



FITZWILLIAM COLLEGE

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST JULY 2020**

Registered Charity No. 1137496

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INTRODUCTION AND SUMMARY FINANCIAL PERFORMANCE

Introduction

Fitzwilliam College is a large, modern, diverse and friendly college. It is one of 31 colleges in the University of Cambridge. The College encompasses around 1000 people including students, Fellows, Bye-Fellows and staff. The community is a dynamic, forward-looking one, reflecting Fitzwilliam's motto of 'The Best of the Old and the New'.

Fitzwilliam is passionate about keeping the University accessible to students of all backgrounds, ensuring that every student can fulfil their potential and take advantage of the incomparably rich opportunities that the College offers. This approach reflects the College's origin in the Non-Collegiate Students Board, established by the University in 1869 specifically to broaden access to the University; 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 seven acre site between Huntingdon Road and Storey's Way.

The site comprises new buildings built between the 1960s and 2000s, incorporates the regency house 'The Grove' and extensive landscaped gardens. The residential buildings include 392 rooms for students and academic visitors. Other buildings house a library, a chapel, an auditorium, a dining hall, seminar rooms, teaching rooms, common rooms, a gym, squash courts and other shared spaces. In addition, the College owns 28 external properties, the majority located close to the College, offering accommodation for a further 232 students.

At the beginning of October 2019, Baroness Sally Morgan of Huyton, took up the post as the 9th Master of the College.

The College is a Registered Charity, regulated by the Charity Commission and is registered with the Fundraising Regulator. The accounts follow Financial Reporting Standard (FRS) 102 and are presented in the format of the Recommended Cambridge College Accounts (RCCA), which comply with the Higher Education SORP (Statement of Recommended Practice: Accounting for Further and Higher Education).

Summary Financial Performance

The financial statements consolidate the activities of the College and the College's trading subsidiary.

The COVID-19 pandemic had a material impact on the College from March 2020 onwards. The financial performance to 31st July 2020, reflects the national lockdown and the fact that College operated on a largely virtual basis from Easter term onwards. The College recorded a total income of £11.0 million with a total expenditure of £10.57 million and a loss on investments of £1.15 million. The "Total surplus/(deficit) for the year" showed a deficit of £0.72 million.

Unrestricted activities showed a surplus for the year of £0.56 million, this figure includes a number of pandemic related income items and a credit reversing the College's previous provision taken for the USS pension scheme deficit. The College's operating performance for the year, if adjusted for these items, was an operating deficit of £0.97 million. This is a more accurate reflection of the major financial challenges the College faced during the year due to the pandemic.

The College's total net assets at year-end stood at £134.17 million. Its investments consist of a discretionary investment portfolio and properties in Cambridge. At year-end the value of investments was £74.67 million. The value of the College's Endowment at year-end was £59.67 million and the value of the Restricted Reserves was £5.31 million. As a result the College's 'free' reserves stood at £9.69 million.

It is clear that the on-going impact of the pandemic will put further strain on the College's financial position over the next 12 to 18 months. The College is confident it has sufficient financial resilience in the form of liquidity and reserves to weather the immediate financial challenges.

Further details on the College's financial performance is set out on pages 12 to 15 of this report.

Fitzwilliam College
Storey's Way
Cambridge
CB3 0DG

Website: www.fitz.cam.ac.uk
Charity Registration number: 1137496

REFERENCE AND ADMINISTRATIVE DETAILS

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

REFERENCE AND ADMINISTRATIVE DETAILS (Continued)

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: Baroness S Morgan of Huyton* (from 01/10/2019)
Professor N M Padfield* (until 30/09/2019)

Bursar: Mr R A Powell*

Senior Tutor: Dr P A Chirico*

Other Members:

Mr F Knights*	Dr K J Boddy
Dr J M Cullen*	Dr S J Sawiak
Professor N K H Slater	Dr E Lees
Mr R J A Hooley	Dr G N Glickman
Dr D J Cole	Dr J Guarneri
Professor D A Cardwell	Dr N K Jones*
Dr J D Leigh	Professor I M Tsimpli*
Dr K W Platts (retired 30/09/2019)	Dr E R Crema (resigned 30/09/2019)
Dr H A Chalmers	Dr D Frank (resigned 30/09/2019)
Professor D Keown	Dr C Genakos
Professor B Vira*	Dr R C Powell
Professor R S Langley	Professor M H Kenny
Professor E Mastorakos*	Dr D Winters (resigned 31/08/2019)
Professor D A Coomes	Dr C Uhlemann (resigned 31/12/2019)
Professor M J Millett	Dr E Gjesfjeld
Dr R D Camina	Dr R Kievit
Dr A G Kovalev	Dr A A J D'Sa
Dr S Mukherji	Mr A J D Manton
Dr D R E Abayasekara*	Dr C S Mostajeran
Professor J A Elliott*	Dr B Wiedemann
Dr A E H Wheatley	Dr J W Rogers
Dr K Saeb-Parsy	Dr P Mendes Loureiro
Dr S S Owen*	Dr C N Abadie (appointed 01/10/2019)
Dr A S Tavernor*	Dr J-M Johnston (appointed 01/10/2019)
Dr P J Rentfrow	Ms S S Martin (appointed 01/10/2019)
Professor S J Gathercole*	Dr C Vidal (appointed 01/10/2019)
Dr M B Wingate	Dr C Chassonnery-Zaïgouche (appointed 01/10/2019)
Dr J K Aitken*	Dr S Kolopp (appointed 01/10/2019)
Dr H C Canuto* (resigned 03/03/2020)	Dr O Pevny (appointed 01/10/2019)
Dr A M Watson	Professor S Keshav (appointed 30/10/2019)
Dr A P Jardine	Professor G E D Oldroyd (appointed 30/10/2019)

*Also served on the College Committee.

Senior officers

Master: Baroness S Morgan of Huyton (from 01/10/2019)
Professor N M Padfield (until 30/09/2019)

Bursar: Mr R A Powell (until 30/09/20)
Mr R G Cantrill (from 01/10/20)

Senior Tutor: Dr P A Chirico

ANNUAL REPORT OF THE GOVERNING BODY

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:

- To advance education, religion, learning and research in the University; and
- 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, reviewed in 2018, seeks to ensure that the charitable objectives of the College are applied in a current context. It sets the College's Mission and Objectives:

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

Our Objectives:

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

The following sections detail the College's progress in meeting these objectives, and developing the resources that it has 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. The tables below set out the students statistics for the academic year 2019-20:

<i>By gender</i>	<i>Undergraduate</i>		<i>Graduate (full time)</i>		<i>Graduate (part time)</i>	
<i>Female</i>	210	45.4%	113	40%	38	31%
<i>Male</i>	252	54.4%	166	60%	85	69%
<i>Non-binary</i>	1	0.2%				
Total in study	463		279		123	
<i>Writing up / under exam</i>			47			
Total students	463		326			

<i>By Origin</i>	<i>Undergraduate</i>		<i>Graduate (full time)</i>		<i>Graduate (part time)</i>	
<i>Home</i>	362	78.2%	111	40%	54	44%
<i>EU</i>	28	6.0%	62	22%	18	15%
<i>Overseas</i>	73	15.8%	106	38%	51	41%
Total in study	463		279		123	
<i>Writing up / under exam</i>			47			
Total students	463		326			

All figures as at January 2020

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Widening Participation

“To attract a diverse body of high calibre undergraduate and graduate students”

Fitzwilliam is dedicated to widening participation, ensuring the University is accessible to students of all backgrounds. The College's 2019-20 programme of outreach events demonstrated this. It was more ambitious than ever, including open days, subject-specific taster days, shadowing schemes, two young women's conducting workshops, residential courses, and numerous school visits. The Michaelmas term JCR (undergraduate student union) Shadowing Scheme, run in conjunction with current undergraduates for students from under represented backgrounds in the College's link area of Cumbria was a particular success, attracting over 100 applicants and running with 20 participants (2018-19: 10).

