

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

For the year ended 31 July 2018



FITZWILLIAM COLLEGE

CONTENTS	Page
Reference and Administrative Details	1-2
Annual Report of the Governing Body	3-13
Organisation and Governance	14-17
Statement of Internal Control	18
Statement of Responsibilities of the Governing Body	19
Independent Auditors' Report	20-21
Statement of Principal Accounting Policies	22-26
Consolidated Statement of Comprehensive Income and Expenditure	27
Consolidated Statement of Changes in Reserves	28
Consolidated Balance Sheet	29
Consolidated Cash Flow Statement	30
Notes to the Financial Statements	31-45

REFERENCE AND ADMINISTRATIVE DETAILS

Fitzwilliam College

Storey's Way
Cambridge
CB3 0DG

Charity Registration number: 1137496

Charity Trustees (Members of the Governing Body):

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

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

Master: Professor N M Padfield*

Bursar: Mr R A Powell*

Senior Tutor: Dr P A Chirico*

Other Members:

Dr M J S Holly* (retired 30/09/2017)	Dr S K Larsen*
Mr F Knights*	Dr J K Aitken
Professor N K H Slater	Dr H C Canuto*
Professor M D Potter* (resigned 13/06/2018)	Dr A M Watson
Mr R J A Hooley*	Dr A P Jardine
Dr D J Cole	Dr K J Boddy*
Professor D A Cardwell	Dr L M Hanson
Dr R E Horrox*	Dr T H Hughes (resigned 30/09/2017)
Dr J D Leigh	Dr H Wilkinson (resigned 30/09/2017)
Dr K W Platts	Dr S A Middleton
Dr H A Chalmers	Dr S J Sawiak
Professor D Keown*	Dr A I Televantos
Professor B Vira*	Dr E Lees
Professor R S Langley	Dr C Cowie (resigned 31/08/2017)
Professor E Mastorakos	Dr G N Glickman
Professor D A Coomes	Dr J Guarneri
Professor M J Millett	Dr N K Jones
Dr R D Camina	Professor I M Tsimpli*
Dr A G Kovalev	Dr T Flock (resigned 29/04/2018)
Dr S Mukherji	Dr E R Crema
Dr D R E Abayasekara	Dr D Frank
Professor J A Elliott*	Dr C Genakos
Dr A E H Wheatley	Dr R C Powell
Dr K Saeb-Parsy	Professor M H Kenny
Dr S S Owen	Mr D Winters (appointed 02/10/2017)
Dr A S Tavernor	Dr C Uhlemann (appointed 02/10/2017)
Dr P J Rentfrow	Dr E Gjesfjeld (appointed 02/10/2017)
Dr S J Gathercole*	Dr Y Heo (appointed 02/10/2017, resigned 30/06/2018)
Dr M B Wingate	Dr R Kievit (appointed 11/10/2017)
Dr J M Cullen*	

*Also served on the College Committee.

REFERENCE AND ADMINISTRATIVE DETAILS (Continued)

Senior officers

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

Dr Chirico was on sabbatical leave from 1st September 2017 to 31st August 2018, and Dr S K Larsen was Acting Senior Tutor for that period.

Principal advisers

Auditors

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

Bankers

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

Property Managers

Bidwells
Trumpington Road
Cambridge
CB2 9LD

Investment Managers

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

Legal Advisers

Hewitsons LLP
Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

ANNUAL REPORT OF THE GOVERNING BODY

Introduction

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

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

Aims and objectives of the College

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

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

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

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

Our Objectives:

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

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

Public Benefit

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

ANNUAL REPORT OF THE GOVERNING BODY (continued)

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

Student statistics for the academic year 2017-18

By gender	Undergraduate		Graduate (full time)		Graduate (part time)	
Female	196	41.8%	77	36.2%	33	32.0%
Male	273	58.2%	136	63.8%	70	68.0%
Total in study	469		213		103	
Writing up / under exam			61		9	
Total students	469		274		112	

By Origin	Undergraduate		Graduate (full time)		Graduate (part time)	
Home	369	78.7%	70	32.9%	38	36.9%
EU	26	5.5%	48	22.5%	29	28.2%
Overseas	74	15.8%	95	44.6%	36	34.9%
Total in study	469		213		103	
Writing up / under exam			61		9	
Total students	469		274		112	

All figures as at 1st December 2017

Widening participation

An extensive programme of open days, school visits, shadowing schemes, subject-focused study days and other initiatives, led by the Admissions Tutors and a full time Schools Liaison Officer, in conjunction with junior and senior members and alumni of the College, has continued and expanded during the year. Admissions Tutors, Directors of Studies and a large team of interviewers sought to identify those with the strongest academic potential from a large and diverse field of candidates for undergraduate study in December, January and August.

Fitzwilliam's undergraduate admissions contribute to the University of Cambridge's performance against the targets agreed with the Office of Fair Access (OFFA), now replaced by the Office for Students. We are glad to report figures for the College as follows; 72% of those new undergraduates in the categories regulated by OFFA had been educated in the maintained sector; 10.7% were from areas in POLAR3 quintiles 1 and 2 (where a relatively low proportion of 18-year-olds enters higher education).

We continue to look for innovative ways to introduce students from Widening Participation backgrounds; utilising social media to give a flavour of undergraduate life, visiting schools and organising subject taster days to give state school students the opportunity to explore topics beyond what is covered within the school curriculum. We have a slate of essay competitions which have attracted many good Widening Participation applicants. An example of a particularly innovative event is the successful Young Women's Conducting Workshop, run for the fourth time in 2018. This workshop introduces state school educated girls aged 12-15 to conducting, and teaches them specific skills such as score reading, but also generalised leadership skills. The aim is to promote the confidence of state school girls who are engaged in music. Every year we add to our offering of events.

Financial support

The total value of financial support payments to students in the financial year increased by 17.4% over the previous year to more than £713,000, and the College's share was equivalent to 16.0% of all fee income received.

The main source of funding for undergraduates of limited financial means is the Cambridge Bursary Scheme, operated and funded jointly by the University and the Colleges. The scheme was approved by the Office for Fair Access (OFFA) and provides benefits at a substantially higher level than the minimum requirement. 107 Fitzwilliam undergraduates (27.8% of the Home student population) benefitted from these awards, 60 of which were at the maximum level. The College provides an additional range of bursaries and grants to help students with particular needs, under a range of schemes, from multiple funds. For undergraduates these include:

- 105 Maintenance Bursaries, totalling £69,900, and 15 Goldman Sachs awards totalling £22,500;
- 125 Travel Awards in the total sum of £29,201, of which 105 were directly related to the student's course of study.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The efforts of the Development Office and the generosity of our Benefactors have allowed the College, independently and in conjunction with several University funding initiatives, to offer an increasing number of part-cost and fully funded graduate scholarships, to support the growing number of students. Graduate student support in 2017-18 totalled £234,702; 34 graduate students received Studentships totalling £200,442, ranging in value from £500 to £32,514, and 40 received Maintenance Bursaries, totalling £23,750. In addition 83 of our graduate students received Research Awards in the total sum of £22,129. A new 10th Term support scheme launched in 2018 will provide a further, much needed, source of financial assistance.

