



FITZWILLIAM COLLEGE

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST JULY 2021**

Registered Charity No. 1137496

CONTENTS	Page
PART 1: ANNUAL REPORT	
Introduction and Summary Financial Performance	3
Reference and Administrative Details	4-5
Annual Report of the Governing Body	6-15
Organisation and Governance	16-18
Statement of Internal Control	19
Statement of Responsibilities of the Governing Body	20
Independent Auditors' Report	21-24
PART 2: FINANCIAL STATEMENTS	
Statement of Principal Accounting Policies	25-31
Consolidated Statement of Comprehensive Income and Expenditure	32
Consolidated Statement of Changes in Reserves	33
Consolidated Balance Sheet	34
Consolidated Cash Flow Statement	35
Notes to the Financial Statements	36-53

INTRODUCTION AND SUMMARY FINANCIAL PERFORMANCE

Introduction

Fitzwilliam College is a modern, open-minded, inclusive academic community, that is confident of its place within the University of Cambridge. The College has around 950 members including students, Fellows, Bye-Fellows and staff.

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 382 rooms for students together with residential sets and offices for Fellows and Bye-Fellows. 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 245 students.

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 pandemic has continued to have a significant impact on the College during the year. The financial performance to 31st July 2021, reflects the national lockdown and the fact that College operated on a largely virtual basis for the Lent Term 2021. The College recorded a total income of £9.74 million with a total expenditure of £11.88 million (including a FCASSF provision of £1.5 million for past pension service costs) and a gain on investments of £10.95 million. The "Total surplus/(deficit) for the year" showed a surplus of £8.81 million.

Unrestricted activities showed a deficit for the year of £1.81 million, this figure includes the Colleges Fund grant, an USS pensions adjustment and the FCASSF pensions provision. The College's operating performance for the year, if adjusted for these items, was an operating deficit of £1.67 million. This is a more accurate reflection of the major financial challenges the College faced during the year due to the pandemic and pension issues.

The College's Total Net Assets at year-end stood at £143.43 million. Its investments consist of a discretionary investment portfolio and properties in Cambridge. At year-end the value of investments was £86.07 million. The value of the College's Endowment Reserve at year-end was £69.53 million and the value of the Restricted Reserve was £6.01 million. As a result, the College's 'free' reserves stood at £10.53 million.

The on-going impact of the pandemic and pension issues 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 are set out on pages 11 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

HCR 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:

Senior officers

Master:	Baroness Morgan of Huyton*
Bursar:	Mr R G Cantrill*
	Mr R A Powell (retired 30/09/2020)
Senior Tutor:	Dr P A Chirico*

Other Members:

Dr J M Cullen*	Dr J Guarneri
Professor N K H Slater (retired 30/09/2020)	Dr N K Jones*
Mr R J A Hooley (retired 30/09/2021)	Professor I M Tsimpli*
Dr D J Cole	Dr C Genakos
Professor D A Cardwell	Dr R C Powell
Dr J D Leigh	Professor M H Kenny
Dr H A Chalmers*	Dr A A J D'Sa
Professor D Keown (retired 30/09/2020)	Dr B Wiedemann
Professor B Vira*	Dr J W Rogers
Professor R S Langley (retired 30/09/21)	Dr P Mendes Loureiro
Professor E Mastorakos*	Dr C N Abadie
Professor D A Coomes	Dr J-M Johnston
Professor M J Millett	Dr S S Martin
Dr R D Camina	Dr C Vidal
Dr A G Kovalev	Dr C Chassonnery-Zaïgouche
Dr S Mukherji	Dr O Pevny
Dr D R E Abayasekara*	Professor S Keshav
Professor J A Elliott*	Professor G E D Oldroyd
Dr A E H Wheatley	Dr R J Hill
Dr K Saeb-Parsy	Dr E Galliano
Dr S S Owen*	Dr G E M Wilson
Dr A S Tavernor (retired 30/09/2020)	Mr P O'Connor
Dr P J Rentfrow	Dr I Fanlo (appointed 01/08/2021)
Dr S J Gathercole*	Dr C Harvey (appointed 01/10/2021)
Dr M B Wingate	Dr E A Lees (appointed 01/10/2021)
Mr F Knights	Dr T L Williams (appointed 01/10/2021)
Dr J K Aitken*	Dr D Luca (appointed 13/10/2021)
Dr A M Watson	
Dr A P Jardine	
Dr K J Boddy	
Dr S J Sawiak	
Dr E Lees (on secondment from 01/09/21)	
Dr G N Glickman	

*Also served on the College Committee.

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 new strategic plan, approved during the year, 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. 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 student statistics for the academic year 2020-21:

<i>By gender</i>	<i>Undergraduate</i>		<i>Graduate (full time)</i>		<i>Graduate (part time)</i>	
Female	209	44.3%	115	34.7%	65	44%
Male	262	55.5%	215	65%	83	56%
Non-binary	1	0.2%	1			
Total Students	472		331		148	

<i>By Origin</i>	<i>Undergraduate</i>		<i>Graduate (full time)</i>		<i>Graduate (part time)</i>	
Home	379	80.3%	127	38%	80	54%
EU	24	5.1%	73	22%	23	15.5%
Overseas	69	14.6%	131	40%	45	30.5%
Total students	472		331		148	
<i>of whom writing up / under exam</i>			81		33	

All figures as at January 2021

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Widening Participation

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

In the 2020-21 admissions round, much of the world of outreach as we knew it had changed utterly. Everything was online, and we worked with junior and senior members to develop an exciting programme of online taster events, Q&A sessions, guidance webinars, social media campaigns and videos. Whilst there has been some evidence of school students getting online fatigue, some events attracted large numbers of participants - our taster event in Medicine had over 700 sign ups.

Our students have been particularly good at participating in these events and have continued to be our best ambassadors. Some events, however, could not run, such as in person shadowing schemes and the Young Women's Conducting Workshop. Being forced to go online has helped us to reach more prospective students who might not have been able to participate in our events before. It has also helped us to develop new strategies and may, in the longer term, enable us to provide more sessions for schools which start with online content and culminate with in-person visits. However, in the short term, schools are keen to have only in-person visits due to online fatigue amongst school students. It was a particular shame that all University Open Days were online, as it is difficult to project the welcoming atmosphere of the College adequately via Zoom! We were therefore delighted that we were able to offer tours of the College in person in August and September when the pandemic regulations allowed.

Our essay competitions remain popular and attract good state school students to apply to us. In September, we were able to have in person prize-givings – divided across the whole afternoon for pandemic safety. We are hoping to expand on the number of competitions next year. The coming year's innovative programme promises to reach a wider and more diverse audience than ever.

The admissions round saw a significant increase in applicant numbers and yielded an impressive diversity both in offers and acceptances. The College received 763 (2020: 739) applications in the 2020-21 undergraduate admissions round for 2021 entry, and 658 (2020: 612) of these applicants were interviewed. The Admissions Tutors, Directors of Studies, and a large team of interviewers sought to identify those with the strongest academic potential from a large and diverse field of candidates. 168 (2020: 184) offers were made for 2021 entry, 17 (2020: 9) of which were offers made to candidates who had selected other colleges, through the intercollegiate 'pool'. In August, 146 (2020: 154) students were confirmed for 2021 entry. This included four students taken from Adjustment. A small number deferred their places to 2022 at varying times in the process, and one student withdrew straight after confirmation in August. The final number confirmed was 144.