The remainder of the College's physical outreach programme was forced to be cancelled due to the pandemic, with all in-person outreach events being suspended across the University. The College approached this enforced change as an opportunity for growth. The Admissions Tutors, Admissions and Outreach Co-ordinator, and the full-time Schools Liaison Officer put in place alternative modes of reaching out to potential students in order to sustain the level outreach effort. This involved both replacing existing events with online alternatives and creating new events and content that make the most of available platforms. The College worked with student and senior members to run live Q&A sessions, and to produce subject taster lectures, guidance webinars, social media campaigns and videos. The essay competitions that have been run for a number of years, also remained popular. The College intends to build on the success of the past year with an innovative programme aimed at reaching a wider and more diverse audience than ever over the next 12 months.

The admissions process during the autumn of 2019, saw a significant increase in applicant numbers, and yielded an impressive diversity both in offers and acceptances. The College received 739 applications in the 2019-20 admissions round for 2020 entry, of whom 612 were interviewed to identify those with the strongest academic potential. 184 offers were made for 2020 entry, and a further nine offers were made to candidates who had selected other colleges, through the intercollegiate 'pool'. In August 2020, 154 students were confirmed for 2020 entry. A small number deferred their places, but no students who had obtained their offer level was made to defer to 2021.

The results period was complex this year, incorporating last minute changes of Government policy. Nevertheless, upon confirmation, 77.6% of those regulated by the Office for Students had been educated in the state maintained sector, the College's largest ever proportion. 48% had at least one of the seven 'widening participation' flags the College uses; 14.4% were from areas in POLAR4 (Participation Of Local Areas) quintiles 1 and 2 (where a relatively low proportion of 18-year-olds enter higher education); 20.8% were from areas in quintiles 1 and 2 of the Index of Multiple Deprivation (IMD); and 20% had Output Area Classification (OAC) flags.

Financial support

The total value of financial awards to students in the financial year increased by 6.6% to £0.97 million (2018-19: £0.91 million) and the College's share was 20% of all fee income received.

The main source of funding for undergraduates of limited financial means was the Cambridge Bursary Scheme, operated and funded jointly by the University and the Colleges. 119 Fitzwilliam students (31% of Home/EU undergraduates) benefitted from these awards, 71 of which were at the maximum level. In addition, 46 first-year and 42 second-year undergraduates received Top-up Bursaries, largely funded by Trinity College, totalling £55,598; 103 undergraduates received Fitzwilliam College Maintenance Bursaries, totalling £69,650; and 15 received Goldman Sachs Bursaries totalling £22,500.

The efforts of the Development Office and the generosity of our donors 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. Graduate student support awards in 2019-20 totalled £0.37 million: 2 full-cost Masters Studentships, 1 full-cost PhD Studentship, 4 part-cost PhD Studentships, 26 further smaller part-cost graduate scholarships, and 42 College Senior Scholarships were awarded to students for the academic year 2019-20, totalling £0.31 million. 43 received Maintenance Bursaries, totalling £26,930 and five received 10th Term Support totalling £16,500. In addition 36 of the College's graduate students received Research Awards in the total sum of £11,297.

The College provides an additional range of awards and grants, from multiple funds, to enable all students regardless of financial means to take advantage of opportunities to enrich their educational experience. For example:

ANNUAL REPORT OF THE GOVERNING BODY (continued)

- 47 Travel Awards were made to undergraduates totalling £12,112 (of which 45 were directly related to the student's course of study);
- 185 Prizes and Scholarships were awarded to undergraduates and graduates with distinguished academic records totalling £19,460;
- 157 additional awards (in the total sum of £47,673) 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 international students, awards for successful participation in the Cambridge University Language Programme, support for costs resulting from disabilities (including Disability Rent Rebates), and a contribution to the Graduate Rent Allowance Scheme. The Fund was additionally the source of a number of the Graduate Research Awards (11, totalling £2,172) and Undergraduate Travel (1, totally £300) noted above. Plus covering the College's 20% contribution to the Top-up-Bursary of £11,120. The Undergraduate Rent Allowance Scheme (34 awards) totalled £8,420 and was awarded from the College Rent Budget;
- 36 awards were made from subject-specific funds, in the total sum of £17,654;
- 39 students received music awards (totalling £9,435) and 95 received sports awards (totalling £16,646); and
- A further 13 awards were made from the Master's Gift Fund and Fitzwilliam Society Trust Fund, in the total sum of £2,515.

As reported in the section on 'Fundraising' 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

"To deliver a world-class undergraduate education"

For the academic year 2019-20 the student body comprised 463 undergraduates (51%) and 449 graduate students (49% - including 47 writing up dissertations, and 123 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, 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.

Teaching

Small-group teaching is a distinctive feature of undergraduate education at Cambridge, alongside lectures, seminars and practical work. Directors of Studies in every subject area organised academic supervision by 945 specialists for Fitzwilliam undergraduates. In the academic year the College employed four College Teaching Officers (CTOs), each of whom took a major teaching role and a leading responsibility for the academic development of undergraduates in their subject.

Examination results

The pandemic forced all Easter Term assessments on line, and with very few exceptions first-year and second-year assessments were not classed. Most third-year and fourth-year undergraduates were classed and 66 achieved Firsts (or equivalent) of which nine were starred Firsts. Eight students were awarded University prizes.

Postgraduate Admissions

"To develop a stimulating environment for graduate education"

The College made a total of 294 offers for graduate admission in 2020 (206 for Masters courses, 75 for PhDs and 13 for clinical medicine/veterinary studies), of whom 154 took up their place (101 for Masters courses, 38 for PhDs, 2 part-time EdDs and 13 for clinical medicine/veterinary studies).

Graduate applications to the University are made to Departments and Faculties, with the option of naming one or two preferred colleges. Of the 270 applicants who moved forward with offers of new graduate places at Fitzwilliam in 2020, 65 (44 Masters and 21 PhDs - 24%) named the College first choice and 28 (22 Masters and 6 PhDs - 10%) second

ANNUAL REPORT OF THE GOVERNING BODY (continued)

choice. The College also admitted 66 new MSt students (21 commencing in Easter Term 2020, and 45 in Michaelmas Term 2020).

Achievements

During the year 24 doctoral dissertations by Fitzwilliam students were approved for the award of PhD degrees. 40 College Senior Scholarships were also awarded, and 15 prizes have been awarded so far to Masters Students achieving Distinction in the academic year 2020-21.

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, 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; these continued very successfully and at an increased frequency during the period of the pandemic. 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”

13 new Bye-Fellows joined the College in 2019-20, taking the total number to 44. Many of the new Bye-Fellows 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.

One early-career researcher took up a Research Fellowship at the College in October 2019. The College funded one stipendiary Research Fellow for 2019-20, 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. At the end of December 2019, one of these was appointed to a lectureship in Applied Mathematics at Newcastle University.

The Fellow for Research launched an initiative of a new category of College membership, 'Research Associates' giving 19 of the University's post-doctoral researchers an affiliation with the College, and forming a Postdoctoral Society in College, to bring together the Research Associates, Bye-Fellows and Research Fellows. This was set up in February 2020, with an established Research Fellow as the first President. One physical event was held in College before the national lockdown, with the remainder of the activities moving to a virtual basis.

CTOs 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, they are engaged in developing their own academic research, supported through a research fund and an entitlement to sabbatical leave. Two of the new CTOs recruited in the previous academic year started in September 2019, although one immediately took up a fixed-term University post as a lecturer and will return to the final two years of the CTO post in September 2022. One other recruited CTO has deferred their start to March 2021.