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

- (i) 114 additional awards (in the total sum of £25,111) were made from the Student Opportunities Fund, which provides support to enable students to take advantage of opportunities within the University which would not otherwise be available to them. These included awards for Vacation Project Accommodation Allowances, Charitable Project Awards, contributions towards the cost of in-session support in English for Academic Purposes, awards for successful participation in the Cambridge University Language Programme, Sailbridge Special Project Awards, support for costs resulting from disabilities, and a contribution to the Undergraduate Vacation Rent Allowance Scheme.
- (ii) 44 awards were made from subject-specific funds, in the total sum of £18,017.
- (iii) 37 students received music awards (totalling £3,310) and 99 received sports awards (totalling £15,455).
- (iv) A further 9 awards were made from the Masters Gift Fund and Fitzwilliam Society Trust Fund, in the total sum of £1,290.

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

Academic Review

In the academic year 2017/18 the student body comprised 469 undergraduates (55%) and 386 graduate students (45%). Pastoral support and general academic and personal guidance were offered to all students by the College's dedicated team of Tutors supported by others including the Chaplain, Nurse, Counsellor, Porters, trained student peer supporters and elected student representatives and welfare teams. The College maintains a modern, spacious, well-stocked library, responsive to user requests and very highly regarded by undergraduate and graduate students alike. Other facilities and financial support have been provided for a wide range of extra-curricular activities, including for example sporting fixtures, dramatic performances and numerous musical events, which were open to the public.

"To deliver a world-class undergraduate education"

Admissions

The College received 660 applications in the 2017 admissions round (for entry in October 2018), of which 594 were direct applications and 66 were open applications; we interviewed 453 of those candidates either in Cambridge or overseas. We are particularly pleased to see the continued rise in direct applications to Fitzwilliam. 154 offers were made as a result of these applications, and a further 23 offers were made to candidates who had selected other colleges, through the intercollegiate 'pool'.

Teaching

Small-group teaching is a distinctive feature of undergraduate education at Cambridge, alongside lectures, seminars and practical work. Directors of Studies in 31 subject areas organised academic supervision by 949 specialists for Fitzwilliam undergraduates. In the academic year the College employed five College Teaching Officers, each of whom took a major teaching role and a leading responsibility for the academic development of undergraduates in their subject. The College also shared (50%) one other Teaching Officer with a neighbouring College.

Examination results

Undergraduate examination results in each Cambridge College are ranked in a publicly available form as the Tompkins Table, in which Fitzwilliam College stood this year in 19th position (of 29). 113 Fitzwilliam undergraduates were awarded Firsts (of which five were starred Firsts). 13 students were awarded University prizes.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

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

The 415 graduates comprised 248 full time students on courses of study, 110 part-time students and 57 writing up dissertations. Of the 248 full time students, 128 were engaged on research towards a PhD, 93 on Masters courses, and 27 were Clinical Medical and Veterinary students, classified by the College for educational and tutorial purposes as graduate students.

Postgraduate Admissions

The College made a total of 296 offers for graduate admission in 2018 (211 for Masters courses, 75 for PhDs and 10 for clinical medicine), of whom 150 took up their place (106 for Masters courses, 34 for PhDs and 10 for clinical medicine).

Graduate applications to Cambridge are made to Departments and Faculties, with the option of naming one or two preferred colleges. Of the applicants offered a place at Fitzwilliam (excluding Clinical Medics and Vets), 154 (134 Masters and 20 PhDs – 54%) named the College first choice and 38 (22 Masters and 16 PhDs - 13%) second choice.

Achievements

During the year 42 doctoral dissertations by Fitzwilliam students were approved for the award of PhD degrees. 45 College Senior Scholarships were also awarded, and 16 prizes have been awarded so far to Masters Students achieving Distinction in 2017/18.

College support for graduates

In addition to the pastoral support and guidance offered by the tutorial system, and the extra-curricular activities mentioned at the head of this section, the College devotes substantial resources to the practical support of research students, in terms of financial assistance (83 Graduate Research Awards were made in the year in the total sum of £22,129), practical guidance and informal mentorship by Tutors and other senior members. The Graduate Tutor organises formal conferences at which research students present their work in progress to audiences of junior and senior College members. Graduate students also participate in subject societies whose activities include social events, research-based seminars and eminent visiting speakers.

The MCR (the College's graduate student union) and the Graduate Tutorial team organise an extensive programme of social and academic events throughout the year. In 2017-2018 plans for the expansion of the MCR's facilities were finalised.

“To advance research by graduates and Fellows”

An important development during the year was the creation of the new position of Fellow for Research, with a brief to nurture and promote the research carried out by Fellows and Bye-Fellows.

On the basis of their research, teaching and institutional contributions, Dr Cole, Dr Saeb-Parsy and Dr Wheatley were recommended for appointment to Readerships. National and international recognition has been given to the Master, Professor Padfield, who has been appointed QC Honoris Causa, Professor Vira who was awarded the Busk Medal by the Royal Geographical Society, and Dr Kievit who achieved Rising Star designation by the Association for Psychological Science. Awards to other Fellows include a British Academy Mid-Career Fellowship, a Leverhulme Award, and early career fellowships from CRASSH.

Three of our Research Fellows left to take up new positions at the end of the academic year 2016-17, but we were successful in recruiting three new young researchers into Research Fellowships from October 2017. Two of our continuing Research Fellows were on leave engaged in research at other institutions, and the College has therefore funded only one stipendiary Research Fellow for 2017-18, as well as providing additional resources for three non-stipendiary Research Fellows, each pursuing significant research at an early stage in their academic careers.

College Teaching Officers, alongside their teaching responsibilities, are engaged in developing their own academic research, supported through a research fund and an entitlement to sabbatical leave. Two of our College Teaching Officers left at the end of the year to take up Associate Professorships at other leading UK Universities.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The College elected 14 new Bye-Fellows, taking the total number of Bye-Fellows to 37. 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.

Several Fellows of the College hold senior management roles within the University, notably Professor Millett (Head of the School of Arts and Humanities), Professor Cardwell (Head of the Department of Engineering and, with effect from September 2018, Pro-Vice Chancellor for Strategy and Planning), Professor Vira (Director of the University of Cambridge Conservation Research Institute), Professor Kenny (Director of the Bennett Institute for Public Policy) and Professor Coomes (Acting Director of the Cambridge University Botanic Garden).

“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 of the College 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.

Academic visitors, including Visiting Fellows, who come to the College for periods between one term and a year or more, play an important role in the life of the College, enriching academic discussion and bringing new connections. The research topics of our Visiting Fellows this year have included the multiple connections that link law and culture, focusing in particular on legal storytelling and visual communication; the literature, film and culture of the Second World War and its aftermath; the connections between politics, aesthetics and institutional practices in Latin American film and audio-visual media; the practical, political and legal problems in policing and the connections between local and global police power; and the diverse geographies of industry and of its globalization, on the governance of industry, on the geographical construction of technology (particularly bicycles), and performance of the economy in various geographical settings.

The busy programme of lectures and discussions has been built around the annual Foundation Lecture, the three lectures in the Arrol Adam lecture series, and five less formal events “In conversation with the Master”. The highlights included Professor Catherine Barnard (Law 1986) who returned to Fitzwilliam to deliver the 2017 Foundation Lecture, entitled “Me, (E)U and Brexit”, and Honorary Fellow and alumnus (PhD Botany 1950) Professor M S Swaminathan, described by the UN Environmental Programme as ‘the father of Economic Ecology’, who was also back in College in May 2018 to deliver a lecture on ‘Cambridge and Beyond: From Green to Evergreen Revolution’. The Master’s conversations engaged with topics across a wide spectrum, including affordable housing, working with urban refugees, imprisonment and solitary confinement in 1970s Argentina, and what the police are for.

