

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**For the year ended 31 July 2017**



**FITZWILLIAM COLLEGE**

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## REFERENCE AND ADMINISTRATIVE DETAILS

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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: Mrs N M Padfield\*

Bursar: Mr R A Powell\*

Senior Tutor: Dr P A Chirico\*

Other Members:

Dr M J S Holly*	Dr J M Cullen*
Professor N K H Slater	Dr S K Larsen*
Dr W Allison (retired 30/09/2016)	Mr F Knights
Professor M D Potter*	Dr J K Aitken
Mr R J A Hooley	Dr H C Canuto*
Dr D M Scott (retired 30/09/2016)	Dr A M Watson
Dr D J Cole	Dr H Bettinson (resigned 30/09/2016)
Professor D A Cardwell	Dr P S E Zu Ermgassen (resigned 30/09/2016)
Dr R E Horrox*	Dr A P Jardine
Dr J D Leigh	Dr K J Boddy*
Dr K W Platts	Dr L M Hanson
Dr H A Chalmers	Dr T H Hughes
Professor D Keown*	Dr H Wilkinson
Dr B Vira*	Dr S A Middleton
Professor R S Langley	Dr S J Sawiak
Professor E Mastorakos	Dr A I Televantos
Professor D A Coomes	Dr E Lees
Professor M J Millett	Dr C Cowie
Dr R D Camina	Dr G N Glickman
Dr A G Kovalev	Dr J Guarneri
Dr S Mukherji	Dr M Iacovou (resigned 30/09/2016)
Dr D R E Abayasekara	Dr N K Jones (appointed 03/10/2016)
Dr J A Elliott*	Professor I M Tsimpli (appointed 03/10/2016)
Dr A E H Wheatley	Dr T Flock (appointed 03/10/2016)
Dr K Saeb-Parsy	Dr E R Crema appointed 03/10/2016)
Dr S S Owen	Dr D Frank (appointed 03/10/2016)
Dr A S Tavernor	Dr C Genakos (appointed 01/02/2017)
Dr P J Rentfrow	Dr R C Powell (appointed 20/04/2017)
Dr S J Gathercole*	Professor M H Kenny (appointed 14/06/2017)
Dr M B Wingate	

\*Also served on the College Committee.

## REFERENCE AND ADMINISTRATIVE DETAILS (Continued)

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### *Senior officers*

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

### Principal advisers

#### *Auditors*

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

#### *Bankers*

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

#### *Property Managers*

Bidwells  
Trumpington Road  
Cambridge  
CB2 9LD

#### *Investment Managers*

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

#### *Legal Advisers*

Hewitsons LLP  
Shakespeare House  
42 Newmarket Road  
Cambridge  
CB5 8EP

## ORGANISATION AND GOVERNANCE

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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 16<sup>th</sup> 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 31<sup>ST</sup> July 2017, 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 Investment Advisory Committee, the Estates Committee and the Development Committee.

**ORGANISATION AND GOVERNANCE (continued)**

**Principal Policies**

*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 five biggest risks after mitigation are summarised below:

Risk Description	Mitigation
External Factors: External risks to income and costs	<ul style="list-style-type: none"> <li>• Close engagement with the University and other Colleges through University and inter-Collegiate committees.</li> <li>• Rigorous annual budgeting and monitoring of income and expenditure.</li> <li>• Grow the College endowment.</li> <li>• Close relationships with professional advisors</li> </ul>
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"> <li>• Close oversight by the College Committee, supported by systematic identification of teaching needs.</li> <li>• Heavily devolved teaching structure.</li> <li>• Active engagement in raising funds for teaching support.</li> <li>• Involvement of all Fellows in the planning and implementation of change, alongside competitive terms and conditions of service.</li> <li>• Rigorous selection and review procedures.</li> </ul>
Property: Loss or impairment of the physical assets resulting in major disruption to College operations, financial or reputational loss.	<ul style="list-style-type: none"> <li>• Close oversight by the Estates Committee.</li> <li>• Forward planning based upon assessment of needs.</li> <li>• Effective and regularly tested emergency and business continuity plans.</li> <li>• Close relationships with relevant professionals.</li> <li>• Insurance cover regularly reviewed.</li> </ul>
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"> <li>• Duplication of hardware where feasible and regular data back-up.</li> <li>• Employment of skilled IT staff supported by professional consultants, and supplier support contracts.</li> <li>• External network screening complemented by staff awareness training.</li> <li>• Disaster recovery plans.</li> <li>• Effective data protection policy and procedures.</li> </ul>
Fundraising. Loss of potential donations through alienation of benefactors and/or damage to the College's Reputation through inappropriate associations	<ul style="list-style-type: none"> <li>• Clear policy on accepting donations, including due diligence procedures and Governing Body oversight for large donations.</li> <li>• Close collaboration with University Development and Alumni Relations department.</li> <li>• Experienced legal advisors.</li> </ul>

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.