On the basis of their research, teaching and institutional contributions, Dr Gathercole was recommended for appointment to a Professorship, and Dr Jardine, Dr Lees, Dr Mukherji and Dr Powell were recommended for appointment to Readerships. Recognition has been given to Professor Giles Oldroyd who has been elected a Fellow of the Royal Society (FRS) and a Member of the European Molecular Biology Organisation (EMBO). Research headed by Professor Nigel Slater was awarded the 'Paper of the Year' for 2019 by the journal *Bioprocess and Biosystems Engineering*. Life Fellow Revd Professor David Thompson was awarded the Degree of Doctor of Divinity by the Board of Graduate Studies. Dr Holly Canuto was appointed to the Senior Tutorship at St Catharine's College. Dr Rogier Kievit left to take up an appointment as Professor of Developmental Neuroscience at the Donders Institute, Radboud University, in the Netherlands, and Dr Sarah Kolopp left to take up an appointment as Lecturer at the Sorbonne, in Paris.

Former Master Professor Nicola Padfield and alumni Sonita Alleyne OBE, Sir John Vincent Cable, Sebastian Dakin and Adele Thomas were elected into Honorary Fellowships during the year.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Several Fellows of the College held senior management roles within the University, notably, Professor Cardwell (Pro-Vice Chancellor for Strategy and Planning), Dr Aitken (Chair of the Faculty of Divinity), Professor Coomes (Director of the University of Cambridge Conservation Research Institute), Professor Elliott (joint Head of Department of Materials Science and Metallurgy), Professor Kenny (Director of the Bennett Institute for Public Policy), Professor Oldroyd (Director of the Crop Science Centre) and Professor Vira (Head of the Department of Geography). Mr Knights was Junior Proctor of the University. Professor Martin Millett is chairing a two-year academic study into ways the University of Cambridge contributed to, benefited from or challenged the Atlantic slave trade.

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 in Michaelmas were scanning helium microscopy and Catalan literature. Visiting Fellows due to come from March 2020 onwards plan to reschedule their visits in 2021.

“To nurture and sustain a lively and welcoming community of scholarship and learning”

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. This has proved more difficult during lockdown, but during the period when our community was dispersed, the College strove to take events online where possible.

The busy programme of lectures and discussions has been built around the annual Foundation Lecture, the Arrol Adam lecture series, and new, less formal ‘Fresh Thinking at Fitz’ events. Professor Bhaskar Vira delivered the 2019 Foundation Lecture, entitled ‘From the Himalayas to the Fens: Towards a Political Economy of Environment and Development’ and discussing the difficult choices and trade-offs associated with balancing the needs of humans and nature, and working towards a sustainable future for people and the planet. The first ‘Fresh Thinking at Fitz’ featured Dame Louise Casey and Rt. Hon. Charles Clarke in discussion with the Master on issues ranging from ASBOs to the impact of education, and beyond to the big issues that politicians find difficult to solve. The lockdown curtailed talks in person, but Professor Giles Oldroyd delivered a successful online Arrol Adam lecture on ‘How beneficial associations in plants can drive sustainable food production’.

The College was proud to host a University wide Access and Widening Participation Conference, which featured wide-ranging discussion and lively debate of some of the key issues. The event marked the culmination of the College’s 150th anniversary year celebrations. The Master called for the College to build on its longstanding commitment to ensuring admission to students of the highest intellectual potential, irrespective of social, racial, religious and financial considerations. The Vice-Chancellor of the University, Professor Stephen Toope, who closed the conference, reinforced this message, stressing a determination to strengthen this discourse across the University, and beyond.

There was a very busy programme of musical and cultural events between October and mid-March featuring both professional and student performers. Just before lockdown, three Jack & Master workshops were run – this was a brand new actor-musician ensemble based at the College, providing a supportive environment in which participants can learn practically about a new style of theatre practice. Dr Knights completed a 30-concert recital series of keyboard music from the c.1610 Fitzwilliam Virginal Book. Dr Mukherji’s conference and festival ‘Migrant Knowledge, Early Modern and Beyond’ took place at Kettle’s Yard and Fitzwilliam College, bringing together scholars, artists and activists to think about migration and what it does with, and to, knowledge, marking the culmination of her five year ERC-funded project ‘Crossroads of Knowledge’.

College facilities and operations

Our buildings

The College estate, comprising of the College site Between Storey’s Way and Huntingdon Road and some 28 external properties provides the physical environment for the College community to live and work. 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.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Many of the College's buildings are modern and of high quality having been built in the last 20 to 30 years. The Lasdun buildings constructed in the early 1960s (the Central Building and associated accommodation blocks) that were the original College buildings are now part of an extensive long term refurbishment programme. Plans have been developed for which the estimated cost is in excess of £25 million. The next phase of this ambitious programme was started in July 2020, with the £5 million refurbishment of staircases D, E and F. The College was able to undertake the work on an accelerated basis, due to there being no Conference or Events activities over the summer because of the pandemic. Following the completion of this phase of the refurbishment over 110 undergraduates will be accommodated in refurbished rooms on the College site.

Expenditure on maintenance of College buildings was £0.27 million during the year (2018-19: £0.28 million) and capital expenditure on improvements (including College houses) was a further £0.82 million (2018-19: £1.26 million).

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 120 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.

The College values the contributions made by all members of the College community. The response of the community from March onwards, as a result of the pandemic demonstrated the College's strong culture. The College was forced to operate on a largely virtual basis from Easter term onwards. As a result, the College placed a large portion of non-academic staff and casual staff into The Coronavirus Job Retention Scheme ('CJRS'). The CJRS met 80% of salaries with the College paying the remaining 20% of salaries for both non-academic staff and casual staff.

The College continues to work to ensure that its employment package remains competitive and attractive to potential employees. All permanent staff were paid at or above the Living Wage Foundation's 'Real Living Wage' during the year. The financial challenges arising from the pandemic meant that the discretionary bonus scheme, which rewards non-academic staff generally according to the financial performance of the College was not paid during the year.

The future availability of sufficient and reliable pensions for staff in retirement continues to be an important issue. The College has continued to respond as an employer to the consultations being undertaken by 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. At the year-end Fitzwilliam had 72 members of USS on the payroll. At 31st July 2020, the College credited back an element of the provision made in the previous financial year against the USS deficit. The Fitzwilliam College Assistant Staff Superannuation Fund (FCASSF), a defined benefit scheme which was closed to new members in 2004, showed an increased accrued deficit based on a FRS102 actuarial valuation carried out as at 31st July 2020 with an increased deficit. This has no impact on remaining members of the scheme.

Our operations

The College's operational aims are:

- To deploy its resources effectively to deliver the College Mission;
- To comply with legal and regulatory obligations wherever it operates;
- To meet consistently and wherever possible, exceed, the standards of service, support and operational performance that are expected; and
- 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 the College's 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.

The College continues to invest in its systems. In common with most other organisations it is constantly having to invest in information systems security as the attempts to break into its 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 the College's aim is to co-operate and share resources wherever it reliably can.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Review of Financial Performance

Introduction

The financial statements represent the activities of the College and its wholly owned operating subsidiary, Fitzwilliam College Services Limited. Kawakawa Bay Limited, the College's other subsidiary was wound up at the end of the last financial year. The analysis of the College's financial performance is broken down between 'unrestricted income and expenditure' that represents the operational activity of the College and 'restricted income and expenditure' relating to funds that arise from expendable donations for specific purposes, and the income from any 'endowed funds' which were given to support specific projects.