We were also delighted to welcome Honorary Fellow Señor Josep Carreras to the College in June; he participated in an “In conversation” event, and attended a concert of Catalan music performed in the Chapel by student musicians and the Director of Music. There has been a very busy programme of musical and cultural events during the year featuring both professional and student performers.

College facilities and operations

Our infrastructure

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

The completion of the Library and IT Centre, opened in 2010, marked the completion of the College site, the construction of New Court, the Chapel, Wilson Court, the Auditorium and Gatehouse Court having provided a range of high quality new buildings. However, the Lasdun buildings (the Central Building and the original accommodation blocks), constructed in the early 1960s, are now coming to the point where they require significant and expensive refurbishment. Plans have been developed for both programmes for which the estimated cost is in excess of £25 million. At the time of writing we have completed approximately 20% of the works.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

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

The College is in the fortunate position of being able to accommodate all of its undergraduates in College-owned accommodation, and all who so wish can be housed on the College site. As the refurbishment programme proceeds, there will be a modest reduction in the number of bedrooms on the College site, which will be compensated by the additional rooms acquired in the properties purchased in 2014.

With the completion of the first phase of accommodation refurbishment, 44% of our first year undergraduates are now accommodated in refurbished bedrooms on the College site. The new accommodation has been extremely well received and has played a significant part in attracting students to the College.

The next priority is the rooms on the north side of the College, facing the Huntingdon Road. Planning permission for the external façade, the landscaping and the staircases was received in November 2017. Raising the finance to complete the next phase of this project is now the focus of the Bursar and the Development Director and team.

The graduate population in the College has increased fivefold since the current social space was made available when the Grove was acquired by the College in 1988. Construction of the much needed extension to the graduate common room (the MCR) adjacent to The Grove is now underway with an expected completion date of March 2019. Once again the College is grateful to the alumni donors who have generously funded this project.

Although there has been no major rebuilding project on the College site this summer, the continuing need to maintain the ageing infrastructure has occupied the constant attention of the maintenance team. In particular we are engaged on a continuing programme of replacing and upgrading the main boilers around the site, and have plans to upgrade the main water delivery network during the coming year. Rolling maintenance programmes are being put in place for the College site and College houses. The capital budgeting process has ensured that a proportionate sum of money is put aside each year for improving the resilience of our IT network, which is such a vital resource to all of our community, and good progress has been made with this project during the year.

Expenditure on maintenance of College buildings was £0.78 million during the year, and capital expenditure on improvements (including College houses) was a further £1.2 million. The combined figure of £1.98 million was 2.0% of the valuation of the College buildings and property investments at the year end.

Our people

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

In 2017 we completed our first formal staff survey, seeking the views of non-academic staff on a wide variety of issues, including communication, training, management, reward and values. We were delighted with the 73% response rate and the number and quality of suggestions received. It is good to note that:

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

There are of course other areas where there is work to do - action plans are in place to respond to these. The intention is to make the survey a biennial event.

The College continues to work to ensure that its employment package remains competitive and attractive to potential employees and over the last two years has been progressively raising rates of pay for those staff at the lower end of the pay scale at a faster rate than the general pay awards. These staff will benefit again from higher pay rises than the norm in 2018-19, thus ensuring that progress is maintained in line with the aspirations of the National Living Wage. Whilst the College has not formally sought Living Wage accreditation, the discretionary bonus scheme, which rewards staff generally according to the financial performance of the College, has operated to ensure that no qualifying staff earned below the "Real Living Wage" in 2017/18.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The future availability of sufficient and reliable pensions for staff in retirement has been uppermost in our minds this year. At the year-end Fitzwilliam had 76 members of USS on the payroll, comprising both academic and non-academic staff for whom the progress of the 2017 valuation has been especially painful. The way forward is not yet clearly known, but the College is clear that its own future is inextricably linked to that of the University of Cambridge, and has therefore aligned itself with the University's position in the recent consultations.

Our operations

Our operational aims are:

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

Regular surveys are undertaken to gauge the level of satisfaction of our students with their educational and accommodation experiences. These include the National Student Survey, University wide surveys initiated by the University and by the Cambridge University Student Union, and College surveys, which test experience of specific groups and support our commitments under Accreditation Network UK, our regulator for student accommodation.

As an educational institution, personal data is a feature of almost everything we do in the College. Preparation for GDPR was a major feature of the life of the College this year, with new policies, registers, data protection statements and procedures having to be created. In Fitzwilliam we were fortunate that the basic tools had been put in place a few years ago, but, even so, the effort involved in preparation has demanded a substantial portion of staff time. As so often with new regulation, the GDPR started with bold and proper aspirations, but was then implemented to a fixed deadline without adequate definition and structure. As a result we have to deal with multiple interpretations of the requirements.

We continue to invest in our systems. In common with most other organisations we are constantly having to invest in information systems security as the attempts to break into our systems become ever more frequent and sophisticated. Keeping up with fast moving technology is a big challenge for a College, which is in the end a small to medium sized institution, and our aim is to co-operate and share resources wherever we reliably can. Alongside this challenge we must continue to invest in systems to improve efficiency and effectiveness. This year we have implemented a major upgrade to our finance systems and implemented a new conference management system, as well as multiple smaller scale enhancements.

Financial Review

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

In 2015-16 the College and Fitzwilliam Information Services Trust Ltd (FIST), an independent charitable company which owned and operated the Fitzwilliam College Library, reached a settlement with HM Revenue and Customs over the treatment of VAT across the two organisations. The trading activities of this company ceased, and all transactions between the College and FIST were eliminated in the 2016-17 accounts. The closure has been completed in 2017-18 with the final transfer of the Library building and other assets of the company to the College. This has resulted in a 'one-off' transfer to the College of £6.04m which appears as an unrestricted donation.

Whilst it would be tempting to focus on the "Total surplus or deficit for the year", which shows a surplus of £7.80 million, this figure includes endowed donations which are not available for spending, as well as those earmarked for capital expenditure; the true measure of the operational performance of the College is set out in the "Unrestricted" column of the consolidated statement. This year the unrestricted surplus of £6.18 million is further affected by the large 'one-off' transaction relating to the return of the Library to the College accounts, which appears as a donation of £6.04 million. When this is removed, the underlying operational performance is a surplus of £0.14 million (2017: deficit (£0.18 million)). This is a very satisfactory financial result.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Unrestricted income and expenditure

The unrestricted income of the College is made up of academic fees (29%), charges to students for accommodation (29%), meals and other services (11%), income from conference activity (14%), donations for general purposes and the unrestricted income from the College's investment assets (14%). Other sources of income make up the remaining 3% of income.

53.5% of expenditure (excluding depreciation) is represented by staff costs (including academic stipends), and non-academic salaries alone make up 49%. The latter cost rose by 7% after an 11% rise last year. 'Other academic expenditure makes up a further 15%, establishment related costs 10%, and Catering supplies 7%. Administration costs (£0.28 million), bank interest (£0.49 million) and fundraising expenses (£0.15 million), make up a further 10%.

