operated by Aviva Life and Pensions UK Ltd. There remains a significant number of current and former staff who have accrued benefits in FCASS and in USS.

Environmental Management

Fitzwilliam College has an active Environmental Committee, composed of students, fellows and staff, working together to implement green initiatives and increase awareness of environmental issues. The College signed the Cambridge Climate Change Charter in November 2008 and has put in place an Environmental Action Plan covering energy efficiency, carbon emissions, water consumption, waste management and minimisation, purchasing, transport, chemical pollutants and new developments and construction, as well as an Environmental Policy statement. Fitzwilliam has also adopted a Sustainable Food Policy covering sourcing, purchasing, consumption and waste-reduction. In addition, the College has introduced a programme to offset the carbon emissions stemming from all Fitzwilliam-supported travel.

The College is a member of the Cambridge Colleges' Energy Purchasing Consortium through which the Colleges have worked together to meet their obligations under the Government's Carbon Reduction Commitment (CRC) Energy Efficiency scheme. This scheme ended in March 2019, but the collaborative purchasing has proved beneficial to the Colleges both economically and environmentally, and will continue. Fitzwilliam is also participating in the University's Green Impact Scheme.

Fundraising

In line with other activities, the College has created a risk template (14) relating to Donations. This template is reviewed annually by the Development Committee. The College has not used professional fundraisers during the year, and has not received any complaints about its fundraising practices. This year, the College will manage its own telephone fundraising in-house, for the first time. Fitzwilliam has voluntarily registered with the Fundraising Regulator (www.fundraisingregulator.org.uk) and as such has agreed to follow and uphold the criteria set out by the Code of Fundraising Practice and the Fundraising Promise, as these relate to our institution.

Investment

The primary investment objective for Fitzwilliam College is to protect the real value of the capital base and the income generated from it.

The College investment portfolio is divided between directly held properties and a Discretionary Investment Portfolio (DIP) managed by professional investment managers. The property portfolio, in normal market conditions, is expected to generate a higher yield and lower volatility than the Discretionary portfolio.

The Discretionary Investment Portfolio (DIP)

The College has chosen to adopt the Total Return accounting practice for the DIP, in order to allowing its fund managers greater flexibility in the range of investments utilised. An "income rule", determined by College Ordinance, is used to determine the prudent amount to take as income from investments; the maximum that can be taken as income in any one year has been set at 4% of the average the last five years' valuations, lagged by one year. Growth in the fund over recent years results in the average being significantly below the current value of the fund. The planned drawdown for the year is reviewed in advance by the Investment Advisory Committee to ensure that the actual amount taken is prudent and sustainable.

The investment policy is focused on producing a total return that is consistent with being able to meet a cash withdrawal requirement over a stock market cycle expressed as 4% of the value of the DIP, calculated on a five year rolling average lagged by one year.

The College is a long term investor, and recognises that, over this time period, investment risks are necessary to achieve its long-term investment objectives. These risks may include both price volatility and illiquidity. The Governing Body considers that this is consistent with a willingness to accept, in normal market conditions, a one in 20 year risk of a loss in value of 15% or more in one year, and a one in 100 year risk of a loss in value of 20% or more in one year.

ORGANISATION AND GOVERNANCE (continued)

Ethical investment policy

The College adheres to Charity Commission guidance on ethical investments, and the Investment Advisory Committee may from time to time, where it is consistent with that advice, direct the investment managers not to make direct investments in specific companies. Such companies shall include tobacco companies, companies dealing in illegal arms or with countries with which the UK government does not permit them to trade and those dependent upon pornography or child labour.

The College will seek to apply this policy to investments in pooled funds so long as it is practical and economic to do so.

A full statement of the College's Investment Policy may be found on the College website. This policy statement is currently under review with a view to updating it to take account of a broader range of environmental, social and governance concerns which are relevant to the College as a charity.

Risk Management

The Governing Body has adopted a "top-down" approach to the management of risk. 15 strategic risks have been identified by the Governing Body on the basis that they would directly impact the achievement of the College's strategic goals. Responsibility for their management, including the identification and management of sub-risks, passed to nominated risk owners under the oversight of the appropriate College committee. The Audit Committee reports annually to the Governing Body on the management of risks.

The risk management process involves the assessment of the College's 'Risk Appetite' for each risk. The components of the risk are then identified as 'sub-risks' and the risk is scored for severity, based upon an assessment of its likelihood and maximum potential impact, before the application of controls. Controls are identified which bring the risk to within the appetite. The score after the application of controls determines whether additional actions are required to manage the risk, and the ratio between the scores before and after controls is a measure of 'control effectiveness'. Each risk is reviewed by its oversight committee at least once a year. The College has developed an on-line system to support the risk management process which includes the capability to monitor a set of 'key risk indicators' thereby making the review process much more dynamic than would otherwise be the case. In 2018-19 risks were managed using this system for the first time, and development will continue in 2019-20.