Summary

The pandemic had a material impact on the College's position from the end of March 2020 onwards. The financial performance for the year reflects this. The College had a total income of £11.0 million (2018-19: £13.74 million) with a total expenditure of £10.57 million (2018-19: £12.43 million) and a loss on investments of £1.15 million (2018-19: gain of £1.59 million). The "Total surplus/(deficit) for the year" showed a deficit of £0.72 million (2018-19: surplus of £2.90 million).

Unrestricted activities showed a surplus for the year of £0.56 million (2018-19: deficit of £0.19 million), this figure includes a number of income items relating to the pandemic and a credit reversing the College's provision taken in the financial year 2018-19 for the USS pension scheme deficit (see note 26). The College's operating performance for the year, if adjusted for these items, was an operating deficit of £0.97 million (2018-19: surplus of £0.44 million). This is a more accurate reflection of the financial challenges the College has faced during the year.

It is clear that the on-going impact of the pandemic will put further major strain on the College's financial position over the next 12 to 18 months. There continues to be a risk to the College's sources of income, especially the Conference and Events income. The College is exploring all options to preserve income and maximise efficiencies. The College is confident it has sufficient financial resilience in the form of liquidity and reserves to weather the immediate financial challenges created by the pandemic.

Unrestricted income and expenditure

The College had a total income for the year of £10.28m (2018-19: £11.38m), a decrease of 9.7%. Total expenditure incurred for the year was £9.71m (2018-19: £11.58m), a decrease of 16%. The table below provides a breakdown of Income and Expenditure:

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Unrestricted income and expenditure analysis 2020 and 2019

	2020		2019	
	£000		£000	
Income				
Academic fees and charges	3,558	35%	3,500	31%
Accommodation, catering and conferences	4,250	41%	6,545	58%
Investment income	79	1%	80	1%
Endowment return transferred	704	7%	609	5%
Other income	1,208	12%	154	1%
Donations	478	5%	494	4%
Total Income	10,277		11,382	
Expenditure				
Education	3,535	37%	4,773	41%
Accommodation, catering and conferences	5,775	59%	6,355	55%
Other expenditure	404	4%	451	4%
Total Expenditure	9,714		11,579	
Surplus/(deficit) before other gains and losses	563		(197)	
<i>Reversal of adjustments</i>				
Operational grant from Colleges Fund	(625)			
Income from Coronavirus Job Retention scheme	(467)			
USS actuarial deficit provision movement	(444)		639	
Operating Surplus/(deficit)	(973)		442	

Academic fees and charges, investment income (relating to commercial property rent), donations and endowment return transferred were stable or grew during the year. Accommodation, catering and conferences income fell significantly by £2.30 million, some 35%. This was due to the loss of the majority of student rents and associated catering income from the Easter term onwards and the cancellation of all Conference and Events activity for the 2020 Easter and summer periods. Other income increased by £1.10 million some 684%. This was driven by the funding received from participating in the CJRS (as discussed above) of £0.47 million (2018-19: £0) and the grant received from the Colleges' Fund of £0.63 million (2018-19: £0.62 million). In previous years, a condition of the grant was for it to be taken to Endowment. This condition was waived in 2019-20 because of the pandemic, allowing the College to apply the grant to operating income. The College also recorded a credit of £0.44 million in relation to the USS pension scheme deficit. This reversed, in part, a provision made of £0.64 million in 2018-19.

Endowment and investment return drawdown at £1.34 million (2018-19: £1.26 million) was £83,000 higher than in 2018-19, due to the increase in income from the investment portfolio under the College's Total Return accounting policy that looks at the return on a medium term basis. £0.70 million of this sum was transferred to unrestricted activity. Unrestricted donations added a further £0.48 million (2018-19: £0.49 million).

Actions taken by the College in response to the pandemic resulted in a reduced level of expenditure for the year. In addition to the specific cost control measures, such as a staff hiring freeze and no payment of the staff discretionary bonus, the College benefitted from a number of natural efficiencies as a result of operating on a largely virtual basis for four months of the financial year.

The unrestricted activity in the Education account was breakeven for the year (2018-19: deficit of £1.27 million). Income from academic fees amounted to £3.56 million (2018-19: £3.50 million) and academic expenditure was reduced to £3.54 million (2018-19: 4.77 million). The reduction primarily reflected the adjustments between the two years for the USS pension scheme deficit as described above. If this was excluded, the level of educational expenditure was comparable to the previous year.

The operating deficit of £0.97 million (2018-19: surplus of £0.44 million), reflects the fact that if 'one-off' other income items are excluded the loss of income considerably exceeded the expenditure efficiencies achieved. The lower level of Conference and Events income of £0.94 million (2018-19: £1.85 million) had a disproportionate impact, as in a normal year this income stream helps to mitigate the overhead costs of providing the College infrastructure and thus reduces the costs to students.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

As a result of the actuarial valuation carried out as at 31st July 2020, on the FCASSF, the College recorded a provision of £0.78 million (2018-19: £0.26 million). This resulted in the total comprehensive income in the Unrestricted activities standing at a deficit of £0.22 million (2018-19: deficit £0.45 million).

Restricted income and expenditure

Restricted income (excluding that related to building funds) during the year was £1.02 million (2018-19: £1.65 million) and associated educational expenditure was £0.86 million (2018-19: £0.85 million).

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. £0.15 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 £0.9 million.

Income within the Endowment arises from new donations and from investment returns. This year the Endowment fell by £1.41 million (after taking into account £0.11 million of other transfers) to £59.67 million. Although new endowments remained stable at £0.47 million (2018-19: £0.41 million) the Endowment did not benefit from the Colleges' Fund grant as this was applied as 'Other income' (as discussed above). In addition, the value of the College's investments allocated to the Endowment fell during the year by £1.07 million (2018-19: gain £1.49 million).

Reserves and Financing

The College includes within its Endowment external properties owned by the College, which are used to accommodate students with the exception of one commercial unit. 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 be measured as the difference between the value of investment assets and the Endowment and restricted reserves. On this basis, 'free' reserves have improved marginally to £9.69 million (2019: £9.0 million). A key factor in the level of free reserves being sustained was contribution of the pandemic related items in 'Other income' to the College's operating performance. This level of free reserves is still considered low in the context of the financing requirements of the College's ongoing refurbishment programme, pension fund deficits and the likely need for the free reserves to absorb operating deficits as a result of the major financial challenges the College faces due to the pandemic in the current and future financial years.

In 2008, the College took out a long term loan of £10 million to assist in the financing of construction projects and the management of its long term investment. 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. After the year-end, the College entered into a five year revolving credit facility of £5 million, primarily to fund the refurbishment of staircases D, E and F, but also to meet general financing needs.

Investment portfolio

The College's investment portfolio consists of a "discretionary investment portfolio", which is managed by the College's investment advisors under a discretionary mandate and 28 properties in Cambridge, which provide student accommodation (with the exception of one commercial unit). At year-end the value of the portfolio fell marginally by £0.73 million to £74.67 million (2018-19: £75.40 million).

ANNUAL REPORT OF THE GOVERNING BODY (continued)

In line with the College's values and following an extensive consultation across the College community, a new environmental, social and governance ('ESG') investment policy was implemented in relation to the discretionary investment portfolio during the year. The policy enables a sustainable investment approach, whilst minimising any potential negative impact on the College's investment returns.

Discretionary portfolio

The value of the College's discretionary investment portfolio at the year-end was £42.74 million (2018-19: £42.70 million), representing 57% of all investments. This comprised £33.26 million of public market investments, and £9.48 million in private equity investments.