After stripping out the extraordinary item which was the donation from FIST, the operating surplus, before deduction of depreciation, improved from £1.36 million to £1.91 million. Income grew by 7.9% and expenditure increased by 3.1%. This was a much better outcome than budgeted, mainly driven by higher than expected income from conference income (£1.59 million), which recovered extremely well from last year's set back, and unrestricted donations (£0.28 million).

The Education account was in deficit to the extent of £1.27 million (2017: £1.00 million). Income from academic fees amounted to £3.26 million (2017: £3.16 million) and academic expenditure to £4.53 million (2017: £4.16 million). The deficit was met from endowment and investment income.

Income from rents, catering and conference activity was £6.04 million (2017: £5.45 million) and costs were £6.12 million (2017: £5.99 million) producing a deficit of £0.08 million (2017: £0.54 million). Conference income, which helps to mitigate the overhead costs of providing the College infrastructure and thus reduce the costs to students, grew by 44% after a fall of 13.0% during the previous year. A turnaround had been expected following the transitional year that was 2016-17, but the eventual result significantly exceeded our expectations. Most of the Conference business is of an academic or educational nature.

Endowment and investment return at £1.23 million was £0.11 million higher than in 2017, due to the planned increase in income from the investment portfolio under our Total Return accounting policy. Unrestricted donations added a further £0.28 million, which was sufficient to bring the unrestricted operations into surplus.

Restricted income and expenditure

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

Donations include funds given to support capital projects, such as buildings. The expenditure which matches the money given for capital assets is not shown in the income and expenditure statement, as it takes the form of capital investment.

Restricted income (excluding that related to building funds) during the year was £1.32 million (2017: £1.32 million) and associated educational expenditure was £0.71 million (2017: £0.71 million). The growth in income and expenditure over recent years reflects the success of the Appeal in raising funds for educational expenditure; expenditure will normally lag donations in this way. The College has been very grateful for the financial support received over the years from other Colleges and Trusts within the University of Cambridge, including Trinity College, the Isaac Newton Trust and The Leathersellers' Company for teaching activities and student support. The surplus of £0.61 million is carried forward to future years.

The donations received for buildings are earmarked for defined projects; £0.40 million was received during the year towards the refurbishment programme.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Endowment income

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

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

Income within the Endowment arises from new donations and from investment returns. It is pleasing to report that the College's endowment has grown again, by £0.8 million to £59.3 million. The College was very grateful to receive a further contribution of £0.349 million from the Colleges Fund, which is taken to Endowment in accordance with the condition of the grant.

Reserves and Financing

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

Reserves which are available to meet general expenditure needs can now be measured as the difference between the value of investment assets and the endowment and restricted reserves. On this basis, 'free' reserves have fallen from £10.0 million to £7.1 million as a direct result of the transactions to close FIST. Liquid assets remain sufficient to meet current liabilities as they fall due. This level of free reserves is considered low in the context of the financing requirements of the refurbishment programme, pension fund deficits and the potential need to absorb operating deficits in the future.

The refurbishment programme will continue to place a heavy demand on College resources over the years to come, and the College has set itself an internal policy that requires 50% of internal refurbishments of accommodation to be met by donations and 100% of other projects. This formula is designed to allow the College to maintain an appropriate level of contingency, when financing refurbishment projects. It is very pleasing to report that these targets have been met for the works completed to date and those planned for 2018-19, and that College cash flow has been able to finance the balance over the development period.

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

Investment performance

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

At the year end, Cambridge property totalled £31.9 million in value and made up 45% of all investments. There was a downward adjustment of £0.99 million in the value of Cambridge properties on professional revaluation in 2018. This reflects both the purchase premium on houses acquired since the last valuation, and the fact that purpose built student accommodation has not kept pace with residential house prices over the last five years. The property market in Cambridge remains reasonably robust. The Governing Body has a long-term objective to reduce the allocation to 30%.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

The value of the College's discretionary investment portfolio at the year-end was £39.2 million, compared with £36.9 million at the start of the year. This comprised £36.5 million of public market investments, and £2.7 million in private equity investments.

Underlying growth in the discretionary portfolio was £1.6 million, representing a total return of 4.5%. This compares to RPI inflation for the 12 months to July 2018 of 3.2%. The objective of maintaining the real value of the portfolio and allowing a 4% annual cash withdrawal was therefore not met during the year. The main portion of the portfolio's total return came from the equity allocation, which represented 68% of total public markets assets at the year end. The remaining return came from fixed income assets and cash, which represented 16% of the total. During the period, the cost of hedging the non-sterling currency exposure of the portfolio reduced the overall return as sterling weakened against major currencies during 2018.

Equity markets around the world delivered decent returns over the year as the global economy continued to grow at a healthy pace. The period was unusual in that every major economic region of the world grew well; this synchronised growth pushed stock markets to new all-time highs. As a result, the portfolio benefited from its global approach to investing, with meaningful contributions from the United States, Asia and Europe. Returns from the UK stock market were more muted as the shadow of Brexit continued to loom over the market and the economy. The value of sterling against the US dollar performed a 'round trip' during the period, strengthening in the first half but then falling back as concerns of the prospect of a 'no deal' Brexit increased.

It should be noted that these returns do not include any contribution from the allocation to private equity. The nature of private equity is such that investments are made over a longer term timeframe as suitable opportunities arise. At this point, it is therefore too early to assess performance for this allocation. The College's portfolio continues to build the allocation to private equity towards its 20% target (including property holdings); \$2.1m was drawn during the year, making \$3.7m since the start of the investment.

The Appeal

This year the College passed the £20 million Campaign target, set in 2008, over a year ahead of schedule. Funds received during the 17/18 financial year totalled £2.3 million, which brought the appeal total to £20.4 million. Donations to the Campaign will continue to be counted until the end of the next financial year - that is 31st July 2019.

Donations of all sizes contribute to this total. 1,209 alumni made a donation this year, representing 13.1% of the alumni with whom we are in contact. The vast majority of donors contribute small, regular sums: the College received 30 donations over the value of £10,000. A key element in our fundraising is the annual Telephone Campaign: this year £270,000 (2017: £245,000) was raised (pledged over three years), with £71,916 received in the current year. In a change from the previous year, alumni were explicitly asked to consider making unrestricted donations. This proved popular with donors, and is, in large part, the reason for the marked increase in unrestricted funds.

As the Campaign comes to a successful conclusion, the College now reflects on the achievements and the hard work ahead. Student bursaries – for both undergraduates and graduates – represent an increasing but crucial, burden upon the College. As we look to promote and develop our access and widening participation activities in our 150th year, our ability to provide adequate funds for students experiencing hardship will be an important focus of fundraising activities.

Capital projects continue according to our means: at the time of writing the MCR extension is both funded and under construction. It is a testimony to the support of our alumni that this long-awaited project is now well underway. Our focus now turns to the next tranche of student accommodation (D, E and F staircases) along with the ongoing refurbishment of the Central Building.

ANNUAL REPORT OF THE GOVERNING BODY (continued)

Looking ahead

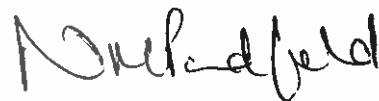
The year 2017-18 was another very positive one for the College. Our students are generally impressively successful in the many ways in which they negotiate the stimulating and challenging world of the University of Cambridge. As well, we continue to maintain a strong, committed and ambitious Fellowship; our staff work immensely hard to support the aims of the institution. The College confidently lives up to its reputation as a friendly and supportive scholarly community. This reputation may be one reason for our relative success in encouraging applications from students from a diverse range of backgrounds. We are determined to maintain our drive to stand out as a really excellent College in a world-class University.