The results period this year was less complex than it was last year, and we were prepared that a higher proportion of candidates would achieve their offer levels than would have been the case pre-pandemic. Upon confirmation 70% (2020: 77.6%) of those regulated by the Office for Students had been educated in the state-maintained sector. 48% had at least one of the seven 'widening participation' flags we use; 15% (2020: 14.4%) were from areas in POLAR4 quintiles 1 and 2 (where a relatively low proportion of 18-year-olds enter higher education); 22.1% (2020: 20.8%) were from areas in quintiles 1 and 2 of the Index of Multiple Deprivation (IMD); and 25.7% (2020: 20%) had Output Area Classification (OAC) flags.

Fitzwilliam College's commitment to widening participation continues our founding mission and has brought to the University many students from diverse backgrounds who have enjoyed conspicuous success.

Financial support

The total value of financial awards to students in the financial year increased by 9.3% to £1.07 million (2019-20: £0.97 million) and the College's share was 23% of all fee income received (2019-20: 20%).

The main source of funding for undergraduates of limited financial means is the Cambridge Bursary Scheme, operated and funded jointly by the University and the Colleges. 125 Fitzwilliam students (29% of our Home/EU undergraduates) benefitted from these awards, 73 of which were at the maximum level. In addition, 50 first year, 41 second year, and 43 third year undergraduates received Top-up Bursaries, jointly funded by Trinity College, totalling £93,899; 99 undergraduates received Fitzwilliam College Maintenance Bursaries, totalling £55,530; and 17 received Goldman Sachs Bursaries, totalling £25,500.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The efforts of the Development Office and the generosity of our Benefactors have allowed the College, independently and in conjunction with several University funding initiatives, to offer an increasing number of part-cost and fully funded graduate scholarships, to support the growing number of students. Graduate student support awards in 2020-21 totalled £378,947: 2 full-cost Masters Studentships, 3 full-cost PhD Studentship, 4 part-cost PhD Studentships, 21 further smaller part-cost graduate scholarships, 11 1912 Senior Scholarships and 82 College Senior Scholarships were awarded. 32 received Maintenance Bursaries, totalling £20,118 and 5 received PhD Extension Funding, totalling £16,500. In addition, 33 of our graduate students received Research Awards in the total sum of £10,483.

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:

- (i) 20 Travel Awards were made to undergraduates, totalling £6,080 (of which 17 were directly related to the student's course of study). This figure is much lower than in previous years, due to pandemic travel restrictions;
- (ii) 316 Prizes and Scholarships were awarded to undergraduates and graduates with distinguished academic records, totalling £43,750;
- (iii) 168 additional awards (in the total sum of £47,824) were made from the Student Opportunities Fund, including Vacation Project Accommodation Allowances, awards for successful participation in the Cambridge University Language Programme, support for costs resulting from disabilities (including Disability Rent Rebates), bursaries for laptop/IT support, additional support for Architecture students and a contribution to the Undergraduate and Postgraduate Rent Allowance Scheme;
- (iv) 51 awards were made from subject-specific funds, in the total sum of £18,541;
- (v) 37 students received music awards (totalling £9,482) and 75 received sports awards (totalling £11,188); and
- (vi) A further 11 awards were made from the Fitzwilliam Society Trust Fund (in addition to those listed in the relevant sections above), totalling £1,879.

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 2020-21 the student body comprised 472 undergraduates (49.6%) and 479 graduate students (50.4% - including 81 writing up dissertations, and 148 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. Despite the disruptions of the pandemic, facilities and financial support have been provided for a range of extra-curricular activities.

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 972 specialists for Fitzwilliam undergraduates. In the academic year the College employed five College Teaching Officers and one Teaching Associate, 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 most Easter Term assessments online. Most Tripos parts were classed this year and 158 students achieved First Class results.

Postgraduate Admissions

"To develop a stimulating environment for graduate education"

The College made a total of 306 offers for graduate admission in 2021 (217 for Masters courses, 75 for PhDs and 14 for clinical medicine/veterinary studies), of whom 158 took up their place (111 for Masters courses, 30 for PhDs, 3 part-time EdDs and 14 for clinical medicine/veterinary studies).

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Graduate applications to Cambridge are made to Departments and Faculties, with the option of naming one or two preferred colleges. Of the 277 applicants who moved forward with offers of new graduate places at Fitzwilliam in 2021, 73 (54 Masters and 19 PhDs – 26%) named the College first choice and 44 (32 Masters and 12 PhDs – 15%) second choice. We also took on 24 new MSt students.

Achievements

During the year 38 doctoral dissertations by Fitzwilliam students were approved for the award of PhD degrees. 86 College Senior Scholarships were also awarded (in Michaelmas 2020 the decision was taken to award a College Senior Scholarship to every PhD student in their 2nd and 3rd year in recognition of their progress on their research during a year which was severely impacted by the pandemic), and 17 prizes were awarded to Masters Students achieving Distinction.

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, 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 increased frequency, during the period of covid disruption. 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”

Eight new Bye-Fellows joined the College in 2020-2021, taking the total number to 49. Many of them are postdoctoral researchers within the University, who in teaching undergraduates were particularly well placed to explain the early-career research environment. Similarly, opportunities were created for the interchange of ideas between Bye-Fellows and graduate students.

Two new early-career researchers took up Research Fellowships at the College. In total the College funded two stipendiary Research Fellows in 2020-21, 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. The recently created Research Associates programme ran for a second year, with the majority seeking to renew their affiliation with the College and a further nine Associates appointed, bringing the total number to 20.

College Teaching Officers are employed by the College to meet essential teaching needs which the College has not been able to secure from established University Lecturers. Alongside their teaching responsibilities, they are engaged in developing their own academic research, supported through a research fund and an entitlement to sabbatical leave. During this year we employed a total of five CTOs.

Professor Ianthi Tsimpli was elected a Fellow of the British Academy. Professor Michael Kenny was elected a Fellow of the Academy of Social Sciences, and Professor Martin Millett was elected President of the Society of Antiquaries of London and a Member of the Academia Europea. Dr Kasia Boddy won the CSU Student-led Teaching Award 2021 for the 'Postgraduate Research Supervisor' category. Former Bursar, Mr Andrew Powell was elected to an Honorary Fellowship.

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 Deputy Proctor of the University.

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. As a result of the pandemic, it has not been possible to welcome any Visiting Fellows over the last year, but elections have been made for the forthcoming academic year of 2021-22 in the research fields of criminology and digital humanities.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

“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. During the period when our community was dispersed, the College strove to take events online where possible.

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 its undergraduates in College-owned accommodation.