The biggest risks after mitigation relate to external factors which, by definition, are outside the direct control of the College. These include the impact of Brexit, Government policy on student finance, the interventions of the Office for Students, the impact of pension deficits and general economic conditions affecting students. Control activities are focussed on improving the College's ability to anticipate and plan for these eventualities by working closely with other Colleges and the University to ensure that the impacts of such changes are fully understood by decision makers.

Investment risk scores highly on the College's risk management system, but because the College is a long term investor, this is considered to be within the risk appetite set by the Governing Body.

The internal risks that score most highly are those relating to student education, student welfare, admissions, staffing and information systems. The Governing Body believes that established control systems are fit for purpose in managing these risks.

The College has a strong system of financial and management controls. The financial cycle begins with the approval by the Governing Body of the annual budget; as part of this process the Governing Body also reviews five-year projections. Monthly management accounts, incorporating budget comparisons and forecasts are prepared and are scrutinised by the College Committee. Budget responsibility is devolved from the Bursar to heads of department, and the Bursar undertakes regular reviews of performance at this level.

Safeguarding

The College aims to adopt the highest standards and take all reasonable steps in relation to the safety and welfare of children and adults at risk. The Safeguarding policy is published on the College website, and delivered through the well-established tutorial system. The College safeguarding officer is the Bursar who reports annually to the Governing Body on safeguarding matters. Through the Senior Tutors' Committee and relevant welfare committees, the College works closely with other colleges and with the University to ensure consistency and fairness across collegiate Cambridge.

STATEMENT OF INTERNAL CONTROL

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

The systems of internal control are 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 systems of internal control are 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 31 July 2018 and up to the date of approval of the financial statements.

The Governing Body is responsible for reviewing the effectiveness of the system of internal control.

The Governing Body's review of the effectiveness of the system of internal control is informed by the work of the various 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.

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 those financial statements the Governing Body is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable it to ensure that the financial statements comply with the Statutes of the University of Cambridge. It is also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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.

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF FITZWILLIAM COLLEGE

Opinion

We have audited the financial statements of Fitzwilliam College (the 'College') for the year ended 31 July 2019 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated statement of changed in reserves, the consolidated balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of principal 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 31 July 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 Auditor's 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 report of the Governing Body 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.

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF FITZWILLIAM COLLEGE

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 report of the Governing Body 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 Governing Body's responsibilities statement set out on page 19, the Governing Body 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 Governing Body is 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.

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

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

Use of our report

This report is made solely to the College trustees, as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and the Charities Act 2011. Our audit work has been undertaken so that we might state to the College trustees those matters we are required to state to them in an 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 and the College trustees as a body, for our audit work, for this report, or for the opinions we have formed



PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date:

9 December 2019

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2019

Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (The SORP). The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 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 which are included at valuation.

Basis of consolidation

These financial statements consolidate the financial statements of the College and its two subsidiaries, Fitzwilliam College Services Limited and Kawakawa Bay Limited for the year ended 31 July 2019. The two companies are wholly owned subsidiaries of the College. Intra-group balances are eliminated on consolidation. A separate balance sheet and related notes for the College only are not included because all profits of the subsidiaries are gift aided to the College and the balance sheet of the College would not be materially different to the one included in these accounts. Details of the subsidiary undertaking are given in note 25.

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

Recognition of income

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2019

Recognition of income (continued)

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

Investment income and change in value of investment assets

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

Total return

The College adopts a total return policy with regard to its endowment assets (excluding property). Spendable income up to a maximum of 4% of the average relevant endowment based on a five-year rolling average and lagged by one year is included as endowment income as agreed by the Governing Body each year. The agreed spendable income percentage for the year ended 31 July 2019 was 4%.

Other income

Income is received from a range of activities including residences, catering, conferences and other services rendered and recognised in the period it becomes receivable.

Funds received and disbursed as paying agent

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the College as it is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

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 contracts, 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

Fixed assets are stated at depreciated replacement cost less accumulated depreciation and accumulated impairment losses.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College. Freehold land is not depreciated as it is considered to have an indefinite useful life.