## ORGANISATION AND GOVERNANCE (continued)

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### *Investment*

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

Subject to this overriding aim, 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 investment portfolio, 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 believes that maintaining a diversified portfolio of high quality real assets is the appropriate policy to meet the primary objective and to provide protection against inflation risk. The College portfolio should be diversified amongst instruments, maturities, geography and sectors, so as to reduce the overall portfolio volatility and associated investment risks. The College's investment managers have been appointed within the terms of a discretionary portfolio management agreement. Investment performance is assessed against a standard asset allocation structure which is anticipated to meet the overall investment objective, including the necessary income generation.

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.

### *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 aims to be an equal opportunities employer.

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 31<sup>st</sup> October 2013, since when staff who are not already a member of one of the above schemes have been offered membership of the Cambridge Colleges Group Personal Pension scheme, a defined contribution scheme operated by Aviva Life and Pensions UK Ltd. There remains a significant number of current and former staff who have accrued benefits in FCASS and in USS.

### *Environmental Management*

Fitzwilliam College has an active Environmental Committee, composed of students, fellows and staff, working together to implement green initiatives and increase awareness of environmental issues. The College signed the Cambridge Climate Change Charter in November 2008 and has put in place an Environmental Action Plan covering energy efficiency, carbon emissions, water consumption, waste management and minimisation, purchasing, transport, chemical pollutants and new developments and construction. The Fairtrade Foundation has certified Fitzwilliam as a Fairtrade College since June 2009.

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.

## ANNUAL REPORT OF THE GOVERNING BODY

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### 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.

In 2016 the College updated its medium term "rolling" plan, aimed at determining priorities and providing a framework for operation through to 2021. This plan is regularly reviewed both to ensure that its framework accommodates changing external imperatives and to measure progress towards specific targets.

### 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.

### Public Benefit

In its decision making during the year, the Governing Body had due regard of 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 funding 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.

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.

The College supports undergraduates of limited financial means with bursaries provided through a scheme operated jointly between the University and the Colleges, and supported by the Isaac Newton Trust. The scheme is approved by the Office of Fair Access (OFFA) and provides benefits at a substantially higher level than the minimum OFFA requirement. The costs of the scheme are shared between the University and the College, and the College also provides bursaries and grants to help students with particular needs from its own resources. Over 1100 awards were made to undergraduate and graduate students during the year, under a range of schemes, from multiple funds. The total value of payments to students under these various schemes was over £618,000, an increase of 14.0% over the previous year, and the College share was equivalent to 13.0% of fee income received.

Further details are given below:

#### a) University awards

- (i) 100 undergraduate students received Cambridge Bursaries. 55 were at the maximum value of £3,500. Awards totalled £283,691, of which £90,577 was contributed directly by the College.

#### b) College awards:

- (i) 103 Maintenance Bursaries, totalling £52,100 were awarded to undergraduates, and 21 Maintenance Bursaries, totalling £11,900 to graduate students.



## ANNUAL REPORT OF THE GOVERNING BODY (continued)

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- (i) 5 new awards of Goldman Sachs Bursaries (value £1,500pa) were made to undergraduates, and a further 10 renewals were made for 2016/17.
- (ii) 29 graduate students received Studentships totalling £141,032, ranging in value from £1,000 to £29,448. 53 College Senior Scholarships were also awarded.
- (iii) A further 287 Prizes and Scholarships were awarded to undergraduates and graduates with distinguished academic records.
- (iv) 100 Graduate Research Awards were made in the total sum of £27,330.
- (v) 119 Travel Awards were made to undergraduate students in the total sum of £28,226. 89 of these awards were directly related to the student's course of study.
- (vi) 94 additional awards (in the total sum of £20,265) 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. Grants awarded from the Student Opportunities Fund 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.

Additional awards were made in recognition of outstanding achievements and in support of musical, sporting and other activities.

The College has continued 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.

Throughout the year the College has welcomed a wide range of visitors, to a broad and substantial programme of public events, including lectures, discussions, conferences, concerts, poetry readings, and open days.

### 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 2016-17 was £910,000. 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 2016-17 there were 9 Fellows resident in the College. Research Fellows who choose not to live in College are paid a living out allowance.

**ANNUAL REPORT OF THE GOVERNING BODY (continued)**

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, that should be applied to beneficial loans made by employers to employees. At the end of the financial year 2016-17 there were 5 housing loans outstanding with a balance of £582,109.

**Academic Review**

For the academic year 2016-17 the student body comprised 458 undergraduates (56%) and 365 graduate students (44% - including 61 writing up dissertations, and 64 part-time). Pastoral support and general academic and personal guidance were offered to all students by the College's dedicated team of Tutors supported by others including the Chaplain, Nurse, Counsellor, Porters, trained student peer supporters and elected student representatives and welfare teams. Facilities and financial support have been provided for a wide range of extra-curricular activities, including for example sporting fixtures, dramatic performances and numerous musical events, which were open to the public.

**Undergraduates**

*Statistics for the academic year 2016-17*

By gender		By origin	
Female	193	Home	356
Male	265	EU	26
		Overseas	76
Total student body		458	

**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 1060 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%) two other Teaching Officers with nearby Colleges.

**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 20<sup>th</sup> position. 114 Fitzwilliam undergraduates were awarded Firsts (of which seven were starred Firsts). Several students were at or near the top of the University class lists, and 15 were awarded University prizes.