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 more than £25 million. The current phase of this ambitious programme was completed in August 2021, with the £5 million refurbishment of staircases D, E and F. Following the completion of this phase of the refurbishment over 110 undergraduates are now accommodated in refurbished rooms on the College site.

Expenditure on maintenance of buildings was £0.29 million during the year (2019-20: £0.27 million) and capital expenditure on improvements (including College external properties) was a further £0.26 million (2019-20: £0.82 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 108 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 to the ongoing pandemic demonstrates the College's strong culture. The College was forced again to operate on a largely virtual basis during Lent Term 2021. As a result, the College placed a high 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.

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. Following the year end, the College decided to pay all permanent staff a minimum per hour rate of £10.03 and all casual workers the Real Living Wage. 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 again 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 the College had 66 members of USS on the payroll. The Fitzwilliam College Assistant Staff Superannuation Fund (FCASSF), a defined benefit scheme which was closed to new members in 2004, had 84 members at year-end.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

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.

Review of Financial Performance

Introduction

The financial statements represent the activities of the College and its wholly owned operating subsidiary, Fitzwilliam College Services Limited. 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 continued to have a material impact on the College's position during the year. The financial performance for the year reflects this. The College has lost £6.1 million of income across student rents, catering, and conference and events business since the last pre-pandemic financial year of 2018-19. During the year, the College took steps to reduce expenditure and continues to explore all options to ensure that it lives within its means. In addition, the College has put in place a financial recovery plan to enable the College to return to a normal financial position in the medium term.

The College had a total income of £9.74 million (2019-20: £11.00 million) with a total expenditure of £11.88 million (including a charge for the past service costs in respect of the FCASSF) (2019-20: £10.57 million) and a gain on investments of £10.95 million (2019-20: loss of £1.15 million). The "Total surplus/(deficit) for the year" showed a surplus of £8.81 million (2019-20: deficit of £0.72 million).

Unrestricted activities showed a deficit for the year (before gains/losses on investments) of £1.81 million (2019-20: surplus of £0.56 million), this figure includes several income items relating to the pandemic. The College's operating performance for the year, if adjusted for these items, was an operating deficit of £1.67 million (2019-20: deficit of £0.97 million). This is a more accurate reflection of the financial challenges the College has faced during the year.

The on-going impact of the pandemic, together with various pension scheme issues, will put further major strain on the College's financial position in the near term. There continues to be a risk to the College's sources of income, especially the conference and events income. The College estimates that by the end of 2021-22, the total pandemic related income loss will be £7.9 million, which represents 73% of annual total expenditure pre-pandemic.

The College is confident it has sufficient financial resilience in the form of liquidity and reserves to weather the immediate financial challenges that the pandemic presents.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Unrestricted income and expenditure

The College had a total income for the year of £9.24m (2019-20: £10.28m), a decrease of 10.1%. Total expenditure incurred for the year was £11.05m (2019-20: £9.71m), an increase of 13.73% (including the FCASSF pension service charge). However, if the impact of 'one-off' items relating to pensions are excluded from expenditure in both 2020-21 and 2019-20, the result would be a reduction in total expenditure of 2%. The table below provides a breakdown of Income and Expenditure:

Unrestricted income and expenditure analysis 2021 and 2020				
	2021		2020	
	£000		£000	
Income				
Academic fees and charges	3,616	39%	3,558	35%
Accommodation, catering and conferences	3,016	33%	4,250	41%
Investment income	79	1%	79	1%
Endowment return transferred	569	6%	704	7%
Other income	713	8%	583	6%
Donations	468	5%	478	5%
Grant from Colleges Fund	782	8%	625	6%
Total Income	9,243		10,277	
Expenditure				
Education	3,965	36%	3,535	37%
Accommodation, catering and conferences	5,183	47%	5,775	59%
Past service cost in respect of pension schemes	1,500	14%	-	
Other expenditure	400	4%	404	4%
Total Expenditure	11,048		9,714	
Surplus/(deficit) before other gains and losses	(1,805)		563	
<i>Reversal of adjustments</i>				
Grant from Colleges Fund	(782)		(625)	
Income from Coronavirus Job Retention scheme	(640)		(467)	
Past service cost in respect of pension schemes	1,500			
USS actuarial deficit provision movement	58		(444)	
Operating Surplus/(deficit)	(1,669)		(973)	

Academic fees and charges, investment income (relating to commercial property rent), and donations were stable or grew marginally during the year. Accommodation, catering, and conference and events income fell significantly by £1.23 million, some 29%. This was due to the loss of most of the student rents and associated catering income during Lent Term 2021 and the cancellation of most conference and events activity during the year. Income in this area was £3.53 million lower than 2018-19, the last pre-pandemic year.

Other income increased by £0.13 million some 22%. This was driven by the funding received from participating in the CJRS (as discussed above) of £0.64 million (2018-19: £0.47 million). The grant received from the Colleges' Fund also increased by £0.16 million some 25% to £0.78 million. The condition that the grant be taken to Endowment was again waived because of the pandemic, allowing the College to apply it to operating income.

Endowment and investment return drawdown at £1.10 million (2019-20: £1.34 million) was £0.24 million lower due to the reduction in income from the investment portfolio under the College's Total Return accounting policy that looks at the return on a medium-term basis coupled with the College's decision to reduce the drawdown rate. £0.57 million of this sum was transferred to unrestricted activity. Unrestricted donations added a further £0.47 million (2019-20: £0.48 million).

Actions taken by the College in response to the pandemic resulted in a reduced level of expenditure for the year. The College undertook a rebudgeting exercise midway through the year and implemented material expenditure savings. In

ANNUAL REPORT OF THE GOVERNING BODY (continued)

addition, the College benefitted from a number of natural efficiencies as a result of operating on a largely virtual basis for Lent Term 2021. As a result, accommodation, catering and conferences expenditure was reduced by £0.59 million to £5.18 million (2019-20: £5.78 million).

The FRS102 actuarial valuation carried out as at 31st July 2021, on the FCASSF, led the College to record a charge of £1.5 million, relating to members past service costs (see comment on pensions below).

The unrestricted activity in the Education account had a deficit of £0.35 million (2019-20: breakeven). Income from academic fees amounted to £3.62 million (2019-20: £3.56 million) and academic expenditure increased to £3.97 million (2019-20: £3.54 million). The sum for 2019-20 was distorted due to the adjustments made relating to the USS pension provision. If this was excluded, the level of educational expenditure was comparable between the two years.

The operating deficit of £1.67 million (2019-20: deficit of £0.97 million), reflects the fact that if 'one-off' other income items are excluded the loss of income again considerably exceeded the expenditure efficiencies achieved. The lower level of conference and events income of £0.18 million (2019-20: £0.94 million) had a disproportionate impact, as in a pre-pandemic year this income stream helps to mitigate the overhead costs of providing the College infrastructure and thus reduces the costs to students.

Restricted income and expenditure

Restricted income (excluding that related to building funds) during the year was £0.86 million (2019-20: £1.02 million) and associated educational expenditure was £0.83 million (2019-20: £0.86 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. £0.03 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. To provide budget certainty and an opportunity to react to unanticipated changes in market conditions, the rolling average is lagged by one year.