The costs of freehold buildings are split between their different major components and depreciated on a straight line basis over their expected useful economical lives as follows:

Structure – between 50 and 95 years

Fit-out, plant and machinery – 25 years

The College incurs substantial costs in maintaining its properties to expected high standards with the effect of increasing the expected future benefits and that is taken in consideration when making estimates of economic useful lives. Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

The cost of additions to operational property shown in the balance sheet includes the cost of land.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2019

Fixed assets (continued)

Furniture, fittings, general equipment and library books

Furniture, fittings equipment and library books are capitalised at cost. Depreciation is provided on a straight line basis over the expected useful life of the assets as follows:

Library books	15 years
Furniture, fittings and general equipment	10 years
Catering and conference equipment	5 years
Computer equipment	4 years

Heritage assets

The College does not hold any material heritage assets and as such no further disclosures are considered required in these financial statements.

Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Investments

Fixed asset investments are included in the balance sheet at fair value, 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 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.

Taxation

The College is a registered charity (number 1137496) 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIESFor the year ended 31 July 2019

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 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.

Accounting for retirement benefits**Defined Benefit Plan**

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the College pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

The College pays contributions to two defined benefit pension schemes and one defined contribution pension scheme as follows:

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (the scheme). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the College therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of comprehensive income and expenditure represents the contributions payable to the scheme. Since the College has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the statement of comprehensive income and expenditure in accordance with section 28 of FRS 102. The trustees are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2019

Accounting for retirement benefits (continued)

Fitzwilliam College Assistant Staff Superannuation Fund

The College also contributes to the Fitzwilliam College Assistant Staff Superannuation Fund, which is a similar defined benefit pension scheme. Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are matched evenly, so far as possible, to the service lives of the employees concerned.

Cambridge Colleges AVIVA Group Personal Pension Scheme

The College contributes to a defined contribution pension scheme in order to meet the auto enrolment obligations. The scheme is administered by AVIVA and its' assets are held separately from those of the College. The College contributions will vary between 5% and 9% of basic salary depending on the level of each employee's personal contribution. Contributions are charged to the statement of comprehensive income and expenditure 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 July 2019

For the year ended 31 July 2019										2018	
										2019	
Income	Note	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000		
Academic fees and charges	1	3,500	0	0	3,500	3,259	0	0	3,259		
Residences, catering and conferences	2	6,545	0	0	6,545	6,044	0	0	6,044		
Investment income	3	80	0	492	572	79	0	536	615		
Endowment return transferred	3	609	652	(1,261)	0	597	557	(1,154)	0		
Other income		154	0	0	154	214	0	0	214		
Total income before donations and endowments		10,888	652	(769)	10,771	10,193	557	(618)	10,132		
Donations		494	0	0	494	6,318	0	0	6,318		
New endowments		0	999	405	1,404	0	758	839	1,597		
Capital grant from Colleges Fund		0	0	619	619	0	0	349	349		
Other capital grants for assets		0	448	0	448	0	403	0	403		
Total income		11,382	2,099	255	13,736	16,511	1,718	570	18,799		
Expenditure											
Education	4	4,773	849	0	5,622	3,812	713	0	4,525		
Residences, catering and conferences	5	6,355	0	0	6,355	6,116	0	0	6,116		
Other expenditure		451	0	0	451	400	0	0	400		
Contribution under Statute G.II		0	0	0	0	0	0	0	0		
Total expenditure	6	11,579	849	0	12,428	10,328	713	0	11,041		
Surplus/(deficit) before other gains and losses		(197)	1,250	255	1,308	6,183	1,005	570	7,758		
Gain/(loss) on investments	9	5	97	1,489	1,591	1	12	25	38		
Surplus/(deficit) for the year		(192)	1,347	1,744	2,899	6,184	1,017	595	7,796		
Other comprehensive income											
Actuarial gain/(loss) in respect of pension schemes	24	(255)	0	0	(255)	280	0	0	280		
Total comprehensive income for the year		(447)	1,347	1,744	2,644	6,464	1,017	595	8,076		

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For the year ended 31 July 2019

CHANGES IN RESERVES 2019

	<i>Income and expenditure reserve</i>			2019
	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 August 2018	68,965	4,791	59,272	133,028
Surplus from income and expenditure statement	(192)	1,347	1,744	2,899
Other comprehensive income	(255)	0	0	(255)
Release of restricted capital funds spent in the year	724	(724)	0	0
Other transfers	(3)	(55)	58	0
Balance at 31 July 2019	69,239	5,359	61,074	135,672

CHANGES IN RESERVES 2018

	<i>Income and expenditure reserve</i>			2018
	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 August 2017	62,390	4,025	58,537	124,952
Surplus from income and expenditure statement	6,184	1,017	595	7,796
Other comprehensive income	280	0	0	280
Release of restricted capital funds spent in the year	113	(113)	0	0
Other transfers	(2)	(138)	140	0
Balance at 31 July 2018	68,965	4,791	59,272	133,028