The challenges we face are partly financial, and partly explained by the uncertain political and economic climate which surrounds us. The USS pension crisis reflects the reality of these uncertainties - and underlines our need to be able to sustain the highest standards of both teaching and research in order to attract and retain wonderfully talented academic staff. Without such staff we will not attract the very best students. The higher education sector in this country is inevitably nervous of current developments, from 'Brexit' to 'marketisation'. Complying with changing and growing Government regulation is never easy. We will watch how the new Office for Students develops its role as both regulator and competition authority. Within this very complex environment, we need to make sure that we can secure the finances which will allow us to maintain the environment which can allow our students to flourish to the best of their ability and ambition.



R A Powell
Bursar

Date: 28th November 2018



N M Padfield
Master

Date: 28th November 2018

ORGANISATION AND GOVERNANCE

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

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

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

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

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

The members of the Governing Body during the year ended 31ST July 2018, including the senior officers, are listed on page 1.

Corporate Governance

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

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

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

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

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

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

ORGANISATION AND GOVERNANCE (continued)

Statement of Trustee benefits

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

Any employment and/or remuneration of the Master and Fellows is undertaken with the intention of furthering the College's charitable purposes. The senior officers of the College such as the Master, Bursar, Development Director, Senior Tutor, College Lecturers, Tutors, Directors of Studies, and Dean receive stipends. Fellows of the College may also receive remuneration for undertaking teaching. No remuneration is paid for undertaking the role of Trustee. Remuneration received by Fellows for teaching and the performance of other College Offices in the year 2017-18 was £821,000. Office facilities are also provided for all Fellows.

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

Subject to availability and need, the College Statutes also require the Governing Body to make available residential accommodation in College free of any rental charge. Resident Fellows pay a charge to cover the costs of servicing this accommodation. During the year ended 2017-18 there were 11 Fellows resident in the College. Research Fellows who choose not to live in College are paid a living out allowance.

The College operates a housing loan scheme to support new Fellows acquiring their first property in the Cambridge area. The purpose is to enable the College to attract new Fellows and thereby to strengthen the teaching and research undertaken within the College. The loans are made at a rate of interest which is not less than the Official Rate of interest, as determined by HM Revenue & Customs from time to time, which should be applied to beneficial loans made by employers to employees. At the end of the financial year 2017-18 there were 7 housing loans outstanding with a balance of £795,277.

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, which is comprised of three senior Fellows who do not draw stipends from the College, chaired by the Master. For any matters concerning the remuneration of the Master, the President takes the chair and the Master withdraws. Whilst this arrangement has served the College well and enabled conflicts of interest to be managed effectively, the Governing Body has decided that, with effect from January 2019, the membership of the Committee will change, to include three external members and two internal members plus the Master. The Chair of the Committee will be an external member.

Principal Policies

Employment

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

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

ORGANISATION AND GOVERNANCE (continued)

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. The College also pursues a fair-trade policy and includes a holistic sustainability assessment as part of its produce purchasing process.

The College is a member of the Cambridge Colleges' Carbon Reduction Commitment Consortium through which the Colleges work together to meet their obligations under the Government's Carbon Reduction Commitment (CRC) Energy Efficiency scheme.

Fundraising

The College has not used professional fundraisers during the year, and has not received any complaints about its fundraising practices. Fitzwilliam has voluntarily registered with the Fundraising Regulator (www.fundraisingregulator.org.uk) and as such has agreed to follow and uphold the criteria set out by the Code of Fundraising Practice and the Fundraising Promise, as these relate to our institution.

Investment

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

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

The Discretionary Investment Portfolio (DIP)

The College has chosen to adopt the Total Return accounting practice for the DIP, in order to allowing its fund managers greater flexibility in the range of investments utilised. An "income rule", determined by College Ordinance, is used to determine the prudent amount to take as income from investments; the maximum that can be taken as income in any one year has been set at 4%.

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

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

Ethical investment policy

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

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

A full statement of the College's Investment Policy may be found on the College website.

Risk Management

15 strategic risks have been identified by the Governing Body and responsibility for their management 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. Each risk is scored for severity, based upon an assessment of its likelihood and maximum potential impact, both before and after mitigation. The biggest risks after mitigation are summarised below:

ORGANISATION AND GOVERNANCE (continued)

Risk Description	Mitigation
External Factors: External risks to income and costs	<ul style="list-style-type: none"> • Close engagement with the University and other Colleges through University and inter-Collegiate committees. • Rigorous annual budgeting and monitoring of income and expenditure. • Grow the College endowment. • Close relationships with professional advisors.
Academic Staff: Failure to attract and retain high quality academic staff resulting in inability to provide suitable teaching and/or a loss of student applications of acceptable quality.	<ul style="list-style-type: none"> • Close oversight by the College Committee, supported by systematic identification of teaching needs. • Heavily devolved teaching structure. • Active engagement in raising funds for teaching support. • Involvement of all Fellows in the planning and implementation of change, alongside competitive terms and conditions of service. • Rigorous selection and review procedures.
Information Systems: Loss or corruption of Data, Loss or Deterioration of Network or Internet Connectivity. Reputational damage or compliance costs arising from inappropriate release of personal Data.	<ul style="list-style-type: none"> • Duplication of hardware where feasible and regular data back-up. • Employment of skilled IT staff supported by professional consultants, and supplier support contracts. • External network screening complemented by staff awareness training. • Disaster recovery plans. • Effective data protection policy and procedures.

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

Safeguarding

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

STATEMENT OF INTERNAL CONTROL

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

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

The systems of internal control are designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 31 July 2018 and up to the date of approval of the financial statements.

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

The Governing Body's review of the effectiveness of the system of internal control is informed by the work of the various Committees, Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

STATEMENT OF RESPONSIBILITIES OF THE GOVERNING BODY

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

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

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

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

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

Opinion

We have audited the financial statements of Fitzwilliam College (the 'College') for the year ended 31 July 2018 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated statement of changed in reserves, the consolidated balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Governing Body's responsibilities statement set out on page 19, the Governing Body responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Peters Elworthy & Moore

PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: *6 December 2018*

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2018

Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (The SORP). The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 6.

Basis of accounting

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

Basis of consolidation

These financial statements consolidate the financial statements of the College and its two subsidiaries, Fitzwilliam College Services Limited and Kawakawa Bay Limited for the year ended 31 July 2018. The two companies are wholly owned subsidiaries of the College. Intra-group balances are eliminated on consolidation. A separate balance sheet and related notes for the College only are not included because all profits of the subsidiaries are gift aided to the College and the balance sheet of the College would not be materially different to the one included in these accounts. Details of the subsidiary undertaking are given in note 25.

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

Recognition of income

Academic fees

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

Grant income

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

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

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income. Income is retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments – the donor has specified a particular objective and the College can convert the donated sum into income.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2018

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 2018 was 4%.