Income within the Endowment arises from new donations and from investment returns. This year the Endowment grew by £9.86 million (after considering £0.06 million of other transfers) to £69.53 million. New endowments fell to £0.36 million (2019-20: £0.47 million) and the Endowment again did not benefit from the Colleges' Fund grant as this was applied as 'Income' (as discussed above). In addition, the value of the College's investments allocated to the Endowment grew during the year by £10.19 million (2019-20: loss £1.07 million). This reflects the strong performance of the College's investment portfolio during the year (see discussion below).

Reserves and Financing

The College includes within its Endowment external properties owned by the College, which are used to accommodate students apart from 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 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 and the Endowment and Restricted reserves. On this basis, 'free' reserves have improved to £10.54 million (2019-20: £9.67 million). A key factor in the level of free reserves being sustained was contribution of the pandemic related income items to the College's operating performance and the exceptionally strong performance of the College's investment portfolio during the year. 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

ANNUAL REPORT OF THE GOVERNING BODY (continued)

need for the free reserves to absorb further operating deficits because of the major financial challenges the College faces due to the pandemic in the near term.

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. During the year 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. As at year-end, the College had drawn down £4 million of the facility.

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 (except for one commercial unit). At year-end the value of the portfolio had increased materially by £11.40 million to £86.07 million (2019-20: £74.67 million). The improvement reflects, in part, the rebound of almost all asset classes following the steep drop off because of the pandemic in the first six months of 2020.

Discretionary portfolio

The value of the College's discretionary investment portfolio at the year-end was £51.00 million (2019-20: £42.74 million), representing 60% of all investments. This comprised £36.94 million of public market investments, and £14.01 million in private equity investments. This was the first full year the College's sustainable investment policy (approved November 2019) had been applied to the portfolio. Post the year end, this policy has been further updated as part of the responsible investment policy.

The discretionary investment portfolio (excluding private equity) achieved a total return of 16.5% (2019-20: 1.7%). This compares to Retail Price Index (RPI) inflation for the 12 months to July 2021 of 2.0% and a long-term strategic investment target of RPI +4%. The objective of maintaining the real value of the portfolio and allowing an up to 4% annual cash withdrawal was met during the year.

Since the current investment manager began managing the portfolio in September 2016, the total return has been 6.9% annualised (excluding private equity), compared to a return on the strategic objective of 6.6% annualised. It should be noted that these returns do not yet reflect any significant contribution from the allocation to private equity. If private equity is included, the return over the period would be 7.4% annualised. The nature of private equity is such that investments are made over a longer-term timeframe as suitable opportunities arise.

The performance in the discretionary investment portfolio reflects the performance of the financial markets during the year, with a major rebound in most asset classes in the second half of 2020. This trend continued during the first half of 2021. Significant uncertainty remains, however, in the near term regarding the ability for assets to retain the current levels of value.

Property

At the year-end, Cambridge property totalled £35.00 million (2019-20: £31.88 million) in value (based on Nationwide Property Index – East Anglia) and made up 40% of all investments. Rental income from the Cambridge property was constant at £1.17 million (but was 23% below the pre-pandemic level). This was due to the reduced student rental income in the Lent Term 2021. The net income yield stood at 2.9% (2019-20: 3.1%) from the student element of the portfolio, reflecting the capital growth. The Cambridge residential property market experienced strong growth over the year, due in part to the government tax holiday relating to tax paid on property purchases.

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 £1.18 million (2019-20: £1.47 million), for which the College is immensely grateful to its alumni and supporters, especially during these challenging economic times. During the year, 1,083 alumni donated to the College representing 11.4% of the contactable alumni on our records.

Pensions

The College's share of the deficit in USS and the deficit in the FCASSF was £3.92 million as at year end 2020-21. The most significant element of this sum was the College's deficit in the FCASSF of £3.22 million, that increased by £1.04 million during the year. The FCASSF scheme will undertake a triennial valuation in March 2022, at which time the College as employer will agree with the trustees of the scheme a revised deficit recovery programme.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The USS scheme also underwent a triennial revaluation on 31 March 2020, with the results becoming available post year end. A new deficit recovery plan is being considered in respect of the scheme. Further details of the College's pension arrangements are set out in note 29.

Looking ahead

As the pages above set out in detail, the pandemic has been challenging in many ways. For periods we were nearly all physically isolated, with only a third of our students in College and minimal services and activities on-site, and for all of us Lent Term was the lowest point. Many non-teaching staff were furloughed, which was both necessary and sensible in relation to the College finances, but added to fragmentation of the community, as did extensive working from home.

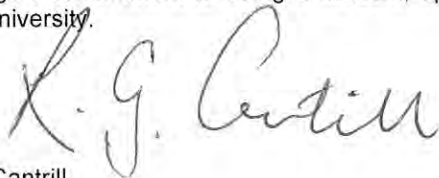
Throughout the year we have had to react quickly to changing rules and guidance, ambiguity and confusion, and personal anxieties among groups and individuals. New systems were established to deliver testing and isolation, manage risk assessments and we became experts in ventilation and the quality of masks. All this activity was on top of what is ordinarily an already significant workload. Teaching and pastoral support moved largely online, which was hard on academic staff and students alike, and although our gardens allowed more face-to-face contact towards the end of the academic year, all suffered from the lack of in-person contact. Tutors were under greater pressure than ever. There was a sense of relief as the Easter Term progressed with most students back in residence.

There were new opportunities too, thanks to the possibility of online events: the weekly 'Fresh Thinking at Fitz' online sessions brought a wide range of speakers to the College and were popular with all members of the College community, including alumni. We also maintained our annual keynote lectures – Diane Coyle (Foundation), Dan Labbad (Wilson) and Adele Thomas (Arrol Adam) – and enjoyed twice-weekly contributions from Fitz Music. These events helped maintain our intellectual energy and sense of the College community. It will, of course, be good to return to in-person events, including research talks from Fellows, but we will maintain an online presence to widen the reach and accessibility of our offerings.

Last year's report prefaced our intention to undertake a consultation exercise, across the whole College community, to comprehensively reshape our strategic plan. Despite the practical challenges of doing this in a year when many of the College community were off-site, this process was both successful and rewarding. Through a College-wide survey and a series of workshops with representative groups over several months, a strong and coherent set of guiding values have been identified. They speak of the importance of community, of a supportive place to achieve academic excellence, and of our responsibilities, to each other, to the environment, to future generations, and to our communities, whether local or global. Our aim was to articulate the College values more sharply, and then to go beyond the words to develop practical, deliverable actions that can be discussed and scrutinised through our normal governance structures.

Our values were evident in many decisions taken last year: the decision to pay furlough at 100%; the free meals to local families in school holidays; the emphasis on the College as 'home' to students who needed that support; the enthusiastic delivery of graduation picnics to enable family and friends to participate.