The notes on pages 31 to 47 form part of these accounts

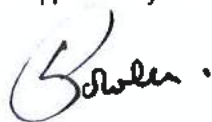
CONSOLIDATED BALANCE SHEET

As at 31 July 2019

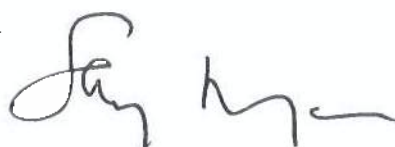
		2019	2018
	Note	£000	£000
Non-current assets			
Fixed assets	8	73,449	73,673
Investments	9	75,399	71,190
		<u>148,848</u>	<u>144,863</u>
Current assets			
Stocks	10	61	56
Trade and other receivables	11	1,901	2,129
Cash and cash equivalents	12	9	18
		<u>1,971</u>	<u>2,203</u>
Creditors: amounts falling due within one year	13	<u>(2,348)</u>	<u>(2,073)</u>
Net current assets		<u>(377)</u>	<u>130</u>
Total assets less current liabilities		<u>148,471</u>	<u>144,993</u>
Creditors: amounts falling due after more than one year	14	<u>(10,000)</u>	<u>(10,000)</u>
Provisions			
Pension provisions	15	<u>(2,799)</u>	<u>(1,965)</u>
Total net assets		<u>135,672</u>	<u>133,028</u>
Restricted reserves			
Income and expenditure reserve – endowment reserve	16	61,074	59,272
Income and expenditure reserve – restricted reserve	17	5,359	4,791
		<u>66,433</u>	<u>64,063</u>
Unrestricted reserves			
Income and expenditure reserve – unrestricted		69,239	68,965
Total reserves		<u>135,672</u>	<u>133,028</u>

The financial statements were approved by the Governing Body on 27th November 2019 and signed on its behalf by:

R A Powell
Bursar



Baroness Morgan of Huyton
Master



The notes on pages 31 to 47 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2019

		2019	2018
	Note	£000	£000
Net cash inflow from operating activities	19	1,718	902
Cash flows from investing activities	20	(942)	186
Cash flows from financing activities	21	(493)	(492)
Increase/(decrease) in cash and cash equivalents in the year		<u>283</u>	<u>596</u>
Cash and cash equivalents at beginning of the year		<u>(434)</u>	<u>(1,031)</u>
Cash and cash equivalents at end of the year	22	<u>(151)</u>	<u>(434)</u>

The notes on pages 31 to 47 form part of these accounts

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

1. ACADEMIC FEES AND CHARGES

	2019	2018
	£000	£000
Colleges fees:		
Fee income received at regulated undergraduate rate	1,785	1,781
Fee income received at unregulated undergraduate rate	693	599
Fee income received at the graduate rate	1,022	879
	<u>3,500</u>	<u>3,259</u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2019	2018
	£000	£000
Accommodation:		
College members	3,276	3,133
Conferences	924	753
Catering:		
College members	1,414	1,321
Conferences	931	837
	<u>6,545</u>	<u>6,044</u>

3. ENDOWMENT RETURN AND INVESTMENT INCOME

	2019	2018
	£000	£000
3a. Analysis of Investment Income:		
Income drawdown from endowment (note 3b)	1,261	1,154
Other investment income	80	79
	<u>1,341</u>	<u>1,233</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

3b. Summary of Total Return

	2019	2018
	£000	£000
<u>Income from:</u>		
Quoted securities and cash	492	536
	<hr/>	<hr/>
<u>Gains/(Losses) on endowment assets:</u>		
Quoted securities and cash	1,248	1,026
	<hr/>	<hr/>
Total return for the year	1,740	1,562
	<hr/>	<hr/>
Transfer to income and expenditure reserve (note 3a)	(1,261)	(1,154)
	<hr/>	<hr/>
Unapplied total return for the year included within the Statement of Comprehensive Income and Expenditure (note 18)	479	408
	<hr/>	<hr/>

The investment income recorded in note 3a for 2019 related to income receivable from land and buildings, quoted securities and cash investments.

4. EDUCATION EXPENDITURE

	2019	2018
	£000	£000
Teaching	3,232	2,448
Tutorial	822	743
Admissions	286	197
Research	330	257
Scholarships and awards	695	641
Other educational facilities	257	239
	<hr/>	<hr/>
	5,622	4,525
	<hr/>	<hr/>

5. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2019	2018
	£000	£000
Accommodation:		
College members	3,392	3,292
Conferences	782	731
Catering:		
College members	1,433	1,349
Conferences	748	744
	<hr/>	<hr/>
	6,355	6,116
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

6a. ANALYSIS OF 2018/19 EXPENDITURE BY ACTIVITY

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education	2,554	2,465	603	5,622
Residences, catering and conferences	2,918	2,264	1,173	6,355
Other	124	324	3	451
	<u>5,596</u>	<u>5,053</u>	<u>1,779</u>	<u>12,428</u>

The above expenditure includes fundraising costs of £367,932 (2018: £359,008).
This expenditure includes the costs of alumni relations.