**Admissions**

The College received 526 applications in the 2016-17 admissions round, and interviewed 424 of those candidates either in Cambridge or overseas. 172 offers were made as a result of these applications, and a further 19 offers were made to candidates who had selected other colleges, through the intercollegiate 'pool'.

69.8% of those new undergraduates regulated by OFFA (Office for Fair Access) had been educated in the maintained sector; 14.2% were from areas in POLAR3 quintiles 1 and 2 (where a relatively low proportion of 18-year-olds enters higher education). 12.8% of UK students admitted were from the target supergroups of the Output Area Classification (OAC).

**Graduates**

*Statistics for the academic year 2016-17*

By gender		By origin		By course	
Female	82	Home	69	Masters	107
Male	158	EU	61	Research towards PhD	133
		Overseas	110		
Full time students(excluding those writing up)	240		240		240
				Writing-up	61
				Part-time	64

## ANNUAL REPORT OF THE GOVERNING BODY (continued)

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### *Achievements*

During the year 36 doctoral dissertations by Fitzwilliam students were approved for the award of PhD degrees.

The College made a total of 293 offers for graduate admission in 2017 (194 for Masters courses, 86 for PhDs and 13 for clinical medicine), of whom 146 took up their place (89 for Masters courses, 44 for PhDs and 13 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, 137 (46.7%) named the College first choice and 28 (9.5%) second choice.

The efforts of the Development Office and the generosity of our Benefactors have allowed College to provide one fully funded Master's studentship directly, and also to partner with a number of new University funding schemes. In addition, we have fully funded subject specific awards in Modern Languages and Land Economy.

### *Teaching and Research*

The College funded five stipendiary Research Fellows and provided additional support for a non-stipendiary Research Fellow in 2016-17, providing them with the time and support required to pursue their research at an early stage in their academic careers. The success of these Fellowships in fostering successful academic careers may be judged by the fact that three of these Fellows will be taking up full-time teaching posts in other UK universities in 2017-18 and a fourth was awarded a prestigious Fulbright Award for a further year of research.

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. The College also hosted three Visiting Fellows whose research brought them to Cambridge.

On the basis of their research, teaching and institutional contributions, the Master (Mrs Padfield) and two Fellows (Dr Elliott and Dr Vira) were recommended for appointment to Professorships. A Bye-Fellow and Director of Studies (Dr Cremin) was recommended for appointment to a Readership. One Fellow (Dr Larsen) was commended for innovative teaching in the CUSU student-led teaching awards; two other Fellows (Dr Chalmers and Dr Glickman) and a Bye-Fellow (Dr Neal) were shortlisted for CUSU awards for supervision and student support.

Fellows of the College continued to hold senior management roles within the University, notably the roles of Head of the School of Arts and Humanities (Professor Millett) and Head of the Department of Engineering (Professor Cardwell).

## Development of College facilities

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 £20 million.

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. At the time of writing this report we are waiting for the outcome of a planning application for external façade, the landscaping and the staircases. Financing this project will be a big challenge for the Development team.

## ANNUAL REPORT OF THE GOVERNING BODY (continued)

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The focus of work in 2017 has been the Hall building, and the completion of the work to upgrade Sir Denys Lasdun's Lantern roof. This has been carried out to a very high specification and is now once again the iconic image of the College. We were extremely grateful to the Headley Trust, and an alumnus who matched their donation, for the funding of this work. The creation of a first floor gallery with openings to the Hall, will follow as funding becomes available.

In 2018 we expect to complete the much needed extension to the graduate common room adjacent to The Grove. 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. Once again the College is grateful to the alumni donors who have generously agreed to fund this project.

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.

### 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.

Whilst it would be tempting to focus on the "Total surplus or deficit for the year", which shows a surplus of £5.41 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 which is in deficit to the extent of £0.18 million.

Following the College's decision to change investment manager and adopt a new long term investment strategy last year, the Governing Body has formally moved to a Total Return approach to accounting for non-property investments. In order to 'smooth' the effects of short-term volatility in asset values, the income rule has been 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 £0.14 million.

In 2015-16 the College and Fitzwilliam Information Services Trust Ltd (FIST), an independent charitable company which owns and operates the Fitzwilliam College Library, reached a settlement with HM Revenue and Customs over the treatment of VAT across the two organisations. Whilst the trading activities of this company have effectively ceased, and all transactions between the College and FIST eliminated, the assets of the company have not yet been transferred to the College. The main effect on these accounts is that depreciation on the Library building, which amounts to £165,000, is not shown in the College figures. This will be an additional charge on the College as soon as the transfers have been completed.

#### *Unrestricted income and expenditure*

The unrestricted income of the College is made up of academic fees, charges to students for accommodation, meals and other services, together with any surplus from conference activity, donations for general purposes and the unrestricted income from the College's investment assets.

The operating surplus, before deduction of depreciation, improved from £1.32 million to £1.36 million. Income grew by 3.6% and expenditure before depreciation increased by 3.7%. This was a much better outcome than budgeted, mainly driven by higher than expected income from unrestricted donations and student rents, which compensated for lower than expected conference income, and costs coming in below budget across a number of areas including unfilled vacancies.