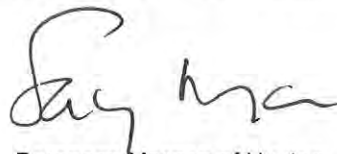
Going forward, translating our new strategic plan from words to actions will take input from everyone and some of the decisions we take will be challenging. We will need to examine what should return to pre-pandemic but also embrace change - in essence a refreshed "best of the old, best of the new". Our intention is that the plan will strengthen the College's commitment to being a modern, open-minded, inclusive academic community confident of its place within the University.



R G Cantrill

Bursar

Date: 24th November 2021



Baroness Morgan of Huyton

Master

Date: 24th November 2021

ORGANISATION AND GOVERNANCE

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 2020-21 was £0.94 million (2019-20: £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 the College free of any rental charge. Resident Fellows pay a charge to cover the costs of servicing this accommodation. During the year ended 2020-21 there were 12 Fellows resident in the College. Research Fellows who choose not to live in the 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 2020-21 there were three housing loans outstanding with a balance of £0.37 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, except for 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 termly staff townhalls held by the Bursar and Domestic 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

After the closure of the FCASSF 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

ORGANISATION AND GOVERNANCE (continued)

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 FCASSF 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.

Fundraising

In line with other activities, the College has created a risk template 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. During the year, the College managed its own telephone fundraising campaign 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, to allow 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 up to 4% of the average the last five years’ valuations, lagged by one year. 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 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.

Responsible investment policy

The College adheres to Charity Commission guidance on responsible investments. A full statement of the College’s Investment Policy may be found on the College website. The policy was updated and implemented in October 2021, reflecting a new responsible investment approach. The new policy: enacts the College’s commitment to environmentalism and social responsibility, and highlights that everyone needs to continue to assess how they can effectively contribute towards halting the climate crisis. Going forward, the College will not invest the DIP, either directly or indirectly in the fossil fuels (where a company’s revenue is more than 10%), tobacco or defence (companies manufacturing weapons) sectors and will measure its investments against the ‘leader’ ESG rating; and will ensure that the College’s investments are managed, not just based on their financial performance and value for money, but also embodying the College’s social purpose and the example it sets as a community to others.

Risk Management

The Governing Body has adopted a “top-down” approach to the management of risk. 15 strategic risks, grouped thematically, 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

ORGANISATION AND GOVERNANCE (continued)

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. For 2020-21, meetings were held with the relevant risk owners to agree any changes to the scoring.

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 within the risk appetite set by the Governing Body.

The internal risks that score most highly are those relating to loss or impairment of physical assets, failure to attract, retain and deploy competent assistant staff, failure to maintain a safe environment for the College members, visitors and staff and failure of information systems, security breach or critical loss of data. 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. In November 2020, due to the impact of the pandemic, the College undertook a rebudgeting exercise in relation to the financial year 2020-21. Separately, during the year the College undertook a pandemic scenario planning exercise, to assess the impact on the College's finances based on recovery, containment and resurgence scenarios.

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. 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 system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 31 July 2021 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

Opinion

We have audited the financial statements of Fitzwilliam College (the 'College') for the year ended 31 July 2021 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated statement of changes in reserves, the consolidated balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of 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 2021 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.

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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of 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 (continued)

Opinion on other matters prescribed by the Statutes of the University of Cambridge

In our opinion based on the work undertaken in the course of the audit:

- The contribution due from the College to the University has been 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Operating and Financial Review.

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:

- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Trustees

As explained more fully in the responsibilities of the Governing Body statement set out on page 22, the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body 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 are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with Trustees and other management, and from our knowledge and experience of the education sector;
- we obtained an understanding of the legal and regulatory framework applicable to the College and how the College is complying with that framework;
- we obtained an understanding of the College's policies and procedures on compliance with laws and regulations, including documentation of any instances of non-compliance;

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY (continued)

- we identified which laws and regulations were significant in the context of the College. The Laws and regulations we considered in this context were Charities Act 2011, the Statutes of the University of Cambridge and taxation legislation. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items;
- in addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the College's and the Group's ability to operate or to avoid material penalty; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we;

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policy were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators and the College's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 auditors' report.

Use of our report

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



INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY (continued)

PETERS ELWORTHY & MOORE

Peters Elworthy & Moore

Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 6 December 2021

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 2021 was 2.98%.

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 2020-21, 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 £0.17 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, library books and motor vehicles

Furniture, fittings equipment, library books and motor vehicles 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
Motor vehicles	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 (FCASSF)

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 considers 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 professionally revalued every 5 years to their fair value at the reporting date. Interim valuations are carried out annually using the Nationwide property price index to arrive at the year-end values.

Retirement benefit obligations – The cost of defined benefit pension plans is 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 is 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 COMPREHENSIVE INCOME AND EXPENDITURE

	Note	2021				2020			
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income									
Academic fees and charges	1	3,616	0	0	3,616	3,558	0	0	3,558
Accommodation, catering and conferences	2	3,016	0	0	3,016	4,250	0	0	4,250
Investment income	3	79	0	356	435	79	0	431	510
Endowment return transferred	3	569	531	(1,100)	0	704	640	(1,344)	0
Other income		713	0	0	713	583	0	0	583
Total income before donations and endowments		<u>7,993</u>	<u>531</u>	<u>(744)</u>	<u>7,780</u>	<u>9,174</u>	<u>640</u>	<u>(913)</u>	<u>8,901</u>
Donations		468	0	0	468	478	0	0	478
New endowments		0	324	355	679	0	378	467	845
Grant from Colleges Fund		782	0	0	782	625	0	0	625
Other capital grants for assets		0	29	0	29	0	152	0	152
Total income		<u>9,243</u>	<u>884</u>	<u>(389)</u>	<u>9,738</u>	<u>10,277</u>	<u>1,170</u>	<u>(446)</u>	<u>11,001</u>
Expenditure									
Education	4	3,965	827	0	4,792	3,535	859	0	4,394
Accommodation, catering and conferences	5	5,183	0	0	5,183	5,775	0	0	5,775
Other expenditure		400	0	0	400	404	0	0	404
Past service cost in respect of pension schemes	26	1,500	0	0	1,500	0	0	0	0
Contribution under Statute G, II		0	0	0	0	0	0	0	0
Total expenditure	6	<u>11,048</u>	<u>827</u>	<u>0</u>	<u>11,875</u>	<u>9,714</u>	<u>859</u>	<u>0</u>	<u>10,573</u>
Surplus/(deficit) before other gains and losses		<u>(1,805)</u>	<u>57</u>	<u>(389)</u>	<u>(2,137)</u>	<u>563</u>	<u>311</u>	<u>(446)</u>	<u>428</u>
Gain/(loss) on investments	9	33	726	10,187	10,946	(3)	(83)	(1,065)	(1,151)
Surplus/(deficit) for the year		<u>(1,772)</u>	<u>783</u>	<u>9,798</u>	<u>8,809</u>	<u>560</u>	<u>228</u>	<u>(1,511)</u>	<u>(723)</u>
Other comprehensive income									
Actuarial gain/(loss) in respect of pension schemes	26	456	0	0	456	(782)	0	0	(782)
Total comprehensive income for the year		<u>(1,316)</u>	<u>783</u>	<u>9,798</u>	<u>9,265</u>	<u>(222)</u>	<u>228</u>	<u>(1,511)</u>	<u>(1,505)</u>