6b. ANALYSIS OF 2017/18 EXPENDITURE BY ACTIVITY

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education	1,871	2,090	564	4,525
Residences, catering and conferences	2,822	2,092	1,202	6,116
Other	113	283	4	400
	<u>4,806</u>	<u>4,465</u>	<u>1,770</u>	<u>11,041</u>

6c. AUDITORS' REMUNERATION

	2019 £000	2018 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	19	18
Other fees payable to the College's external auditors	<u>0</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

7. STAFF COSTS

	College fellows £000	Non- academic £000	2019 Total £000	2018 Total £000
<i>Staff costs:</i>				
Emoluments	647	3,526	4,173	4,101
Social security costs	143	212	355	283
Other pension costs	131	298	429	422
USS deficit contribution	639	0	639	0
	<u>1,560</u>	<u>4,036</u>	<u>5,596</u>	<u>4,806</u>
	No	No	No	No
<i>Average staff numbers:</i>				
Academic	49	0	49	52
Non-academic	0	120	120	116
	<u>49</u>	<u>120</u>	<u>169</u>	<u>168</u>

The Governing Body comprised 56 Fellows of which the 49 declared above were stipendiary.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000.

Key management personnel

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

During the year, emoluments paid to Trustees including key management personnel in their capacity as College Officers were:

	2019 £000	2018 £000
Aggregate Emoluments	<u>921</u>	<u>943</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £000	Assets under construction £000	Furniture, fittings and equipment £000	2019 Total £000	2018 Total £000
Cost					
At beginning of year	76,614	212	6,278	83,104	75,021
Additions	1,083	44	428	1,555	8,083
Transfers	171	(171)	0	0	0
Disposals	0	0	0	0	0
At end of year	<u>77,868</u>	<u>85</u>	<u>6,706</u>	<u>84,659</u>	<u>83,104</u>
Depreciation					
At beginning of year	4,519	0	4,912	9,431	7,661
Charge for the year	1,361		418	1,779	1,770
Eliminated on disposals	0	0	0	0	0
At end of year	<u>5,880</u>	<u>0</u>	<u>5,330</u>	<u>11,210</u>	<u>9,431</u>
Net book value					
At end of year	<u>71,988</u>	<u>85</u>	<u>1,376</u>	<u>73,449</u>	<u>73,673</u>
At beginning of year	<u>72,095</u>	<u>212</u>	<u>1,366</u>	<u>73,673</u>	<u>67,360</u>

The insured replacement cost of freehold land and buildings as at 31 July 2019 was £78,415,203.

9. INVESTMENTS

	2019 £000	2018 £000
Balance at beginning of year	71,190	72,577
Additions	14,969	36,442
Disposals	(12,265)	(35,359)
Gain/(Loss)	1,591	38
Increase/(decrease) in cash balances held at fund managers	(86)	(2,508)
Balance at end of year	<u>75,399</u>	<u>71,190</u>
Represented by:		
Investment properties	32,391	31,870
Quoted securities - equities	42,679	38,904
Cash held at investment managers	22	330
Bank balances	307	86
	<u>75,399</u>	<u>71,190</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

10. STOCKS

	2019	2018
	£000	£000
Goods for resale	61	56
	<u> </u>	<u> </u>

11. TRADE AND OTHER RECEIVABLES

Due within one year	2019	2018
	£000	£000
Members of the College	179	259
Other debtors	1,722	1,870
	<u> </u>	<u> </u>
	1,901	2,129
	<u> </u>	<u> </u>

12. CASH AND CASH EQUIVALENTS

	2019	2018
	£000	£000
Current accounts	7	16
Cash in hand	2	2
	<u> </u>	<u> </u>
	9	18
	<u> </u>	<u> </u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£000	£000
Bank overdraft	160	452
Members of the College	164	173
Other creditors	2,024	1,448
	<u> </u>	<u> </u>
	2,348	2,073
	<u> </u>	<u> </u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£000	£000
Bank loan	10,000	10,000
	<u> </u>	<u> </u>

The bank loan is unsecured and to be repaid in full by 30 July 2058 at a fixed rate of 4.93% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

15. PENSION PROVISIONS

	To fund deficit on USS pension £000	Defined benefit obligation (note 24) £000	2019 Total £000	2018 Total £000
Balance at beginning of year	413	1,552	1,965	2,414
Movement in year:				
Contributions	638	(175)	463	(240)
Other expenditure	9	107	116	71
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	0	255	255	(280)
Balance at end of year	<u>1,060</u>	<u>1,739</u>	<u>2,799</u>	<u>1,965</u>

USS Provision

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.