After charging depreciation of £1.50 million (2016: £1.47 million), the College made a deficit of £0.18 million (2016: £0.14 million) in the year. The deficit was after taking account of bank interest costs of £0.49 million and unrestricted donations of £0.22 million.

## ANNUAL REPORT OF THE GOVERNING BODY (continued)

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Staff costs (including academic stipends) represent 45% of total expenditure, and non-academic salaries alone make up 36%. The latter cost rose by 11%; rises in pension and National Insurance contributions which took effect in April 2016 had their full effect in the 2016-17 financial year. 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. These staff will benefit again from higher pay rises than the norm in 2017-18, thus ensuring that progress is maintained in line with the aspirations of the National Living Wage.

In the year under review, income from academic fees amounted to £3.16 million (2016: £2.91 million) and academic expenditure to £4.16 million (2016: £4.04 million). The deficit of £1.00 million (2016: £1.13 million) in respect of academic activity was met from endowment and investment income.

Income from rents, catering and conference activity was £5.45 million (2016: £5.47 million) and costs were £5.99 million (2016: £5.58 million) producing a deficit of £0.54 million (2016: £0.11 million). Conference income, which helps to mitigate the overhead costs of providing the College infrastructure and thus reduce the costs to students, fell 13.0% during the year, following 8.0% growth in 2016. This was expected to be a transitional year for our conference business and growth is expected to resume in 2017-18. Most of the Conference business is of an academic or educational nature.

Endowment and investment income at £1.12 million was £0.04 million lower than in 2016. The increase from the change to Total Return accounting was counterbalanced by a fall in 'other investment income' as a result of the closure of FIST.

### *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 (2016: £0.87 million) and associated educational expenditure was £0.71 million (2016: £0.63 million). The growth in income and expenditure reflects the success of the appeal over a period of time 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; £0.22 million was received during the year towards the refurbishment programme. The College would like to express its gratitude to the Wolfson Foundation, as well as a number of individual donors, for support towards the very successful first phase of the accommodation refurbishment.

### *Endowment income*

The endowment comprises restricted funds, 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 FRS 102 restricted expendable funds are retained in a separate Restricted Funds reserve.

Endowment funds arise from new donations and from investment returns. It is pleasing to report that the College's endowment has grown again, by £4.5 million to £58.5 million. £3.6 million of this increase arises from investment returns, with the balance coming from donations. The College was very grateful to receive a further contribution of £0.293 million from the Colleges Fund, which is taken to Endowment in accordance with the condition of the grant.

## ANNUAL REPORT OF THE GOVERNING BODY (continued)

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### *Maintenance of buildings and capital expenditure*

Expenditure on maintenance of College buildings was £0.75 million during the year, and capital expenditure on improvements was a further £2.00 million. The combined figure of £2.75 million was 4.1% of the valuation of the College buildings at the year end. 2016-17 was another particularly heavy year for capital expenditure as it included the larger part of the expenditure on two staircases (B & C) and the first part of the works on the Lantern roof to the Hall.

Relatively new buildings and the programme of maintenance undertaken over recent years mean that the level of general maintenance expenditure is considered sufficient to maintain the value of the College estate in the near term. However, as noted in previous years, the financial demand of the refurbishment programme for the older buildings on the main College site 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.

### *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, reserves have fallen from £10.7 million to £10.0 million. £0.5m of this reduction arises from net investment of College funds in buildings refurbishment under the policy described above. Liquid assets remain sufficient to meet current liabilities as they fall due.

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. It is very pleasing to report that these targets have been met for the works completed to date and those planned for 2018, and that College cashflow 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 primary investment objective for Fitzwilliam College is to protect the real value of the capital base and the income generated from it. As reported in 2016, the Governing Body, recognising the increasing difficulty of making returns in conventional markets, determined that the College is able to take a longer term view and to tolerate somewhat greater short term volatility than has previously been accepted. The risk appetite statement adopted in the revised statement of Investment policy reads as follows:

*"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."*

At the year end, Cambridge property totalled £32.8 million in value and made up 45% of all investments. House prices rose by 5.0%, producing growth in the value of the College's student properties of £1.6 million. The purchase of no 137 Huntingdon Road for cash in July 2017 has further increased the investment in this asset class. The Governing Body has a long-term objective to reduce the allocation to 30%.

## ANNUAL REPORT OF THE GOVERNING BODY (continued)

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Following the appointment in 2016 of J.P. Morgan as investment advisors with a discretionary mandate over the College's non-property investments, a new investment strategy was adopted for this portfolio. The strategy envisages a move away from traditional direct investment in equities and fixed interest, towards the use of pooled funds, using index tracker funds where markets are sufficiently liquid. It also expects over time to build up a significant position in alternatives, including Private Equity, which offers the opportunity of superior returns.

The nature of Private Equity is that investments are likely to be made over a four to five year period as suitable opportunities arise; investors are required to make a commitment to enable the investing vehicle to commit funds as the opportunity arises. The long term strategic target is to achieve an allocation of up to 20% of the College's investment portfolio (29% of the discretionary portfolio) to this asset class. Accordingly, the Governing Body has committed to invest in a fund managed by J.P. Morgan, one of a series which has been rated in the top and second quartiles from both Burgiss and Prequin since 2003.; \$1.6m had been drawn at the end of the financial year.