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

CHANGES IN RESERVES 2021

	<i>Income and expenditure reserve</i>			<i>2021</i>
	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance on 1 August 2020	69,187	5,311	59,669	134,167
Surplus from income and expenditure statement	(1,772)	783	9,798	8,809
Other comprehensive income	456	0	0	456
Release of restricted capital funds spent in the year	30	(30)	0	0
Other transfers	(3)	(57)	60	0
Balance at 31 July 2021	<u>67,898</u>	<u>6,007</u>	<u>69,527</u>	<u>143,432</u>

CHANGES IN RESERVES 2020

	<i>Income and expenditure reserve</i>			<i>2020</i>
	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	<u>69,187</u>	<u>5,311</u>	<u>59,669</u>	<u>134,167</u>

The notes on pages 36 to 53 form part of these accounts

CONSOLIDATED BALANCE SHEET

		2021	2020
	Note	£000	£000
Non-current assets			
Fixed assets	8	75,426	73,253
Investments	9	86,072	74,671
Total non-current assets		<u>161,498</u>	<u>147,924</u>
Current assets			
Stocks	10	57	64
Trade and other receivables	11	1,235	1,402
Cash and cash equivalents	12	7	6
Total current assets		<u>1,299</u>	<u>1,472</u>
Creditors: amounts falling due within one year	13	(1,450)	(2,247)
Net current assets		<u>(151)</u>	<u>(775)</u>
Total assets less current liabilities		161,347	147,149
Creditors: amounts falling due after more than one year	14	(14,000)	(10,000)
Provisions			
Pension provisions	15	(3,915)	(2,982)
Total net assets		<u>143,432</u>	<u>134,167</u>
Restricted reserves			
Income and expenditure reserve – endowment reserve	16	69,527	59,669
Income and expenditure reserve – restricted reserve	17	6,007	5,311
		<u>75,534</u>	<u>64,980</u>
Unrestricted reserves			
Income and expenditure reserve – unrestricted		67,898	69,187
Total reserves		<u>143,432</u>	<u>134,167</u>

The financial statements were approved by the Governing Body on Wednesday 24th November 2021 and signed on its behalf by:

R G Cantrill
Bursar

Baroness Morgan of Huyton
Master

The notes on pages 36 to 53 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

		2021	2020
	Note	£000	£000
<i>Net cash inflow from operating activities</i>	19	425	208
<i>Cash flows from investing activities</i>	20	(3,021)	(504)
<i>Cash flows from financing activities</i>	21	3,507	(494)
<i>Increase/(decrease) in cash and cash equivalents in the year</i>		<u>911</u>	<u>(790)</u>
<i>Cash and cash equivalents at beginning of the year</i>		<u>(941)</u>	<u>(151)</u>
<i>Cash and cash equivalents at end of the year</i>	22	<u>(30)</u>	<u>(941)</u>

The notes on pages 36 to 53 form part of these accounts

NOTES TO THE FINANCIAL STATEMENTS

1. ACADEMIC FEES AND CHARGES

	2021	2020
	£000	£000
Colleges fees:		
Fee income received at regulated undergraduate rate	1,955	1,878
Fee income received at unregulated undergraduate rate	686	653
Fee income received at the graduate rate	975	1,027
	<u>3,616</u>	<u>3,558</u>
	<u><u>3,616</u></u>	<u><u>3,558</u></u>

2. INCOME FROM ACCOMMODATION, CATERING AND CONFERENCES

	2021	2020
	£000	£000
Accommodation:		
College members	2,284	2,424
Conferences	125	454
Catering:		
College members	550	888
Conferences	57	484
	<u>3,016</u>	<u>4,250</u>
	<u><u>3,016</u></u>	<u><u>4,250</u></u>

3. ENDOWMENT RETURN AND INVESTMENT INCOME

	2021	2020
	£000	£000
3a. Analysis of Investment Income:		
Income drawdown from endowment (note 3b)	1,100	1,344
Other investment income	79	79
	<u>1,179</u>	<u>1,423</u>
	<u><u>1,179</u></u>	<u><u>1,423</u></u>

NOTES TO THE FINANCIAL STATEMENTS

3b. Summary of Total Return

	2021	2020
	£000	£000
<u>Income from:</u>		
Quoted securities and cash	356	431
	<hr/>	<hr/>
<u>Gains/(Losses) on endowment assets:</u>		
Quoted securities and cash	7,938	(366)
	<hr/>	<hr/>
Total return for the year	8,294	65
Transfer to income and expenditure reserve (note 3a)	(1,100)	(1,344)
	<hr/>	<hr/>
Unapplied total return for the year included within the Statement of Comprehensive Income and Expenditure (note 18)	7,194	(1,279)
	<hr/> <hr/>	<hr/> <hr/>

The investment income recorded in note 3a for 2021 related to income receivable from land and buildings, quoted securities and cash investments.

4. EDUCATION EXPENDITURE

	2021	2020
	£000	£000
Teaching	2,468	2,049
Tutorial	783	780
Admissions	217	239
Research	295	301
Scholarships and awards	810	772
Other educational facilities	219	253
	<hr/>	<hr/>
	4,792	4,394
	<hr/> <hr/>	<hr/> <hr/>

5. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2021	2020
	£000	£000
Accommodation:		
College members	2,975	3,216
Conferences	671	710
Catering:		
College members	1,382	1,360
Conferences	155	489
	<hr/>	<hr/>
	5,183	5,775
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
6a. ANALYSIS OF 2020/21 EXPENDITURE BY ACTIVITY

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education	1,954	2,257	581	4,792
Accommodation, catering and conferences	2,516	1,530	1,137	5,183
Other	138	260	2	400
	<u>4,608</u>	<u>4,047</u>	<u>1,720</u>	<u>10,375</u>

The above expenditure includes fundraising costs of £171,528 (2020: £328,937).
 This expenditure includes the costs of alumni relations.