The discretionary portfolio (excluding private equity) achieved a total return of 1.7% (2018-19: 4%). This compares to Retail Price Index (RPI) inflation for the 12 months to July 2020 of 2.1% and a long term strategic objective of RPI +4%. The objective of maintaining the real value of the portfolio and allowing a 4% annual cash withdrawal was therefore not met during the year. Since the current investment manager began managing the portfolio in September 2016, the total return has been 21.5% (5.1% annualised), compared to the 29.9% (6.9% annualised) return of the strategic objective. 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 performance in the discretionary portfolio reflects the performance of the financial markets during the year. Up to the end of 2019, financial markets provided positive returns, led by US equity markets. From January 2020, the global economy and financial markets were dominated by the pandemic. In the first three months of 2020, market gains were erased as investors reacted to the global response to the pandemic. Central banks and national governments across the globe took action to stabilise financial markets and blunt the impact of shutting down large sectors of national, regional and global economies. Markets rebounded well as investors reacted positively to the actions taken. Significant uncertainty remains, however, regarding timing and ability of national economies to fully reopen. Among leading equity indices for the twelve month period to the end of July 2020, the MSCI All Cap World Index returned -1.1%; the FTSE UK All-Share Index returned -17.7%; and the US S&P 500 index returned 3.8%.

Property

At the year-end, Cambridge property totalled £31.88 million (2018-19: £32.39 million) in value (following a formal valuation) and made up 43% of all investments. Rental income from Cambridge property fell by 22% to £1.19 million. This was due to the reduced rental income from student properties in Easter term and the long vacation period. Net yield (excluding direct labour costs) stood at 3.1% (2018-19: 3.8%) from the student element of the portfolio. Despite the pandemic, the Cambridge residential market remained resilient. However, the weakness in the commercial property market, resulted in a reduction in the value of the lease on the commercial unit.

Fundraising

The College's fundraising efforts are primarily directed at raising monies through major donations as well as by regular giving. Donations to the College for the year totalled £1.45 million (2018-19: £2.39 million), for which the College is immensely grateful to its alumni and supporters, especially during these challenging economic times. During the year, 1,094 alumni made a donation, representing 10.4% of the contactable alumni on our records. The College ran two small telephone campaigns aimed at North American and East Asian donors, to trial new campaign management software. These raised £27,100 from 94 donors (representing a 1:4.4 return on investment) and led to a 250% increase in new donor acquisition compared to 2018-19. The majority of these donations were towards unrestricted funds, the benefit of which can be seen in the broader College balance sheet.

Looking ahead

Last year was one of two parts, with a clear divide of when the COVID-19 pandemic broke in March. Faced with the pandemic, the College showed resilience and compassion. As a community the College had to rapidly adopt new practices, take swift decisions, communicate clearly, be flexible and evolve its position on a range of issues as advice and regulations changed. It benefitted immensely from its strong governance and culture.

The College's staff, academic and non-academic, worked tirelessly to keep things running and to extensively plan for the 2020 in-person Michaelmas term. The College's students showed remarkable stoicism whether in College or back

ANNUAL REPORT OF THE GOVERNING BODY (continued)

home, supported by their Tutors, supervisors and others. The JCR and MCR were imaginative in running events within College and online even under restrictive rules and played a key role in preparing to deliver an in-person Michaelmas term.

Actions and decisions are powerful symbols of the fundamental values of an organisation. In that vein, this year, it is important to highlight variously: our united approach to Cambridge students being “sent” home, as a College we agreed that this should happen where home was the best solution but we should warmly support those could not leave College; our decision to pay CJRS at 100% of salaries; the College’s COVID-19 community statement; our determination to admit as many capable students from less advantaged backgrounds as possible despite the last minute changes to Government policy during the examination results period; our response to Black Lives Matter. There are other examples.

This is not in any way to be complacent: there are both tough challenges ahead but also significant opportunities as we move forward as a College. The significant financial challenges the College faces will mean hard, and quite possibly unpalatable decisions in the months ahead. It is clear that there will be no quick recovery from the financial impact the College has experienced during the 2019-20 year. The College will also need to engage its supporters – alumni and beyond – to reduce the effect of the pandemic, and to look with ambition and creativity to the years ahead. The College believes that it is precisely at the moment when we are most challenged by circumstances that we should draw confidence from our direction of travel.

The issues with examination marking this summer, and the College’s positive response to admit those who we believed would flourish here, on the basis of assessments and interviews, means that Fitzwilliam will admit its most socially diverse cohort in recent memory for the academic year 2020-21. It is good to see that some other Colleges have equally strong statistics. Widening participation is core to Fitzwilliam’s mission but the College will need to, and should want to, widen and deepen this work. The College hopes that this will include looking at preparation for studying here, support to current students and preparation for life after university. The effect of the pandemic has served to highlight and unfortunately increase the gap between disadvantaged and other young people.

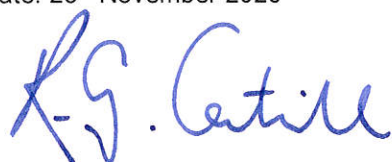
No Cambridge college can operate in isolation, and the current situation has only emphasised the importance of collaboration and debate. The interests of Collegiate Cambridge are dependent on the strength of the University. The global race for talent and research funding is intensifying and will be negatively affected by Brexit. The international league tables emphasised that UK universities are in danger of falling behind, even before the deterioration of the economy was factored in. In the UK, Higher Education is under greater scrutiny than ever before. Cambridge is not immune to this, and nor is Fitzwilliam.

The present moment, with all its challenges and opportunities, must be reflected in our planning. In 2018, when the College last developed its Strategic Plan, the world felt very different. Rather than simply revise the current “rolling” Plan, it feels timely to redefine the College’s mission, to be confident about its identity as a College and to develop clear priorities for the years ahead and to create a fundraising campaign to support them. The College will therefore develop and adopt a new strategic plan during this academic year.

R G Cantrill

Bursar

Date: 25th November 2020



Baroness Morgan of Huyton

Master

Date: 25th November 2020



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 for the year ended 31st July 2020, and senior officers, are listed on page 5.

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 seven Fellows elected to serve for two 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 2019-20 was £0.98 million. 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 2019-20 there were 11 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 2019-20 there were four housing loans outstanding with a balance of £0.41 million.

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. The membership of the Committee 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 participating in the University's Green Impact Scheme and during the year received an Environmental Improvement Award in special recognition of the College's innovative work on carbon offsetting.

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. Fitzwilliam has voluntarily registered with the Fundraising Regulator 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 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.

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

ORGANISATION AND GOVERNANCE (continued)

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. The policy was updated and implemented in January 2020, reflecting a new ESG approach.

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 have developed over the last 12 months. This process will continue in 2020-21.

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 a pandemic, 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 Fixed Assets, Information Systems, Student Education, Student Welfare and Admissions. 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 is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

The systems of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 31 July 2020 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Governing Body is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and 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 2020 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 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 22, 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:

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 6. The College is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertaking, Fitzwilliam College Services Limited. The company is a wholly owned subsidiary of the College. Details of the subsidiary undertaking are given in note 27.

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

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 2020 was 4%.

Other income

Income is received from a range of activities including accommodation, 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.

Cambridge bursary scheme

In 2019-20, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence the College reimbursed the SLC for the full amount paid to their eligible students and the College subsequently received a contribution from the University of Cambridge towards this payment. The net payment of £0.16 million is included within the Consolidated Statement of Comprehensive Income and Expenditure as part of education expenditure shown in note 4.

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Fixed assets (continued)

Land and buildings (continued)

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.

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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.

Financial instruments

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

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

Financial assets

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

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

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

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

Financial Liabilities

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Financial Liabilities (continued)

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

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

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

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.

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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) with related expenses being recognised through the statement of comprehensive income and expenditure.

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 these financial statements.