The transfer to J.P. Morgan was made over the 11<sup>th</sup> and 12<sup>th</sup> August 2016. The value of the College's discretionary investment portfolio at the year-end was £36.9 million, compared with £29.3 million at the start of the year. £4.5 million of this increase arose from the investment of existing cash holdings and new funds following the change of investment manager. Underlying growth in the discretionary portfolios was £3.1 million, and the total return was 9.9%. RPI inflation for the 12 month period to July 2016 was 3.2%, which implies that the objective of maintaining the real value of the portfolio, and allowing a 4% annual cash withdrawal was comfortably met during the year.

### The Appeal

Launched in 2008, the College's 150<sup>th</sup> Anniversary Campaign is on track to meet its target of £20 million by 2019. During the year donations of £1.9 million brought the appeal total (to the end of the 2016/17 financial year) to £18.1 million.

This year's telephone campaign was the most successful yet for the College, resulting in pledges and donations totalling over £245,000 (2016: £200,000), and bringing the nine year cumulative total to over £1.45 million. Telephone campaign gifts were allocated to the Student Support Fund and the Teaching Fund, unless donors specified otherwise. An increasing number of donors felt comfortable to make unrestricted gifts, which is testimony to the skill of the student callers and the College's hard work in communicating our strategic planning. Campaign expenses were met by the College.

Funding for student support continues to be a high priority, including the need to close the funding gap for undergraduate bursaries and to ensure that our Graduate Support Fund continues to generate sufficient funds to meet the needs of that section of the student community. Over the last year, efforts in relation to fundraising in the Far East have resulted in some success, and it is likely that College will be able to launch a number of new funding schemes for graduate students, for those hoping to start in October 2018. These are welcome developments.

Once again, alumni support has been essential in enabling us to move forward with our capital plans. Following the internal refurbishment of 'B' and 'C' over the summer of 2016, this summer saw the refurbishment of the iconic Lantern Roof. In line with Governing Body requirements the funds for the building work were raised entirely from alumni donations and trust applications.

The Collegiate University launched the Dear World campaign in 2015. All gifts made to Fitzwilliam during the campaign also count towards the University total.

### Looking ahead

Fitzwilliam has much to be proud of in 2016-17. Amongst our undergraduates, a record number of firsts, a record number of direct applications and an intake in 2017 of whom 70% were from the maintained sector, is an outstanding achievement. Alongside this, our graduate student numbers are as high as they have ever been, and we were delighted to welcome eight new Fellows to the Governing Body. Together with our Bye-Fellows they are the academic 'engine room' of the College, and this growth in the wider fellowship is a sign that the College is in good heart.

## ANNUAL REPORT OF THE GOVERNING BODY (continued)

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Sound finances are a vital enabler to our academic mission. Changes in accounting and investment policies over the last two years have been implemented with a view to presenting a realistic picture, and ensuring that our policies keep us focused on achieving equity between the needs of today's students and those of future generations. To be in deficit in the unrestricted account is not comfortable, but it reminds us that we are dependent on the support of our alumni and friends to achieve our ambitious and necessary refurbishment plans. We have set ourselves strict rules for financing this work, and the College's free reserves, whilst not large, are sufficient to see us through a transitional period.

Gazing into the future seems harder than ever this year. Economic and political uncertainties are transparently obvious. The Government's attempts to negotiate a way out of the European Union has not only had an uncertain effect on the economy, but will also have an uncertain impact on staff and student recruitment. Another area of uncertainty surrounds the fixing of fees and the availability of funding for students. The remarkable education that we offer cannot be offered "on the cheap".

Whilst taking great satisfaction in the prospect of achieving our 20-year fundraising target set in 2008, we must accept that we now have to redouble our efforts. The College needs to secure significant extra money for student bursaries, for teaching, for the refurbishment of our 1960s buildings and for our more ambitious long-term development plans. We will not be able to satisfy our ambitions unless we focus on the importance of raising funds.

We share the University's new Vice-Chancellor's ambition "to ensure that, in an increasingly complex and anxious world, the University of Cambridge remains an unstoppable, unapologetic force for knowledge and understanding, for more inclusive community, and for the betterment of our shared world". Fitzwilliam College, living on a very tight budget, plays a remarkable and significant role within this extraordinarily successful global University.