6b. 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>1,793</u>	<u>10,573</u>

6c. AUDITORS' REMUNERATION

	2021 £000	2020 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	26	15
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	2021 Total £000	2020 Total £000
<i>Staff costs:</i>				
Salaries	699	3,093	3,792	4,141
National Insurance	84	189	273	241
Pension costs	161	324	485	481
USS deficit contribution	58	0	58	(443)
	<u>1,002</u>	<u>3,606</u>	<u>4,608</u>	<u>4,420</u>
	No	No	No	No
<i>Average staff numbers:</i>				
Academic	47	0	47	45
Non-academic	0	108	108	120
	<u>47</u>	<u>108</u>	<u>155</u>	<u>165</u>

The Governing Body comprised 59 Fellows of which the 47 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:

	2021 £000	2020 £000
Aggregate Emoluments	944	970
	<u>944</u>	<u>970</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	Motor vehicles £000	2021 Total £000	2020 Total £000
Cost						
At beginning of year	78,436	708	7,092	0	86,236	84,659
Additions	141	3,516	220	18	3,895	1,597
Transfers	0	0	0	0	0	0
Disposals	(2)	0	0	0	(2)	(20)
At end of year	<u>78,575</u>	<u>4,224</u>	<u>7,312</u>	<u>18</u>	<u>90,129</u>	<u>86,236</u>
Depreciation						
At beginning of year	7,257	0	5,726	0	12,983	11,210
Charge for the year	1,322	0	394	4	1,720	1,793
Eliminated on disposals	0	0	0	0	0	(20)
At end of year	<u>8,579</u>	<u>0</u>	<u>6,120</u>	<u>4</u>	<u>14,703</u>	<u>12,983</u>
Net book value						
At end of year	<u>69,996</u>	<u>4,224</u>	<u>1,192</u>	<u>14</u>	<u>75,426</u>	<u>73,253</u>
At beginning of year	<u>71,179</u>	<u>708</u>	<u>1,366</u>	<u>0</u>	<u>73,253</u>	<u>73,449</u>

The insured replacement cost of freehold land and buildings as at 31 July 2021 was £86,394,363.

9. INVESTMENTS

	2021 £000	2020 £000
Balance at beginning of year	74,671	75,399
Additions	17,715	32,173
Disposals	(16,657)	(31,689)
Gain/(Loss)	10,946	(1,151)
Increase/(decrease) in cash balances held at fund managers	(603)	(61)
Balance at end of year	<u>86,072</u>	<u>74,671</u>
Represented by:		
Investment properties	35,001	31,877
Quoted securities - equities	51,405	42,526
Cash held at investment managers	(403)	218
Bank balances	69	50
	<u>86,072</u>	<u>74,671</u>

NOTES TO THE FINANCIAL STATEMENTS
10. STOCKS

	2021	2020
	£000	£000
Goods for resale	57	64
	<u> </u>	<u> </u>

11. TRADE AND OTHER RECEIVABLES
Due within one year

	2021	2020
	£000	£000
Members of the College	163	120
Other debtors	1,072	1,282
	<u> </u>	<u> </u>
	<u>1,235</u>	<u>1,402</u>

12. CASH AND CASH EQUIVALENTS

	2021	2020
	£000	£000
Current accounts	5	4
Cash in hand	2	2
	<u> </u>	<u> </u>
	<u>7</u>	<u>6</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£000	£000
Bank overdraft	37	947
Members of the College	261	262
Other creditors	1,152	1,038
	<u> </u>	<u> </u>
	<u>1,450</u>	<u>2,247</u>

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

	2021	2020
	£000	£000
Bank loans	14,000	10,000
	<u> </u>	<u> </u>

It includes a £10m unsecured loan repayable in full by 30 July 2058 at a fixed rate of 4.93% per annum plus a £4m unsecured loan repayable in full by 28th October 2025 taken out during the year with an interest rate basis of Bank of England rate plus margin of 1.6%.

NOTES TO THE FINANCIAL STATEMENTS

15. PENSION PROVISIONS

	To fund deficit on USS pension £000	Defined benefit obligation (note 24) £000	2021 Total £000	2020 Total £000
Balance at beginning of year	633	2,349	2,982	2,799
Movement in year:				
Contributions	58	(207)	(149)	(651)
Other expenditure	5	33	38	52
Past service cost in respect of pension schemes	0	1,500	1,500	0
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	0	(456)	(456)	782
Balance at end of year	<u>696</u>	<u>3,219</u>	<u>3,915</u>	<u>2,982</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. Further information regarding the impact of the recently completed 2020 actuarial valuation is provided in the post balance sheet event note 29.

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

	2021	2020
Discount rate	0.87%	0.73%
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	2021 Total £000	2020 Total £000
Balance at beginning of year:				
Capital	14,957	44,712	59,669	61,074
New donations and endowments	355	0	355	467
Other transfers	0	0	0	32
Increase/(decrease) in market value of investments	2,794	6,709	9,503	(1,904)
	<u>18,106</u>	<u>51,421</u>	<u>69,527</u>	<u>59,669</u>
Balance at end of year	<u><u>18,106</u></u>	<u><u>51,421</u></u>	<u><u>69,527</u></u>	<u><u>59,669</u></u>

Analysis by type of purpose:

Fellowship and Research Funds	6,031	0	6,031	4,948
Scholarship and Prize Funds	2,629	194	2,823	2,268
Chapel Funds	457	0	457	371
Travel Grant Funds	470	0	470	381
Hardship Funds	5,111	0	5,111	4,285
Other Funds	3,408	0	3,408	2,866
General endowments	0	51,227	51,227	44,550
	<u>18,106</u>	<u>51,421</u>	<u>69,527</u>	<u>59,669</u>
	<u><u>18,106</u></u>	<u><u>51,421</u></u>	<u><u>69,527</u></u>	<u><u>59,669</u></u>

Analysis by asset:

Property	0	33,977	33,977	30,852
Investments	18,106	17,444	35,550	28,817
Cash	0	0	0	0
	<u>18,106</u>	<u>51,421</u>	<u>69,527</u>	<u>59,669</u>
	<u><u>18,106</u></u>	<u><u>51,421</u></u>	<u><u>69,527</u></u>	<u><u>59,669</u></u>

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	2021 Total £000	2020 Total £000
Balance at beginning of year					
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>
New capital grants	29	0	0	29	152
New donations	0	0	324	324	378
Other transfers	0	0	(57)	(57)	(103)
Endowment return transferred	1	425	105	531	640
Increase/(decrease) in market value of investments	0	0	726	726	(83)
Expenditure	0	(380)	(447)	(827)	(859)
Capital grants utilised	(30)	0	0	(30)	(173)
	<u>0</u>	<u>1,465</u>	<u>4,542</u>	<u>6,007</u>	<u>5,311</u>
Balance at end of year	<u><u>0</u></u>	<u><u>1,465</u></u>	<u><u>4,542</u></u>	<u><u>6,007</u></u>	<u><u>5,311</u></u>
Comprising:					
Capital	0	0	4,392	4,392	3,753
Accumulated income	0	1,465	150	1,615	1,558
	<u>0</u>	<u>1,465</u>	<u>4,542</u>	<u>6,007</u>	<u>5,311</u>
	<u><u>0</u></u>	<u><u>1,465</u></u>	<u><u>4,542</u></u>	<u><u>6,007</u></u>	<u><u>5,311</u></u>
Analysis of other restricted funds/donations by type of purpose:					
Fellowship and Research Funds	0	539	98	637	595
Scholarship and Prize Funds	0	126	0	126	139
Chapel Funds	0	144	374	518	471
Travel Grant Funds	0	48	2	50	41
Hardship Funds	0	367	1,995	2,362	1,999
Building Funds	0	0	1,068	1,068	893
Other Funds	0	241	1,005	1,246	1,173
	<u>0</u>	<u>1,465</u>	<u>4,542</u>	<u>6,007</u>	<u>5,311</u>
	<u><u>0</u></u>	<u><u>1,465</u></u>	<u><u>4,542</u></u>	<u><u>6,007</u></u>	<u><u>5,311</u></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:

	2021	2020
	£000	£000
Initial unapplied Total Return	23,196	24,475
Unapplied Total Return for the year (note 3b)	7,194	(1,279)
	<u>30,390</u>	<u>23,196</u>

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

	2021	2020
	£000	£000
Surplus for the year	8,809	(723)
Adjustment for non-cash items		
Depreciation	1,720	1,793
Decrease in stocks	7	(3)
Increase in trade and other receivables	(113)	612
Increase in creditors	162	(972)
Pension costs less contributions payable	(64)	(654)
Past service cost of pension schemes	1,500	0
Gains on endowments, donations and investment properties	(10,946)	1,151
Adjustment for investing or financing activities		
Investment income	(435)	(510)
Interest payable	493	494
New endowments	(679)	(828)
Capital grant from colleges fund	0	0
Other capital grants for assets	(29)	(152)
	<u>425</u>	<u>208</u>
Net cash inflow from operating activities	<u>425</u>	<u>208</u>

NOTES TO THE FINANCIAL STATEMENTS

20. CASH FLOWS FROM INVESTING ACTIVITIES

	2021	2020
	£000	£000
Proceeds from sales of endowment assets	16,659	31,688
New endowment funds received	880	446
Other capital grants for assets	29	152
Investment income	416	551
Endowment funds invested	(17,715)	(32,174)
Placed deposits	603	61
Payments made to acquire non-current fixed assets	(3,949)	(1,514)
Fitzwilliam Society loan movement	6	1
Loan repayments by Fellows	50	285
Total cash flows from investing activities	(3,021)	(504)

21. CASH FLOWS FROM FINANCING ACTIVITIES

	2021	2020
	£000	£000
Interest paid	(493)	(494)
New bank loans	4,000	0
Total cash flows from financing activities	3,507	(494)

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	6	1	7
Bank overdraft	13	(947)	910	(37)
		<u>(941)</u>	<u>911</u>	<u>(30)</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	6	1	7
Borrowings: amounts falling due within one year				
Bank overdraft	13	(947)	910	(37)
Borrowings: amounts falling due after more than one year				
Unsecured loans	14	(10,000)	(4,000)	(14,000)
		<u>(10,941)</u>	<u>(3,089)</u>	<u>(14,030)</u>

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL INSTRUMENTS

	2021	2020
	£000	£000
Financial assets		
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Cash and cash equivalents	7	6
Other debtors	1,235	1,402
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Bank overdraft	37	947
Loans	14,000	10,000
Other creditors	1,413	1,300

25. CAPITAL COMMITMENTS

	2021	2020
	£000	£000
Capital commitments at 31 July 2021 are as follows:		
Authorised and contracted	253	3,129
Authorised but not yet contracted for	<u>0</u>	<u>0</u>

26. PENSION SCHEMES

Universities Superannuation Scheme

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

	2021	2020
	£000	£000
Total employer contributions during the year	364	363
Add: contributions credit relating to past service (note 15)	58	(444)
Amount charged to the statement of comprehensive income and expenditure	<u>422</u>	<u>(81)</u>

As at 31 July 2021, the latest available complete actuarial valuation of the Retirement Income Builder was at 31 March 2018 (the valuation date), which was carried out using the projected unit method. Since the year end the valuation as at 31 March 2020 was signed and filed with The Pensions Regulator with an effective date of 1 October 2021. As the new valuation was not in place at the financial year end, any adjustment in the deficit provision will be reflected in the financial statements for the year ended 31 July 2022.

Since the College 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:

	2021	2020
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> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

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 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	2.59%	2.59%
Pensionable salary growth	4.20%	4.20%

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 (2020: £207,100), 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 2021 by a qualified independent actuary. It indicated an employee benefit obligations deficit of £3,219,000, based on the total fair value of net assets of £4,256,000 against the present value of funded obligations of £7,475,000. 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	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Opening balance	(6,078)	(5,336)	3,729	3,597	(2,349)	(1,739)
Interest(expense)/ income	(88)	(113)	55	78	(33)	(35)
Actuarial gain	112	(755)	0	0	112	(755)
Benefits paid	79	126	(79)	(126)	0	0
Return on scheme assets	0	0	344	(27)	344	(27)
Employer contributions	0	0	207	207	207	207
Administration fees	0	0	0	0	0	0
Past service cost	(1,500)	0	0	0	(1,500)	0
Closing balance	<u>(7,475)</u>	<u>(6,078)</u>	<u>4,256</u>	<u>3,729</u>	<u>(3,219)</u>	<u>(2,349)</u>

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

	2021 £000	2020 £000
<i>In other expenditure:</i>		
Interest expense (net)	<u>33</u>	<u>35</u>
In past service cost in respect of pension schemes	<u>1,500</u>	<u>0</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):	2021 £000	2020 £000
Return on pension scheme assets	344	(27)
Changes in assumptions underlying the present value of scheme liabilities	112	(755)
Net gain/(loss)	456	(782)

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

	2021 %	2020 %
Equities	0%	36%
Bonds	0%	62%
Property	5%	5%
Cash	97%	0%
Current liabilities	-2%	-3%

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

a) Financial assumptions

	2021	2020
Discount rate	1.60% pa	1.45% pa
RPI inflation assumption	3.15% pa	2.80% pa
Future salary increases	3.90% pa	3.50% pa
Future pension increases: - RPI minimum 3%, maximum 5%	3.60% pa	3.45% 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

	2021	2020
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 2019 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 2019 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 £106K (2020 - £110K).

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

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	2021 Number	2020 Number
£0	£10,000	31	27
£10,001	£20,000	1	3
£20,001	£30,000	7	7
£30,001	£40,000	1	1
£40,001	£50,000	3	3
£50,001	£60,000	1	1
£60,001	£70,000	1	2
£70,001	£80,000	1	0
£80,001	£90,000	1	1
£90,001	£100,000	<u>0</u>	<u>0</u>
	Total	<u>47</u>	<u>45</u>

The total Trustee salaries were £782K for the year (2020: £814K)

The trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £175K for the year (2020: £169K)

The College also operates a fellows housing loan scheme and at the end of the year the total amount included in debtors amounted to £375K (2020 - £406K). 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.

NOTES TO THE FINANCIAL STATEMENTS

29. POST BALANCE SHEET EVENT – USS PENSION SCHEME

Since the year end, following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed in respect of the USS pension scheme. A new Schedule of Contributions based on the 2020 actuarial valuation has been agreed, and became effective, post year end. That results in an increase of £1,100,764 in the provision for the obligation to fund the deficit on the USS pension which would instead be £1,797,201. As the Schedule of Contributions was not in place at the financial year end this adjustment will be reflected in the Financial Statements for the year ended 31 July 2022. If the Joint Negotiating Committee (JNC) recommended deed on benefit changes has not been executed by 28 February 2022 then a different schedule of contributions would become applicable. If this were to happen then there would be an increase of £2,293,909 in the provision for the obligation to fund the deficit on the USS pension which would instead be £2,990,346.