The major assumptions used to calculate the obligation are set out below:

	2019	2018
Discount rate	1.58%	2.16%
Salary growth	3.00%	3.00%

The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the USS overall deficit provision, which has increased from £83.1 million to £248.4 million. £165.1 million of this increase is attributable to the change in the deficit contributions contractual commitment. More details on the 2017 actuarial valuation including key assumptions are set out in note 24.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 24. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £669,914, a decrease of £390,424 from the current year end provision.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

16. 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	14,425	44,847	59,272	58,537
New donations and endowments	405	0	405	839
Other transfers	2	56	58	140
Capital grant from Colleges Fund	0	619	619	349
Increase/(decrease) in market value of investments	219	501	720	(593)
Balance at end of year	15,051	46,023	61,074	59,272

Analysis by type of purpose:

Fellowship and Research Funds	5,103	0	5,103	4,874
Scholarship and Prize Funds	2,175	169	2,344	2,125
Chapel Funds	389	0	389	382
Travel Grant Funds	397	0	397	375
Hardship Funds	4,428	0	4,428	4,330
Other Funds	2,559	0	2,559	2,339
General endowments	0	45,854	45,854	44,847
	15,051	46,023	61,074	59,272

Analysis by asset:

Property	0	31,017	31,017	30,525
Investments	15,051	15,006	30,057	28,747
Cash	0	0	0	0
	15,051	46,023	61,074	59,272

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

17. RESTRICTED RESERVES

Reserves with restrictions are as follows:

Consolidated	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	2019 Total £000	2018 Total £000
Balance at beginning of year					
Capital	293	0	3,302	3,595	2,976
Accumulated income	0	1,136	60	1,196	1,049
	<u>293</u>	<u>1,136</u>	<u>3,362</u>	<u>4,791</u>	<u>4,025</u>
New capital grants	448	0	0	448	403
New donations	0	0	999	999	758
Other transfers	0	(2)	(53)	(55)	(138)
Endowment return transferred	3	528	121	652	557
Increase/(decrease) in market value of investments	0	0	97	97	12
Expenditure	0	(374)	(475)	(849)	(713)
Capital grants utilised	(724)	0	0	(724)	(113)
	<u>20</u>	<u>1,288</u>	<u>4,051</u>	<u>5,359</u>	<u>4,791</u>
Balance at end of year					
	<u>20</u>	<u>1,288</u>	<u>4,051</u>	<u>5,359</u>	<u>4,791</u>
Comprising:					
Capital	20	0	3,962	3,982	3,595
Accumulated income	0	1,288	89	1,377	1,196
	<u>20</u>	<u>1,288</u>	<u>4,051</u>	<u>5,359</u>	<u>4,791</u>

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

Fellowship and Research Funds	0	479	96	575	538
Scholarship and Prize Funds	0	115	0	115	97
Chapel Funds	0	124	362	486	477
Travel Grant Funds	0	28	1	29	23
Hardship Funds	0	330	1738	2,068	1,394
Building Funds	20	0	898	918	1,150
Other Funds	0	212	956	1,168	1,112
	<u>20</u>	<u>1,288</u>	<u>4,051</u>	<u>5,359</u>	<u>4,791</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

18. MEMORANDUM OF UNAPPLIED TOTAL RETURN

Within reserves the following amounts represent the unapplied Total Return of the College:

	2019	2018
	£000	£000
Initial unapplied Total Return	23,995	23,587
Unapplied Total Return for the year (note 3b)	480	408
	<u>24,475</u>	<u>23,995</u>
Unapplied Total Return at end of year	<u>24,475</u>	<u>23,995</u>

19. RECONCILIATION OF CONSOLIDATED SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2019	2018
	£000	£000
Surplus for the year	2,899	7,796
Adjustment for non-cash items		
Depreciation	1,779	1,770
Increase in stocks	(5)	0
Decrease in trade and other receivables	181	(225)
Increase in creditors	438	274
Pension costs less contributions payable	549	(162)
Gains on endowments, donations and investment properties	(1,591)	(38)
Transfer of net assets from Fitzwilliam Information Services Trust Ltd	0	(6,041)
Adjustment for investing or financing activities		
Investment income	(572)	(615)
Interest payable	493	492
New endowments	(1,386)	(1,597)
Capital grant from colleges fund	(619)	(349)
Other capital grants for assets	(448)	(403)
	<u>1,718</u>	<u>902</u>
Net cash inflow from operating activities	1,718	902