R A Powell  
Bursar

Date: 29<sup>th</sup> November 2017



N M Padfield  
Master

Date: 29<sup>th</sup> November 2017



## STATEMENT OF INTERNAL CONTROL

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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 2017 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

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

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF FITZWILLIAM COLLEGE**

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**Opinion**

We have audited the financial statements of Fitzwilliam College (the 'College') for the year ended 31 July 2017 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 2017 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 other information comprises the information included in the report of the Governing Body other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF FITZWILLIAM COLLEGE

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### 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 financial statements is inconsistent in any material respect with the report of the Governing Body; 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 16, 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

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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 auditor's 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](http://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 work has been undertaken so that we might state to the College trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College trustees as a body, for our audit work, for this report, or for the opinions we have formed

  
PETERS ELWORTHY & MOORE  
Chartered Accountants and Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date: 18 December 2017

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2017

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### 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 2017. 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 2017

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### 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 implemented for the first time 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 2017 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 2017

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### 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 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 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 POLICIES**For the year ended 31 July 2017

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**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). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of 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 the scheme provided by 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 2017

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### **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 2017

Income	Note	2017				2016			
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Academic fees and charges	1	3,162	0	0	3,162	2,906	0	0	2,906
Residences, catering and conferences	2	5,454	0	0	5,454	5,473	0	0	5,473
Investment income	3	79	0	583	662	265	0	899	1,164
Endowment return transferred	3	565	476	(1,041)	0	480	419	(899)	0
Other income		185	0	0	185	164	0	0	164
<b>Total income before donations and endowments</b>		<b>9,445</b>	<b>476</b>	<b>(458)</b>	<b>9,463</b>	<b>9,288</b>	<b>419</b>	<b>0</b>	<b>9,707</b>
Donations		219	0	0	219	97	0	0	97
New endowments		0	848	593	1,441	0	449	934	1,383
Capital grant from Colleges Fund		0	0	293	293	0	0	285	285
Other capital grants for assets		0	222	0	222	0	1,259	0	1,259
<b>Total income</b>		<b>9,664</b>	<b>1,546</b>	<b>428</b>	<b>11,638</b>	<b>9,385</b>	<b>2,127</b>	<b>1,219</b>	<b>12,731</b>
<b>Expenditure</b>									
Education	4	3,449	710	0	4,159	3,409	632	0	4,041
Residences, catering and conferences	5	5,992	0	0	5,992	5,575	0	0	5,575
Other expenditure		407	0	0	407	544	0	0	544
Contribution under Statute G,II		0	0	0	0	0	0	0	0
<b>Total expenditure</b>	6	<b>9,848</b>	<b>710</b>	<b>0</b>	<b>10,558</b>	<b>9,528</b>	<b>632</b>	<b>0</b>	<b>10,160</b>
<b>Surplus/(deficit) before other gains and losses</b>		<b>(184)</b>	<b>836</b>	<b>428</b>	<b>1,080</b>	<b>(143)</b>	<b>1,495</b>	<b>1,219</b>	<b>2,571</b>
Gain/(loss) on investments	9	13	215	4,100	4,328	3	44	1,926	1,973
<b>Surplus/(deficit) for the year</b>		<b>(171)</b>	<b>1,051</b>	<b>4,528</b>	<b>5,408</b>	<b>(140)</b>	<b>1,539</b>	<b>3,145</b>	<b>4,544</b>
<b>Other comprehensive income</b>									
Actuarial (loss) in respect of pension schemes	24	(127)	0	0	(127)	(516)	0	0	(516)
<b>Total comprehensive income for the year</b>		<b>(298)</b>	<b>1,051</b>	<b>4,528</b>	<b>5,281</b>	<b>(656)</b>	<b>1,539</b>	<b>3,145</b>	<b>4,028</b>

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

For the year ended 31 July 2017

**CHANGES IN RESERVES 2017**

	<i>Income and expenditure reserve</i>			<i>2017</i>
	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	62,390	4,025	58,537	124,952

**CHANGES IN RESERVES 2016**

	<i>Income and expenditure reserve</i>			<i>2016</i>
	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 August 2015	61,888	2,918	50,837	115,643
Surplus/(Deficit) from income and expenditure statement	(140)	1,539	3,145	4,544
Other comprehensive income	(516)	0	0	(516)
Release of restricted capital funds spent in the year	1,260	(1,260)	0	0
Other transfers	(29)	29	0	0
Balance at 31 July 2016	62,463	3,226	53,982	119,671

The notes on pages 26 to 40 form part of these accounts

**CONSOLIDATED BALANCE SHEET**

As at 31 July 2017

	Note	2017 £000	2016 £000
<b>Non-current assets</b>			
Fixed assets	8	67,360	66,385
Investments	9	72,577	67,862
		<u>139,937</u>	<u>134,247</u>
<b>Current assets</b>			
Stocks	10	56	58
Trade and other receivables	11	2,562	2,299
Cash and cash equivalents	12	7	40
		<u>2,625</u>	<u>2,397</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(5,196)</u>	<u>(4,588)</u>
<b>Net current assets</b>		<u>(2,571)</u>	<u>(2,191)</u>
<b>Total assets less current liabilities</b>		<u>137,366</u>	<u>132,056</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(10,000)</u>	<u>(10,000)</u>
<b>Provisions</b>			
Pension provisions	15	<u>(2,414)</u>	<u>(2,385)</u>
<b>Total net assets</b>		<u>124,952</u>	<u>119,671</u>
<b>Restricted reserves</b>			
Income and expenditure reserve – endowment reserve	16	58,537	53,982
Income and expenditure reserve – restricted reserve	17	4,025	3,226
		<u>62,562</u>	<u>57,208</u>
<b>Unrestricted reserves</b>			
Income and expenditure reserve – unrestricted		62,390	62,463
<b>Total reserves</b>		<u>124,952</u>	<u>119,671</u>