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Critical Accounting Estimates and Judgements

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

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

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

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

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

Investment property – Properties are revalued to their fair value at the reporting date by Bidwells. The valuation is based on the assumptions and judgements which are impacted by a variety of factors including market and other economic conditions.

Retirement benefit obligations – The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in notes 15 and 26.

Management are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the accounts.

As the College is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2018 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2028. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing rate of discount. Further details are set out in notes 15 and 26.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

	Note	2020				2019			
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income									
Academic fees and charges	1	3,558	0	0	3,558	3,500	0	0	3,500
Accommodation, catering and conferences	2	4,250	0	0	4,250	6,545	0	0	6,545
Investment income	3	79	0	431	510	80	0	492	572
Endowment return transferred	3	704	640	(1,344)	0	609	652	(1,261)	0
Other income		1,208	0	0	1,208	154	0	0	154
Total income before donations and endowments		9,799	640	(913)	9,526	10,888	652	(769)	10,771
Donations		478	0	0	478	494	0	0	494
New endowments		0	378	467	845	0	999	405	1,404
Capital grant from Colleges Fund		0	0	0	0	0	0	619	619
Other capital grants for assets		0	152	0	152	0	448	0	448
Total income		10,277	1,170	(446)	11,001	11,382	2,099	255	13,736
Expenditure									
Education	4	3,535	859	0	4,394	4,773	849	0	5,622
Accommodation, catering and conferences	5	5,775	0	0	5,775	6,355	0	0	6,355
Other expenditure		404	0	0	404	451	0	0	451
Contribution under Statute G,II		0	0	0	0	0	0	0	0
Total expenditure	6	9,714	859	0	10,573	11,579	849	0	12,428
Surplus/(deficit) before other gains and losses		563	311	(446)	428	(197)	1,250	255	1,308
Gain/(loss) on investments	9	(3)	(83)	(1,065)	(1,151)	5	97	1,489	1,591
Surplus/(deficit) for the year		560	228	(1,511)	(723)	(192)	1,347	1,744	2,899
Other comprehensive income									
Actuarial gain/(loss) in respect of pension schemes	26	(782)	0	0	(782)	(255)	0	0	(255)
Total comprehensive income for the year		(222)	228	(1,511)	(1,505)	(447)	1,347	1,744	2,644

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

CHANGES IN RESERVES 2020

	<i>Income and expenditure reserve</i>			2020
	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 August 2019	69,239	5,359	61,074	135,672
Surplus from income and expenditure statement	560	228	(1,511)	(723)
Other comprehensive income	(782)	0	0	(782)
Release of restricted capital funds spent in the year	173	(173)	0	0
Other transfers	(3)	(103)	106	0
Balance at 31 July 2020	69,187	5,311	59,669	134,167

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

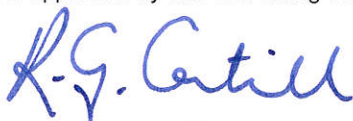
The notes on pages 36 to 52 form part of these accounts

CONSOLIDATED BALANCE SHEET

		2020	2019
	Note	£000	£000
Non-current assets			
Fixed assets	8	73,253	73,449
Investments	9	74,671	75,399
Total non-current assets		147,924	148,848
Current assets			
Stocks	10	64	61
Trade and other receivables	11	1,402	1,901
Cash and cash equivalents	12	6	9
Total current assets		1,472	1,971
Creditors: amounts falling due within one year	13	(2,247)	(2,348)
Net current assets		(775)	(377)
Total assets less current liabilities		147,149	148,471
Creditors: amounts falling due after more than one year	14	(10,000)	(10,000)
Provisions			
Pension provisions	15	(2,982)	(2,799)
Total net assets		134,167	135,672
Restricted reserves			
Income and expenditure reserve – endowment reserve	16	59,669	61,074
Income and expenditure reserve – restricted reserve	17	5,311	5,359
		64,980	66,433
Unrestricted reserves			
Income and expenditure reserve – unrestricted		69,187	69,239
Total reserves		134,167	135,672

The financial statements were approved by the Governing Body on Wednesday 25th November 2020 and signed on its behalf by:

R G Cantrill
Bursar



Baroness Morgan of Huyton
Master



The notes on pages 36 to 52 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

		2020	2019
	Note	£000	£000
<i>Net cash inflow from operating activities</i>	19	208	1,718
<i>Cash flows from investing activities</i>	20	(504)	(942)
<i>Cash flows from financing activities</i>	21	(494)	(493)
<i>Increase/(decrease) in cash and cash equivalents in the year</i>		<u>(790)</u>	<u>283</u>
<i>Cash and cash equivalents at beginning of the year</i>		<u>(151)</u>	<u>(434)</u>
<i>Cash and cash equivalents at end of the year</i>	22	<u>(941)</u>	<u>(151)</u>

The notes on pages 36 to 52 form part of these accounts

NOTES TO THE FINANCIAL STATEMENTS

1. ACADEMIC FEES AND CHARGES

	2020	2019
	£000	£000
Colleges fees:		
Fee income received at regulated undergraduate rate	1,878	1,785
Fee income received at unregulated undergraduate rate	653	693
Fee income received at the graduate rate	1,027	1,022
	<u>3,558</u>	<u>3,500</u>
	<u><u>3,558</u></u>	<u><u>3,500</u></u>

2. INCOME FROM ACCOMMODATION, CATERING AND CONFERENCES

	2020	2019
	£000	£000
Accommodation:		
College members	2,424	3,276
Conferences	454	924
Catering:		
College members	888	1,414
Conferences	484	931
	<u>4,250</u>	<u>6,545</u>
	<u><u>4,250</u></u>	<u><u>6,545</u></u>

3. ENDOWMENT RETURN AND INVESTMENT INCOME

	2020	2019
	£000	£000
3a. Analysis of Investment Income:		
Income drawdown from endowment (note 3b)	1,344	1,261
Other investment income	79	80
	<u>1,423</u>	<u>1,341</u>
	<u><u>1,423</u></u>	<u><u>1,341</u></u>

NOTES TO THE FINANCIAL STATEMENTS

3b. Summary of Total Return

	2020	2019
	£000	£000
<u>Income from:</u>		
Quoted securities and cash	431	492
	<hr/>	<hr/>
<u>Gains/(Losses) on endowment assets:</u>		
Quoted securities and cash	(366)	1,248
	<hr/>	<hr/>
Total return for the year	65	1,740
Transfer to income and expenditure reserve (note 3a)	(1,344)	(1,261)
	<hr/>	<hr/>
Unapplied total return for the year included within the Statement of Comprehensive Income and Expenditure (note 18)	(1,279)	479
	<hr/> <hr/>	<hr/> <hr/>

The investment income recorded in note 3a for 2020 related to income receivable from land and buildings, quoted securities and cash investments.

4. EDUCATION EXPENDITURE

	2020	2019
	£000	£000
Teaching	2,049	3,232
Tutorial	780	822
Admissions	239	286
Research	301	330
Scholarships and awards	772	695
Other educational facilities	253	257
	<hr/>	<hr/>
	4,394	5,622
	<hr/> <hr/>	<hr/> <hr/>

5. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2020	2019
	£000	£000
Accommodation:		
College members	3,216	3,392
Conferences	710	782
Catering:		
College members	1,360	1,433
Conferences	489	748
	<hr/>	<hr/>
	5,775	6,355
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

6a. ANALYSIS OF 2019/20 EXPENDITURE BY ACTIVITY

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education	1,502	2,287	605	4,394
Accommodation, catering and conferences	2,793	1,797	1,185	5,775
Other	125	276	3	404
	<u>4,420</u>	<u>4,360</u>	<u>1793</u>	<u>10,573</u>

The above expenditure includes fundraising costs of £328,937 (2019: £367,932).
This expenditure includes the costs of alumni relations.