Other income

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

Funds received and disbursed as paying agent

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

Foreign currency translation

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

Fixed assets

Land and buildings

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

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

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

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

Structure – between 50 and 95 years

Fit-out, plant and machinery – 25 years

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2018

Fixed assets (continued)

Furniture, fittings, general equipment and library books

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

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

Heritage assets

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

Leases

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

Investments

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

Stocks

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

Provisions

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

Contingent liabilities and assets

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

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

Taxation

The College is a registered charity (number 1137496) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIESFor the year ended 31 July 2018

Contribution under Statute G,II

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

Accounting for retirement benefits**Defined Benefit Plan**

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

Defined Contribution Plan

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

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

Universities Superannuation Scheme

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

Critical accounting judgements

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2018

Accounting for retirement benefits (continued)

Fitzwilliam College Assistant Staff Superannuation Fund

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

Cambridge Colleges AVIVA Group Personal Pension Scheme

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

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Reserves

Reserves are allocated between restricted and unrestricted reserves. Endowment reserves include balances which, in respect of endowment to the College, are held as permanent funds, which the College must hold to perpetuity. Restricted reserves include balances in respect of which the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 July 2018

		2018				2017			
	Note	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income									
Academic fees and charges	1	3,259	0	0	3,259	3,162	0	0	3,162
Residences, catering and conferences	2	6,044	0	0	6,044	5,454	0	0	5,454
Investment income	3	79	0	536	615	79	583	0	662
Endowment return transferred	3	597	557	(1,154)	0	565	(1,041)	0	0
Other income		214	0	0	214	185	0	0	185
Total income before donations and endowments		10,193	557	(618)	10,132	9,445	476	(458)	9,463
Donations		6,318	0	0	6,318	219	0	0	219
New endowments		0	758	839	1,597	0	848	593	1,441
Capital grant from Colleges Fund		0	0	349	349	0	0	293	293
Other capital grants for assets		0	403	0	403	0	222	0	222
Total income		16,511	1,718	570	18,799	9,664	1,546	428	11,638
Expenditure									
Education	4	3,812	713	0	4,525	3,449	710	0	4,159
Residences, catering and conferences	5	6,116	0	0	6,116	5,992	0	0	5,992
Other expenditure		400	0	0	400	407	0	0	407
Contribution under Statute G,II		0	0	0	0	0	0	0	0
Total expenditure	6	10,328	713	0	11,041	9,848	710	0	10,558
Surplus/(deficit) before other gains and losses		6,183	1,005	570	7,758	(184)	836	428	1,080
Gain/(loss) on investments	9	1	12	25	38	13	215	4,100	4,328
Surplus/(deficit) for the year		6,184	1,017	595	7,796	(171)	1,051	4,528	5,408
Other comprehensive income									
Actuarial gain/(loss) in respect of pension schemes	24	280	0	0	280	(127)	0	0	(127)
Total comprehensive income for the year		6,464	1,017	595	8,076	(298)	1,051	4,528	5,281

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For the year ended 31 July 2018

CHANGES IN RESERVES 2018

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

CHANGES IN RESERVES 2017

	<i>Income and expenditure reserve</i>			2017
	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 August 2016	62,463	3,226	53,982	119,671
Surplus/(Deficit) from income and expenditure statement	(171)	1,051	4,528	5,408
Other comprehensive income	(127)	0	0	(127)
Release of restricted capital funds spent in the year	226	(226)	0	0
Other transfers	(1)	(26)	27	0
Balance at 31 July 2017	<u>62,390</u>	<u>4,025</u>	<u>58,537</u>	<u>124,952</u>

The notes on pages 31 to 45 form part of these accounts

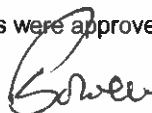
CONSOLIDATED BALANCE SHEET

As at 31 July 2018

	Note	2018 £000	2017 £000
Non-current assets			
Fixed assets	8	73,673	67,360
Investments	9	71,190	72,577
		<u>144,863</u>	<u>139,937</u>
Current assets			
Stocks	10	56	56
Trade and other receivables	11	2,129	2,562
Cash and cash equivalents	12	18	7
		<u>2,203</u>	<u>2,625</u>
Creditors: amounts falling due within one year	13	<u>(2,073)</u>	<u>(5,196)</u>
Net current assets		<u>130</u>	<u>(2,571)</u>
Total assets less current liabilities		<u>144,993</u>	<u>137,366</u>
Creditors: amounts falling due after more than one year	14	<u>(10,000)</u>	<u>(10,000)</u>
Provisions			
Pension provisions	15	<u>(1,965)</u>	<u>(2,414)</u>
Total net assets		<u>133,028</u>	<u>124,952</u>
Restricted reserves			
Income and expenditure reserve – endowment reserve	16	59,272	58,537
Income and expenditure reserve – restricted reserve	17	4,791	4,025
		<u>64,063</u>	<u>62,562</u>
Unrestricted reserves			
Income and expenditure reserve – unrestricted		68,965	62,390
Total reserves		<u>133,028</u>	<u>124,952</u>

The financial statements were approved by the Governing Body on and signed on its behalf by:

R A Powell
Bursar



28 November 2018

N M Padfield
Master



The notes on pages 28 to 42 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2018

		2018	2017
	Note	£000	£000
<i>Net cash inflow from operating activities</i>	19	902	389
<i>Cash flows from investing activities</i>	20	186	(716)
<i>Cash flows from financing activities</i>	21	(492)	(496)
<i>Increase/(decrease) in cash and cash equivalents in the year</i>		<u>596</u>	<u>(823)</u>
<i>Cash and cash equivalents at beginning of the year</i>		<u>(1,031)</u>	<u>(208)</u>
<i>Cash and cash equivalents at end of the year</i>	22	<u>(434)</u>	<u>(1,031)</u>

The notes on pages 31 to 45 form part of these accounts

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

1. ACADEMIC FEES AND CHARGES

	2018	2017
	£000	£000
Colleges fees:		
Fee income received at regulated undergraduate rate	1,781	1,670
Fee income received at unregulated undergraduate rate	599	613
Fee income received at the graduate rate	879	879
	<u>3,259</u>	<u>3,162</u>
	<u><u>3,259</u></u>	<u><u>3,162</u></u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2018	2017
	£000	£000
Accommodation:		
College members	3,133	3,021
Conferences	753	537
Catering:		
College members	1,321	1,330
Conferences	837	566
	<u>6,044</u>	<u>5,454</u>
	<u><u>6,044</u></u>	<u><u>5,454</u></u>

3. ENDOWMENT RETURN AND INVESTMENT INCOME

	2018	2017
	£000	£000
3a. Analysis of Investment Income:		
Income drawdown from endowment (note 3b)	1,154	1,041
Other investment income	79	79
	<u>1,233</u>	<u>1,120</u>
	<u><u>1,233</u></u>	<u><u>1,120</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

3b. Summary of Total Return

	2018	2017
	£000	£000
<u>Income from:</u>		
Quoted securities and cash	536	583
	<u> </u>	<u> </u>
<u>Gains/(Losses) on endowment assets:</u>		
Quoted securities and cash	1,026	2,811
	<u> </u>	<u> </u>
Total return for the year	1,562	3,394
	<u> </u>	<u> </u>
Transfer to income and expenditure reserve (note 3a)	(1,154)	(1,041)
	<u> </u>	<u> </u>
Unapplied total return for the year included within the Statement of Comprehensive Income and Expenditure (note 18)	408	2,353
	<u> </u>	<u> </u>

The investment income recorded in note 3a for 2018 related to income receivable from land and buildings, quoted securities and cash investments.