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

20. CASH FLOWS FROM INVESTING ACTIVITIES

	2019	2018
	£000	£000
Proceeds from sales of endowment assets	12,262	32,523
New endowment funds received	1,399	1,690
Capital grant from Colleges fund	619	349
Other capital grants for assets	448	403
Investment income	560	602
Endowment funds invested	(14,969)	(36,442)
Placed deposits	86	2,508
Payments made to acquire non-current fixed assets	(1,424)	(1,258)
Donations to Fitzwilliam Information Services Trust Ltd	0	9
Fitzwilliam Society loan movement	2	2
Loan repayments by Fellows	75	(200)
Total cash flows from investing activities	(942)	186

21. CASH FLOWS FROM FINANCING ACTIVITIES

	2019	2018
	£000	£000
Interest paid	(493)	(492)
Total cash flows from financing activities	(493)	(492)

22. RECONCILIATION OF CASH FLOW TO STATEMENT OF FINANCIAL POSITION

	Note	At beginning of year £000	Cash flows £000	At end of year £000
Cash at bank and on deposit	12	18	(9)	9
Bank overdraft	13	(452)	292	(160)
		<u>(434)</u>	<u>283</u>	<u>(151)</u>

23. CAPITAL COMMITMENTS

	2019	2018
	£000	£000
Capital commitments at 31 July 2019 are as follows:		
Authorised and contracted	395	473
Authorised but not yet contracted for	<u>0</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

24. PENSION SCHEMES**Universities Superannuation Scheme**

The total cost charged to the statement of comprehensive income and expenditure was as follows:

	2019 £000	2018 £000
Total employer contributions during the year	333	350
Add: contributions relating to past service (note 15)	638	(65)
Amount charged to the statement of comprehensive income and expenditure	971	285

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

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

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%

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

	2019	2018
Mortality base table	<p><u>Pre-retirement:</u></p> <p>71% of AMCOO (duration 0) for males and 112% of AFC00 (duration 0) for females.</p> <p><u>Post retirement:</u></p> <p>96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.</p>	<p><u>Pre-retirement:</u></p> <p>71% of AMCOO (duration 0) for males and 112% of AFC00 (duration 0) for females.</p> <p><u>Post retirement:</u></p> <p>96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.</p>
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

24. PENSION SCHEMES**Universities Superannuation Scheme (continued)**

The current life expectancies on retirement at age 65 are:

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

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

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

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019, and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £669,914, a decrease of £390,424 from the current year end provision and a lower charge through the Statement of Comprehensive Income also of £390,424.

Based on the 31 March 2018 full actuarial valuation, 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%. In addition, the scheme contains a defined contribution section (Investment Builder) which at 31 March 2018 held assets of £0.8bn that are invested separately to the defined benefit section. These assets exactly match the value of the liabilities they cover and both have been excluded from the information above for the defined benefit section.

At the previous valuation at 31 March 2017 the shortfall was £7.5bn, equivalent to a funding level of 89%. The key reasons for the changes between the two valuations are set out below:

Shortfall at 31 March 2017	£7.5bn
Expected interest on shortfall	0.2
Higher than expected investment returns	-2.2
Employers' contributions over the inter-valuation period	0.4
Change in underlying financial conditions	-1.8
Change in demographic assumptions - mortality	-0.5
Shortfall at 31 March 2018	£3.6bn

The Trustee has decided that in order to correct the shortfall of £3.6bn the Employers should make deficit contributions of 2.0% of members' total pensionable salaries from 1 October 2019, increasing to 6.0% from 1 October 2021. If the assumptions are borne out in line with those underlying the recovery plan this would be expected to correct the shortfall by 31 March 2028. The next actuarial valuation is due to take place with an effective date no later than 31 March 2021 (although the Trustee has indicated its intention to carry out a valuation as at 31 March 2020). If experience up to 31 March 2021 is in line with the recovery plan assumptions, and contributions are in line with those detailed in section 2, the shortfall at 31 March 2021 would be £3.9bn, equivalent to a funding level of 95%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

24. PENSION SCHEMES**Fitzwilliam College Assistant Staff Superannuation Fund (FCASSF)**

The College also operates an insured pension fund for non-academic employees providing defined benefits to those employees based on their final pensionable salary. The assets of the fund are invested in a Defined Benefit Solution Policy provided by AVIVA which offers flexibility in asset allocation and is tailored to reflect the Trustees attitude to risk.