6b. 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
Accommodation, 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>

6c. AUDITORS' REMUNERATION

	2020 £000	2019 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	15	19
Other fees payable to the College's external auditors	<u>0</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

7. STAFF COSTS

	Academic £000	Non- academic £000	2020 Total £000	2019 Total £000
<i>Staff costs:</i>				
Salaries	777	3,364	4,141	4,173
National Insurance	37	204	241	355
Pension costs	156	325	481	429
USS deficit contribution	(443)	0	(443)	639
	<u>527</u>	<u>3,893</u>	<u>4,420</u>	<u>5,596</u>
	<u><u>527</u></u>	<u><u>3,893</u></u>	<u><u>4,420</u></u>	<u><u>5,596</u></u>
	No	No	No	No
<i>Average staff numbers:</i>				
Academic	45	0	45	49
Non-academic	0	120	120	120
	<u>45</u>	<u>120</u>	<u>165</u>	<u>169</u>
	<u><u>45</u></u>	<u><u>120</u></u>	<u><u>165</u></u>	<u><u>169</u></u>

The Governing Body comprised 59 Fellows of which the 45 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:

	2020 £000	2019 £000
Aggregate Emoluments	970	921
	<u>970</u>	<u>921</u>

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

NOTES TO THE FINANCIAL STATEMENTS

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £000	Assets under construction £000	Furniture, fittings and equipment £000	2020 Total £000	2019 Total £000
Cost					
At beginning of year	77,868	85	6,706	84,659	83,104
Additions	545	646	406	1,597	1,555
Transfers	23	(23)	0	0	0
Disposals	0	0	(20)	(20)	0
At end of year	78,436	708	7,092	86,236	84,659
Depreciation					
At beginning of year	5,880	0	5,330	11,210	9,431
Charge for the year	1,377		416	1,793	1,779
Eliminated on disposals	0	0	(20)	(20)	0
At end of year	7,257	0	5,726	12,983	11,210
Net book value					
At end of year	71,179	708	1,366	73,253	73,449
At beginning of year	71,988	85	1,376	73,449	73,673

The insured replacement cost of freehold land and buildings as at 31 July 2020 was £84,140,169.

9. INVESTMENTS

	2020 £000	2019 £000
Balance at beginning of year	75,399	71,190
Additions	32,173	14,969
Disposals	(31,689)	(12,265)
Gain/(Loss)	(1,151)	1,591
Increase/(decrease) in cash balances held at fund managers	(61)	(86)
Balance at end of year	74,671	75,399
Represented by:		
Investment properties	31,877	32,391
Quoted securities - equities	42,526	42,679
Cash held at investment managers	218	22
Bank balances	50	307
	74,671	75,399

NOTES TO THE FINANCIAL STATEMENTS

10. STOCKS

	2020	2019
	£000	£000
Goods for resale	64	61
	<u> </u>	<u> </u>

11. TRADE AND OTHER RECEIVABLES

Due within one year

	2020	2019
	£000	£000
Members of the College	120	179
Other debtors	1,282	1,722
	<u> </u>	<u> </u>
	1,402	1,901
	<u> </u>	<u> </u>

12. CASH AND CASH EQUIVALENTS

	2020	2019
	£000	£000
Current accounts	4	7
Cash in hand	2	2
	<u> </u>	<u> </u>
	6	9
	<u> </u>	<u> </u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£000	£000
Bank overdraft	947	160
Members of the College	262	164
Other creditors	1,038	2,024
	<u> </u>	<u> </u>
	2,247	2,348
	<u> </u>	<u> </u>

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

	2020	2019
	£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

15. PENSION PROVISIONS

	To fund deficit on USS pension £000	Defined benefit obligation (note 24) £000	2020 Total £000	2019 Total £000
Balance at beginning of year	1,060	1,739	2,799	1,965
Movement in year:				
Contributions	(444)	(207)	(651)	463
Other expenditure	17	35	52	116
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	0	782	782	255
Balance at end of year	<u>633</u>	<u>2,349</u>	<u>2,982</u>	<u>2,799</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:

	2020	2019
Discount rate	0.73%	1.58%
Salary growth	3.00%	3.00%

NOTES TO THE FINANCIAL STATEMENTS

16. ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	2020 Total £000	2019 Total £000
Balance at beginning of year:				
Capital	15,051	46,023	61,074	59,272
New donations and endowments	467	0	467	405
Other transfers	32	0	32	58
Capital grant from Colleges Fund	0	0	0	619
Increase/(decrease) in market value of investments	(593)	(1,311)	(1,904)	720
Balance at end of year	14,957	44,712	59,669	61,074

Analysis by type of purpose:

Fellowship and Research Funds	4,948	0	4,948	5,103
Scholarship and Prize Funds	2,106	162	2,268	2,344
Chapel Funds	371	0	371	389
Travel Grant Funds	381	0	381	397
Hardship Funds	4,285	0	4,285	4,428
Other Funds	2,866	0	2,866	2,559
General endowments	0	44,550	44,550	45,854
	14,957	44,712	59,669	61,074

Analysis by asset:

Property	0	30,852	30,852	31,017
Investments	14,957	13,860	28,817	30,057
Cash	0	0	0	0
	14,957	44,712	59,669	61,074

NOTES TO THE FINANCIAL STATEMENTS

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	2020 Total £000	2019 Total £000
Balance at beginning of year					
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>
New capital grants	152	0	0	152	448
New donations	0	0	378	378	999
Other transfers	0	0	(103)	(103)	(55)
Endowment return transferred	1	511	128	640	652
Increase/(decrease) in market value of investments	0	0	(83)	(83)	97
Expenditure	0	(379)	(480)	(859)	(849)
Capital grants utilised	(173)	0	0	(173)	(724)
	<u>0</u>	<u>1,420</u>	<u>3,891</u>	<u>5,311</u>	<u>5,359</u>
Balance at end of year	<u>0</u>	<u>1,420</u>	<u>3,891</u>	<u>5,311</u>	<u>5,359</u>
Comprising:					
Capital	0	0	3,753	3,753	3,982
Accumulated income	0	1,420	138	1,558	1,377
	<u>0</u>	<u>1,420</u>	<u>3,891</u>	<u>5,311</u>	<u>5,359</u>
Analysis of other restricted funds/donations by type of purpose:					
Fellowship and Research Funds	0	511	84	595	575
Scholarship and Prize Funds	0	139	0	139	115
Chapel Funds	0	136	335	471	486
Travel Grant Funds	0	40	1	41	29
Hardship Funds	0	348	1651	1,999	2,068
Building Funds	0	0	893	893	918
Other Funds	0	246	927	1,173	1,168
	<u>0</u>	<u>1,420</u>	<u>3,891</u>	<u>5,311</u>	<u>5,359</u>

NOTES TO THE FINANCIAL STATEMENTS

18. MEMORANDUM OF UNAPPLIED TOTAL RETURN

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

	2020	2019
	£000	£000
Initial unapplied Total Return	24,475	23,995
Unapplied Total Return for the year (note 3b)	(1,279)	480
	<u>23,196</u>	<u>24,475</u>
Unapplied Total Return at end of year	<u>23,196</u>	<u>24,475</u>

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

	2020	2019
	£000	£000
Surplus for the year	(723)	2,899
Adjustment for non-cash items		
Depreciation	1,793	1,779
Increase in stocks	(3)	(5)
Decrease in trade and other receivables	612	181
Decrease in creditors	(972)	438
Pension costs less contributions payable	(654)	549
Gains on endowments, donations and investment properties	1,151	(1,591)
Adjustment for investing or financing activities		
Investment income	(510)	(572)
Interest payable	494	493
New endowments	(828)	(1,386)
Capital grant from colleges fund	0	(619)
Other capital grants for assets	(152)	(448)
	<u>208</u>	<u>1,718</u>
Net cash inflow from operating activities	<u>208</u>	<u>1,718</u>