4. EDUCATION EXPENDITURE

	2018	2017
	£000	£000
Teaching	2,448	2,218
Tutorial	743	625
Admissions	197	235
Research	257	314
Scholarships and awards	641	551
Other educational facilities	239	216
	<u> </u>	<u> </u>
	4,525	4,159
	<u> </u>	<u> </u>

5. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2018	2017
	£000	£000
Accommodation:		
College members	3,292	3,440
Conferences	731	692
Catering:		
College members	1,349	1,361
Conferences	744	499
	<u> </u>	<u> </u>
	6,116	5,992
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

6a. ANALYSIS OF 2017/18 EXPENDITURE BY ACTIVITY

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

The above expenditure includes fundraising costs of £359,008 (2017: £379,117). This expenditure includes the costs of alumni relations.

6b. ANALYSIS OF 2016/17 EXPENDITURE BY ACTIVITY

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education	1,786	2,057	316	4,159
Residences, catering and conferences	2,680	2,083	1,229	5,992
Other	121	282	4	407
	<u>4,587</u>	<u>4,422</u>	<u>1,549</u>	<u>10,558</u>

6c. AUDITORS' REMUNERATION

	2018 £000	2017 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	18	18
Other fees payable to the College's external auditors	0	2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

7. STAFF COSTS

	College fellows £000	Non- academic £000	2018 Total £000	2017 Total £000
<i>Staff costs:</i>				
Emoluments	730	3,371	4,101	3,888
Social security costs	81	202	283	273
Other pension costs	132	290	422	426
	<u>943</u>	<u>3,863</u>	<u>4,806</u>	<u>4,587</u>
	<u><u>No</u></u>	<u><u>No</u></u>	<u><u>No</u></u>	<u><u>No</u></u>
<i>Average staff numbers:</i>				
Academic	52	0	52	55
Non-academic	0	116	116	114
	<u>52</u>	<u>116</u>	<u>168</u>	<u>169</u>

The Governing Body comprised 55 Fellows of which the 52 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:

	2018 £000	2017 £000
Aggregate Emoluments	<u>943</u>	<u>968</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £000	Assets under construction £000	Furniture, fittings and equipment £000	2018 Total £000	2017 Total £000
Cost					
At beginning of year	69,011	402	5,608	75,021	72,497
Additions	7,259	154	670	8,083	2,524
Transfers	344	(344)	0	0	0
Disposals	0	0	0	0	0
At end of year	<u>76,614</u>	<u>212</u>	<u>6,278</u>	<u>83,104</u>	<u>75,021</u>
Depreciation					
At beginning of year	3,191	0	4,470	7,661	6,112
Charge for the year	1,328	0	442	1,770	1,549
Eliminated on disposals	0	0	0	0	0
At end of year	<u>4,519</u>	<u>0</u>	<u>4,912</u>	<u>9,431</u>	<u>7,661</u>
Net book value					
At end of year	<u>72,095</u>	<u>212</u>	<u>1,366</u>	<u>73,673</u>	<u>67,360</u>
At beginning of year	<u>65,820</u>	<u>402</u>	<u>1,138</u>	<u>67,360</u>	<u>66,385</u>

The insured replacement cost of freehold land and buildings as at 31 July 2018 was £75,404,000.

9. INVESTMENTS

	2018 £000	2017 £000
Balance at beginning of year	72,577	67,862
Additions	36,442	66,656
Disposals	(35,359)	(63,113)
Gain/(Loss)	38	4,328
Increase/(decrease) in cash balances held at fund managers	(2,508)	(3,156)
Balance at end of year	<u>71,190</u>	<u>72,577</u>
Represented by:		
Investment properties	31,870	32,752
Quoted securities - equities	38,904	34,059
Cash held at investment managers	330	2,879
Other investments	0	2,842
Bank balances	86	45
	<u>71,190</u>	<u>72,577</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

10. STOCKS

	2018	2017
	£000	£000
Goods for resale	56	56
	<u>56</u>	<u>56</u>

11. TRADE AND OTHER RECEIVABLES

Due within one year	2018	2017
	£000	£000
Members of the College	259	266
Other debtors	1,870	2,296
	<u>2,129</u>	<u>2,562</u>
	<u>2,129</u>	<u>2,562</u>

12. CASH AND CASH EQUIVALENTS

	2018	2017
	£000	£000
Current accounts	16	5
Cash in hand	2	2
	<u>18</u>	<u>7</u>
	<u>18</u>	<u>7</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£000	£000
Bank overdraft	452	1,038
Members of the College	173	198
Other creditors	1,448	3,960
	<u>2,073</u>	<u>5,196</u>
	<u>2,073</u>	<u>5,196</u>

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

	2018	2017
	£000	£000
Bank loan	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
	<u>10,000</u>	<u>10,000</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

15. PENSION PROVISIONS

	To fund deficit on USS pension £000	Defined benefit obligation (note 24) £000	2018 Total £000	2017 Total £000
Balance at beginning of year	470	1,944	2,414	2,385
Movement in year:				
Contributions	(65)	(175)	(240)	(171)
Other expenditure	8	63	71	73
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	0	(280)	(280)	127
Balance at end of year	<u>413</u>	<u>1,552</u>	<u>1,965</u>	<u>2,414</u>

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

16. ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	2018 Total £000	2017 Total £000
Balance at beginning of year:				
Capital	13,604	44,933	58,537	53,982
New donations and endowments	839	0	839	593
Other transfers	100	40	140	27
Capital grant from Colleges Fund	0	349	349	293
Increase/(decrease) in market value of investments	(118)	(475)	(593)	3,642
Balance at end of year	14,425	44,847	59,272	58,537

Analysis by type of purpose:

Fellowship and Research Funds	4,874	0	4,874	4,404
Scholarship and Prize Funds	2,125	0	2,125	2,122
Chapel Funds	382	0	382	386
Travel Grant Funds	375	0	375	342
Hardship Funds	4,330	0	4,330	4,224
Other Funds	2,339	0	2,339	2,126
General endowments	0	44,847	44,847	44,933
	14,425	44,847	59,272	58,537

Analysis by asset:

Property	0	30,525	30,525	31,472
Investments	14,425	14,322	28,747	26,992
Cash	0	0	0	73
	14,425	44,847	59,272	58,537

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

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	2018 Total £000	2017 Total £000
Balance at beginning of year					
Capital	0	0	2,976	2,976	2,220
Accumulated income	0	997	52	1,049	1,006
	<u>0</u>	<u>997</u>	<u>3,028</u>	<u>4,025</u>	<u>3,226</u>
New capital grants	403	0	0	403	222
New donations	0	0	758	758	848
Other transfers	0	0	(138)	(138)	(25)
Endowment return transferred	3	460	94	557	476
Increase/(decrease) in market value of investments	0	0	12	12	214
Expenditure	0	(321)	(392)	(713)	(711)
Capital grants utilised	(113)	0	0	(113)	(225)
	<u>293</u>	<u>1,136</u>	<u>3,362</u>	<u>4,791</u>	<u>4,025</u>
Balance at end of year	<u><u>293</u></u>	<u><u>1,136</u></u>	<u><u>3,362</u></u>	<u><u>4,791</u></u>	<u><u>4,025</u></u>
Comprising:					
Capital	293	0	3,302	3,595	2,976
Accumulated income	0	1,136	60	1,196	1,049
	<u>293</u>	<u>1,136</u>	<u>3,362</u>	<u>4,791</u>	<u>4,025</u>