The financial statements were approved by the Governing Body on 29<sup>th</sup> November 2017 and signed on its behalf by:

R A Powell  
Bursar



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 2017

		<b>2017</b>	<b>2016</b>
	Note	£000	£000
<i>Net cash inflow from operating activities</i>	19	389	775
<i>Cash flows from investing activities</i>	20	(716)	(415)
<i>Cash flows from financing activities</i>	21	(496)	(493)
<i>Increase/(decrease) in cash and cash equivalents in the year</i>		<u>(823)</u>	<u>(133)</u>
<i>Cash and cash equivalents at beginning of the year</i>		<u>(208)</u>	<u>(75)</u>
<i>Cash and cash equivalents at end of the year</i>	22	<u>(1,031)</u>	<u>(208)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

**1. ACADEMIC FEES AND CHARGES**

	2017	2016
	£000	£000
Colleges fees:		
Fee income received at regulated undergraduate rate	1,670	1,671
Fee income received at unregulated undergraduate rate	613	560
Fee income received at the graduate rate	879	675
	<u>3,162</u>	<u>2,906</u>

**2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES**

	2017	2016
	£000	£000
Accommodation:		
College members	3,021	2,891
Conferences	537	593
Catering:		
College members	1,330	1,314
Conferences	566	675
	<u>5,454</u>	<u>5,473</u>

**3. ENDOWMENT RETURN AND INVESTMENT INCOME**

	2017	2016
	£000	£000
<b>3a. Analysis of Investment Income:</b>		
Income drawdown from endowment (note 3b)	1,041	899
Other investment income	79	265
	<u>1,120</u>	<u>1,164</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

**3b. Summary of Total Return**

	2017	2016
	£000	£000
<u>Income from:</u>		
Quoted securities and cash	583	0
	<u>          </u>	<u>          </u>
<u>Gains/(Losses) on endowment assets:</u>		
Quoted securities and cash	2,811	0
	<u>          </u>	<u>          </u>
Total return for the year	3,394	0
Transfer to income and expenditure reserve (note 3a)	(1,041)	0
	<u>          </u>	<u>          </u>
Unapplied total return for the year included within the Statement of Comprehensive Income and Expenditure (note 18)	2,353	0
	<u>          </u>	<u>          </u>

The total return policy was adopted for the first time this year and hence there are no comparative figures for the previous year. The investment income recorded in note 3a for 2016 related to income receivable from land and buildings, quoted securities and cash investments.

**4. EDUCATION EXPENDITURE**

	2017	2016
	£000	£000
Teaching	2,218	2,446
Tutorial	625	564
Admissions	235	181
Research	314	240
Scholarships and awards	551	419
Other educational facilities	216	191
	<u>          </u>	<u>          </u>
	4,159	4,041
	<u>          </u>	<u>          </u>

**5. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE**

	2017	2016
	£000	£000
Accommodation:		
College members	3,440	3,117
Conferences	692	638
Catering:		
College members	1,361	1,258
Conferences	499	562
	<u>          </u>	<u>          </u>
	5,992	5,575
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

**6a. 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>

The above expenditure includes fundraising costs of £379,117 (2016: £336,167). This expenditure includes the costs of alumni relations.

**6b. ANALYSIS OF 2015/16 EXPENDITURE BY ACTIVITY**

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education	1,562	2,178	301	4,041
Residences, catering and conferences	2,456	1,958	1,161	5,575
Other	108	432	4	544
	<u>4,126</u>	<u>4,568</u>	<u>1,466</u>	<u>10,160</u>

**6c. AUDITORS' REMUNERATION**

	2017 £000	2016 £000
<b>Other operating expenses include:</b>		
Audit fees payable to the College's external auditors	18	17
	<u>18</u>	<u>17</u>
Other fees payable to the College's external auditors	2	3
	<u>20</u>	<u>20</u>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

**7. STAFF COSTS**

	College fellows £000	Non- academic £000	2017 Total £000	2016 Total £000
<i>Staff costs:</i>				
Emoluments	752	3,136	3,888	3,487
Social security costs	84	189	273	246
Other pension costs	132	294	426	393
	<u>968</u>	<u>3,619</u>	<u>4,587</u>	<u>4,126</u>
	<u><u>968</u></u>	<u><u>3,619</u></u>	<u><u>4,587</u></u>	<u><u>4,126</u></u>
	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
<i>Average staff numbers:</i>				
Academic	55	0	55	49
Non-academic	0	114	114	113
	<u>55</u>	<u>114</u>	<u>169</u>	<u>162</u>
	<u><u>55</u></u>	<u><u>114</u></u>	<u><u>169</u></u>	<u><u>162</u></u>

The Governing Body comprised 57 Fellows of which the 55 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:

	2017 £000	2016 £000
Aggregate Emoluments	968	877
	<u>968</u>	<u>877</u>
	<u><u>968</u></u>	<u><u>877</u></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 2017