Contributions to the fund are based on the recommendation of professional advisors and with the agreement of the fund's actuary. The total employer contributions paid during the year were £175,400 (2018: £175,400), all relating to past service as shown in note 15.

An FRS 102 actuarial valuation of the scheme was carried out as at 31 July 2019 by a qualified independent actuary. It indicated an employee benefit obligations deficit of £1,739,000, based on the total fair value of net assets of £3,597,000 against the present value of funded obligations of £5,336,000. Information about the scheme is set out below in a format consistent with FRS102.

Changes in the present value of the defined benefit obligations and in the fair value of scheme assets:

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Opening balance	(4,763)	(5,093)	3,211	3,149	(1,552)	(1,944)
Interest(expense)/income	(128)	(129)	88	82	(40)	(47)
Actuarial gain	(464)	178	0	0	(464)	178
Benefits paid	71	281	(71)	(281)	0	0
Return on scheme assets	0	0	209	102	209	102
Employer contributions	0	0	175	175	175	175
Administration fees	0	0	(15)	(16)	(15)	(16)
Past service cost	(52)	0	0	0	(52)	0
Closing balance	<u>(5,336)</u>	<u>(4,763)</u>	<u>3,597</u>	<u>3,211</u>	<u>(1,739)</u>	<u>(1,552)</u>

The amounts recognised in the income and expenditure account are as follows:

In other expenditure:	2019	2018
	£000	£000
Past service costs	52	0
Interest expense (net)	40	47
Administration fees	15	16
	<u>107</u>	<u>63</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

24. PENSION SCHEMES**Fitzwilliam College Assistant Staff Superannuation Fund (continued)**

The amounts taken to other comprehensive income are as follows:

Actuarial gain/(loss):	2019 £000	2018 £000
Return on pension scheme assets	209	102
Experience gains/ (losses) arising on scheme liabilities	0	9
Changes in assumptions underlying the present value of scheme liabilities	(464)	169
Net loss	(255)	280

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2019 %	2018 %
Equities	39.4%	39.3%
Bonds	57.7%	56.5%
Property	4.8%	5.2%
Cash	0.0%	0.2%
Current liabilities	-1.9%	-1.2%

*Principal actuarial assumptions as at the balance sheet date (expressed as weighted averages):***a) Financial assumptions**

	2019	2018
Discount rate	2.15% pa	2.7% pa
RPI inflation assumption	3.15% pa	3.3% pa
Future salary increases	3.75% pa	3.5% pa
Future pension increases:		
- RPI minimum 3%, maximum 5%	3.65% pa	3.6% pa
Cash commutation	Members take 25% of their pension as tax free cash	Members take 25% of their pension as tax free cash

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

24. PENSION SCHEMES (continued)**Fitzwilliam College Assistant Staff Superannuation Fund (continued)****b) Demographic assumptions**

	2019	2018
Mortality – current pensioners: Actuarial tables used	PxA08 with CMI 2018 projections and a 1.25% long term trend rate with core parameters	PxA08 with CMI 2016 projections and a 1.25% long term trend rate with core parameters
Male life expectancy at age 65	22.2 years	22.9 years
Mortality – future pensioners: Actuarial tables used	PxA08 with CMI 2018 projections and a 1.25% long term trend rate with core parameters	PxA08 with CMI 2016 projections and a 1.25% long term trend rate with core parameters
Male life expectancy at age 65 (currently age 45)	23.5 years	24.2 years

Cambridge Colleges AVIVA Group Personal Pension Scheme

The College joined this defined contribution pension scheme during the current year in order to meet the auto enrolment obligations. The scheme is administered by AVIVA and its' assets are held separately from those of the College.

The College contributions will vary between 5% and 9% of basic salary depending on the level of each employee's personal contribution. Contributions charged to the income and expenditure account during the year were £71,807 (2018 - £71,807).

25. SUBSIDIARY UNDERTAKINGS

The subsidiary companies (all of which are registered in England & Wales), wholly-owned by the College, are as follows:

Company	Principal Activity	Status
Fitzwilliam College Services Limited	Provision of conference management services	100% owned
Kawakawa Bay Limited	Provision of launderette services	100% owned

26. 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 may have 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 operates a fellows housing loan scheme and at the end of the year the total amount included in debtors amounted to £732,234 (2018 - £795,277). These loans are offered to fellows whom meet the criteria on commercial terms.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

27. POST BALANCE SHEET EVENT

As set out in note 24 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 £390,424 in the current provision for the obligation to fund the deficit on the USS pension, which would instead be £669,914. 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 31 July 2020.