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

Fellowship and Research Funds	0	431	107	538	533
Scholarship and Prize Funds	0	97	0	97	84
Chapel Funds	0	111	366	477	477
Travel Grant Funds	0	22	1	23	19
Hardship Funds	0	304	1,090	1,394	1,040
Building Funds	293	0	857	1,150	837
Other Funds	0	171	941	1,112	1,035
	<u>293</u>	<u>1,136</u>	<u>3,362</u>	<u>4,791</u>	<u>4,025</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

18. MEMORANDUM OF UNAPPLIED TOTAL RETURN

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

	2018	2017
	£000	£000
Initial unapplied Total Return	23,587	21,234
Unapplied Total Return for the year (note 3b)	408	2,353
	<u>23,995</u>	<u>23,587</u>

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

	2018	2017
	£000	£000
Surplus for the year	7,796	5,408
Adjustment for non-cash items		
Depreciation	1,770	1,549
Decrease in stocks	0	2
Increase in trade and other receivables	(225)	(391)
Increase in creditors	274	275
Pension costs less contributions payable	(162)	(4)
Gains on endowments, donations and investment properties	(38)	(4,328)
Transfer of net assets from Fitzwilliam Information Services Trust Ltd	(6,041)	0
Adjustment for investing or financing activities		
Investment income	(615)	(662)
Interest payable	492	496
New endowments	(1,597)	(1,441)
Capital grant from colleges fund	(349)	(293)
Other capital grants for assets	(403)	(222)
	<u>902</u>	<u>389</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

20. CASH FLOWS FROM INVESTING ACTIVITIES

	2018	2017
	£000	£000
Proceeds from sales of endowment assets	32,523	63,125
New endowment funds received	1,690	1,337
Capital grant from Colleges fund	349	293
Other capital grants for assets	403	462
Investment income	602	660
Endowment funds invested	(36,442)	(66,656)
Placed deposits	2,508	3,156
Payments made to acquire non-current fixed assets	(1,258)	(3,037)
Donations to Fitzwilliam Information Services Trust Ltd	9	42
Fitzwilliam Society loan movement	2	2
Loan advances to Fellows	(200)	(100)
	<u>186</u>	<u>(716)</u>
Total cash flows from investing activities	186	(716)

21. CASH FLOWS FROM FINANCING ACTIVITIES

	2018	2017
	£000	£000
Interest paid	(492)	(496)
	<u>(492)</u>	<u>(496)</u>
Total cash flows from financing activities	(492)	(496)

22. RECONCILIATION OF CASH FLOW TO STATEMENT OF FINANCIAL POSITION

	Note	At beginning of year £000	Cash flows £000	At end of year £000
Cash at bank and on deposit	12	7	11	18
Bank overdraft	13	(1,038)	586	(452)
		<u>(1,031)</u>	<u>597</u>	<u>(434)</u>
		<u><u>(1,031)</u></u>	<u><u>597</u></u>	<u><u>(434)</u></u>

23. CAPITAL COMMITMENTS

	2018	2017
	£000	£000
Capital commitments at 31 July 2018 are as follows:		
Authorised and contracted	473	215
Authorised but not yet contracted for	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>0</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

24. PENSION SCHEMES

Universities Superannuation Scheme

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

	2018	2017
	£000	£000
Total employer contributions during the year	350	373
Less contributions relating to past service (note 15)	(65)	4
Amount charged to the statement of comprehensive income and expenditure	<u>285</u>	<u>377</u>

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed.

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

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the Scheme was £41.6 billion and the value of the Scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. These figures will be revised once the 2017 Scheme Valuation is complete.

Defined benefit liability numbers for the scheme for accounting purposes have been produced using the following assumptions:

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table	<u>Pre-retirement:</u> 71% of AMCOO (duration 0) for males and 112% of AFC00 (duration 0) for females.	98% of SAPS S1NA "light" YOB unadjusted for males
	<u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	99% of SAPS S1NA "light" YOB with a -1 year adjustment for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2014 with a long term rate of 1.5% p.a.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

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

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0
	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

Fitzwilliam College Assistant Staff Superannuation Fund (FCASSF)

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

Contributions to the fund are based on the recommendation of professional advisors and with the agreement of the fund's actuary. The total employer contributions paid during the year were £175,400 (2017: £175,400), all relating to past service as shown in note 15.

An FRS 102 actuarial valuation of the scheme was carried out as at 31 July 2018 by a qualified independent actuary. It indicated an employee benefit obligations deficit of £1,552,000, based on the total fair value of net assets of £3,211,000 against the present value of funded obligations of £4,763,000.

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 plan assets:

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Opening balance	(5,093)	(4,742)	3,149	2,809	(1,944)	(1,933)
Interest(expense)/ income	(129)	(122)	82	78	(47)	(44)
Actuarial gain	178	(277)	0	0	178	(277)
Benefits paid	281	48	(281)	(48)	0	0
Return on scheme assets	0	0	102	150	102	150
Employer contributions	0	0	175	175	175	175
Administration fees	0	0	(16)	(15)	(16)	(15)
Closing balance	<u>(4,763)</u>	<u>(5,093)</u>	<u>3,211</u>	<u>3,149</u>	<u>(1,552)</u>	<u>(1,944)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

24. PENSION SCHEMES**Fitzwilliam College Assistant Staff Superannuation Fund (continued)***The amounts recognised in the income and expenditure account are as follows:*

<i>In other expenditure:</i>	2018	2017
	£000	£000
Interest expense (net)	47	44
Administration fees	16	15
	<u>63</u>	<u>59</u>

The amounts taken to other comprehensive income are as follows:

Actuarial gain/(loss):	2018	2017
	£000	£000
Return on pension scheme assets	102	150
Experience gains/ (losses) arising on scheme liabilities	9	11
Changes in assumptions underlying the present value of scheme liabilities	169	(288)
Net return	<u>280</u>	<u>(127)</u>

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

	2018	2017
	%	%
Equities	39.3%	38.5%
Bonds	56.5%	57.8%
Property	5.2%	4.5%
Cash	0.2%	0.7%
Current liabilities	-1.2%	-1.5%

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

	2018	2017
Discount rate	2.7% pa	2.6% pa
RPI inflation assumption	3.3% pa	3.3% pa
Future salary increases	3.5% pa	3.4% pa
Pension increases in payment:		
- RPI, maximum 5%, minimum 3%	3.6% pa	3.6% pa

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

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

(i) Assumed life expectancy in years, on retirement at 65

	2018	2017
Retiring today		
- Males	22.7	22.9
- Females	24.9	25.3
Retiring in 20 years		
- Males	24.1	24.2
- Females	26.4	26.7

(ii) Pre retirement mortality rates

The following mortality rates represent the probability of a person aged x exact dying within one year.

	Males	Females
Age, x		
- 30	0.0010	0.0006
- 40	0.0020	0.0014
- 50	0.0037	0.0023
- 60	0.0053	0.0035

Cambridge Colleges AVIVA Group Personal Pension Scheme

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

The College contributions will vary between 5% and 9% of basic salary depending on the level of each employee's personal contribution. Contributions charged to the income and expenditure account during the year were £71,807 (2017 - £53,641).

25. SUBSIDIARY UNDERTAKINGS

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

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

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures.

The College operates a fellows housing loan scheme and at the end of the year the total amount included in debtors amounted to £795,277 (2017 - £582,109). These loans are offered to fellows whom meet the criteria on commercial terms.