NOTES TO THE FINANCIAL STATEMENTS

20. CASH FLOWS FROM INVESTING ACTIVITIES

	2020	2019
	£000	£000
Proceeds from sales of endowment assets	31,688	12,262
New endowment funds received	446	1,399
Capital grant from Colleges fund	0	619
Other capital grants for assets	152	448
Investment income	551	560
Endowment funds invested	(32,174)	(14,969)
Placed deposits	61	86
Payments made to acquire non-current fixed assets	(1,514)	(1,424)
Fitzwilliam Society loan movement	1	2
Loan repayments by Fellows	285	75
Total cash flows from investing activities	(504)	(942)

21. CASH FLOWS FROM FINANCING ACTIVITIES

	2020	2019
	£000	£000
Interest paid	(494)	(493)
Total cash flows from financing activities	(494)	(493)

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Note	At beginning of year £000	Cash flows £000	At end of year £000
Cash at bank and on deposit	12	9	(3)	6
Bank overdraft	13	(160)	(787)	(947)
		<u>(151)</u>	<u>(790)</u>	<u>(941)</u>

23. CONSOLIDATED RECONCILIATION AND ANALYSIS OF NET DEBT

	Note	At beginning of year £000	Cash flows £000	At end of year £000
Cash and cash equivalents	12	9	(3)	6
Borrowings: amounts falling due within one year				
Bank overdraft	13	(160)	(787)	(947)
Borrowings: amounts falling due after more than one year				
Unsecured loans	14	(10,000)	0	(10,000)
		<u>(10,151)</u>	<u>(790)</u>	<u>(10,941)</u>

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL INSTRUMENTS

	2020 £000	2019 £000
Financial assets		
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Cash and cash equivalents	6	9
Other debtors	1,402	1,901
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Bank overdraft	947	160
Loans	10,000	10,000
Other creditors	1,300	2,188

25. CAPITAL COMMITMENTS

	2020 £000	2019 £000
Capital commitments at 31 July 2020 are as follows:		
Authorised and contracted	3,129	395
Authorised but not yet contracted for	0	0

26. PENSION SCHEMES

Universities Superannuation Scheme

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

	2020 £000	2019 £000
Total employer contributions during the year	363	333
Add: contributions credit relating to past service (note 15)	(444)	638
Amount charged to the statement of comprehensive income and expenditure	(81)	971

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

26. PENSION SCHEMES (continued)

Universities Superannuation Scheme (continued)

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

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

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

	2020	2019
Mortality base table	<u>Pre-retirement:</u> 71% of AMCOO (duration 0) for males and 112% of AFC00 (duration 0) for females. <u>Post retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.	<u>Pre-retirement:</u> 71% of AMCOO (duration 0) for males and 112% of AFC00 (duration 0) for females. <u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	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.

The current life expectancies on retirement at age 65 are:

	2020	2019
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

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

	2020	2019
Discount rate	2.59%	2.44%
Pensionable salary growth	4.20%	2.11%

NOTES TO THE FINANCIAL STATEMENTS

26. PENSION SCHEMES (continued)

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 £207,100 (2019: £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 2020 by a qualified independent actuary. It indicated an employee benefit obligations deficit of £2,349,000, based on the total fair value of net assets of £3,729,000 against the present value of funded obligations of £6,078,000. 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	
	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000
Opening balance	(5,336)	(4,763)	3,597	3,211	(1,739)	(1,552)
Interest(expense)/ income	(113)	(128)	78	88	(35)	(40)
Actuarial gain	(755)	(464)	0	0	(755)	(464)
Benefits paid	126	71	(126)	(71)	0	0
Return on scheme assets	0	0	(27)	209	(27)	209
Employer contributions	0	0	207	175	207	175
Administration fees	0	0	0	(15)	0	(15)
Past service cost	0	(52)	0	0	0	(52)
Closing balance	<u>(6,078)</u>	<u>(5,336)</u>	<u>3,729</u>	<u>3,597</u>	<u>(2,349)</u>	<u>(1,739)</u>

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

<i>In other expenditure:</i>	2020	2019
	£000	£000
Past service costs	0	52
Interest expense (net)	35	40
Administration fees	0	15
	<u>35</u>	<u>107</u>

NOTES TO THE FINANCIAL STATEMENTS

26. PENSION SCHEMES (continued)

Fitzwilliam College Assistant Staff Superannuation Fund (continued)

The amounts taken to other comprehensive income are as follows:

Actuarial gain/(loss):	2020 £000	2019 £000
Return on pension scheme assets	(27)	209
Experience gains/ (losses) arising on scheme liabilities	0	0
Changes in assumptions underlying the present value of scheme liabilities	(755)	(464)
Net loss	<u>(782)</u>	<u>(255)</u>

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

	2020 %	2019 %
Equities	35.8%	39.4%
Bonds	59.3%	57.7%
Property	4.9%	4.8%
Cash	0.0%	0.0%
Current liabilities	0%	-1.9%

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

a) Financial assumptions

	2020	2019
Discount rate	1.45% pa	2.15% pa
RPI inflation assumption	2.80% pa	3.15% pa
Future salary increases	3.50% pa	3.75% pa
Future pension increases:		
- RPI minimum 3%, maximum 5%	3.65% pa	3.65% 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

26. PENSION SCHEMES (continued)

Fitzwilliam College Assistant Staff Superannuation Fund (continued)

b) Demographic assumptions

	2020	2019
Mortality – current pensioners: Actuarial tables used	PxA08 with CMI 2019 projections and a 1.25% long term trend rate with core parameters	PxA08 with CMI 2018 projections and a 1.25% long term trend rate with core parameters
Male life expectancy at age 65	22.2 years	22.2 years
Mortality – future pensioners: Actuarial tables used	PxA08 with CMI 2019 projections and a 1.25% long term trend rate with core parameters	PxA08 with CMI 2018 projections and a 1.25% long term trend rate with core parameters
Male life expectancy at age 65 (currently age 45)	23.5 years	23.5 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 £110,104 (2019 - £71,807).

27. SUBSIDIARY UNDERTAKING

The subsidiary company (which is registered in England & Wales), wholly-owned by the College, is as follows:

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

Kawakawa Bay Limited was wound up at the end of the last financial year for efficiency and economic reasons. The launderette services previously carried out by the company are now being delivered by the Fitzwilliam College.

NOTES TO THE FINANCIAL STATEMENTS

28. RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body 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 maintains a register of interests for all College Council members and where any member of the College Council has a material interest in a College matter they are required to declare that fact.

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

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

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

From	To	2020 Number	2019 Number
£0	£10,000	27	31
£10,001	£20,000	3	4
£20,001	£30,000	7	7
£30,001	£40,000	1	1
£40,001	£50,000	3	3
£50,001	£60,000	1	0
£60,001	£70,000	2	2
£70,001	£80,000	0	1
£80,001	£90,000	1	0
£90,001	£100,000	0	0
	Total	<u>45</u>	<u>49</u>

The total Trustee salaries were £814K for the year (2019: £790K)

The trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £169K for the year (2019: £131K)

The College also operates a fellows housing loan scheme and at the end of the year the total amount included in debtors amounted to £406,311 (2019 - £732,234). These loans are offered to fellows whom meet the criteria on commercial terms.

The College has a subsidiary undertaking, Fitzwilliam College Services Ltd which is consolidated into these accounts. The subsidiary is 100% owned by the College and is registered and operating in England and Wales.

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