**8. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £000	Assets under construction £000	Furniture, fittings and equipment £000	2017 Total £000	2016 Total £000
<b>Cost</b>					
At beginning of year	66,612	801	5,084	72,497	70,524
Additions	1,624	376	524	2,524	1,973
Transfers	775	(775)	0	0	0
Disposals	0	0	0	0	0
At end of year	<u>69,011</u>	<u>402</u>	<u>5,608</u>	<u>75,021</u>	<u>72,497</u>
<b>Depreciation</b>					
At beginning of year	2,051	0	4,061	6,112	4,646
Charge for the year	1,140	0	409	1,549	1,466
Eliminated on disposals	0	0	0	0	0
At end of year	<u>3,191</u>	<u>0</u>	<u>4,470</u>	<u>7,661</u>	<u>6,112</u>
<b>Net book value</b>					
At end of year	<u>65,820</u>	<u>402</u>	<u>1,138</u>	<u>67,360</u>	<u>66,385</u>
At beginning of year	<u>64,561</u>	<u>801</u>	<u>1,023</u>	<u>66,385</u>	<u>65,878</u>

The insured replacement cost of freehold land and buildings as at 31 July 2017 was £84,787,000.

**9. INVESTMENTS**

	2017 £000	2016 £000
Balance at beginning of year	67,862	63,291
Additions	66,656	9,692
Disposals	(63,113)	(7,685)
Gain/(Loss)	4,328	1,973
Increase/(decrease) in cash balances held at fund managers	(3,156)	591
Balance at end of year	<u>72,577</u>	<u>67,862</u>
Represented by:		
Investment properties	32,752	30,078
Quoted securities - equities	32,890	26,707
Quoted securities - fixed interest	1,169	2,155
Cash held at investment managers	2,879	423
Other investments	2,842	2,842
Bank balances	45	5,657
	<u>72,577</u>	<u>67,862</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

**10. STOCKS**

	2017	2016
	£000	£000
Goods for resale	56	58
	<u>56</u>	<u>58</u>

**11. TRADE AND OTHER RECEIVABLES**

Due within one year	2017	2016
	£000	£000
Members of the College	266	163
Other debtors	2,296	2,136
	<u>2,562</u>	<u>2,299</u>
	<u>2,562</u>	<u>2,299</u>

**12. CASH AND CASH EQUIVALENTS**

	2017	2016
	£000	£000
Current accounts	5	38
Cash in hand	2	2
	<u>7</u>	<u>40</u>
	<u>7</u>	<u>40</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£000	£000
Bank overdraft	1,038	248
Members of the College	198	159
Other creditors	3,960	4,181
	<u>5,196</u>	<u>4,588</u>
	<u>5,196</u>	<u>4,588</u>

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

	2017	2016
	£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 2017

**15. PENSION PROVISIONS**

	To fund deficit on USS pension £000	Defined benefit obligation (note 24) £000	2017 Total £000	2016 Total £000
Balance at beginning of year	452	1,933	2,385	2,000
Movement in year:				
Contributions	4	(175)	(171)	(209)
Other expenditure	14	59	73	78
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	0	127	127	516
Balance at end of year	<u>470</u>	<u>1,944</u>	<u>2,414</u>	<u>2,385</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 2017

**16. ENDOWMENT FUNDS**

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	2017 Total £000	2016 Total £000
<b>Balance at beginning of year:</b>				
Capital	11,980	42,002	53,982	50,837
New donations and endowments	593	0	593	934
Other transfers	0	27	27	0
Capital grant from Colleges Fund	0	293	293	285
Increase/(decrease) in market value of investments	1,031	2,611	3,642	1,926
<b>Balance at end of year</b>	<b>13,604</b>	<b>44,933</b>	<b>58,537</b>	<b>53,982</b>

**Analysis by type of purpose:**

Fellowship and Research Funds	4,404	0	4,404	3,708
Scholarship and Prize Funds	2,122	0	2,122	1,959
Chapel Funds	386	0	386	350
Travel Grant Funds	342	0	342	315
Hardship Funds	4,224	0	4,224	3,817
Other Funds	2,126	0	2,126	1,831
General endowments	0	44,933	44,933	42,002
	<b>13,604</b>	<b>44,933</b>	<b>58,537</b>	<b>53,982</b>

**Analysis by asset:**

Property	0	31,472	31,472	28,798
Investments	13,604	13,388	26,992	25,111
Cash	0	73	73	73
	<b>13,604</b>	<b>44,933</b>	<b>58,537</b>	<b>53,982</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

**17. RESTRICTED RESERVES**

Reserves with restrictions are as follows:

<b>Consolidated</b>	<b>Capital grants unspent £000</b>	<b>Permanent unspent and other restricted income £000</b>	<b>Restricted expendable endowment £000</b>	<b>2017 Total £000</b>	<b>2016 Total £000</b>
<b>Balance at beginning of year</b>					
Capital	0	0	2,220	2,220	2,008
Accumulated income	0	865	141	1,006	910
	<u>0</u>	<u>865</u>	<u>2,361</u>	<u>3,226</u>	<u>2,918</u>
New capital grants	222	0	0	222	1,259
New donations	0	0	848	848	449
Other transfers	0	0	(25)	(25)	29
Endowment return transferred	3	396	77	476	419
Increase/(decrease) in market value of investments	0	0	214	214	44
Expenditure	0	(264)	(447)	(711)	(632)
Capital grants utilised	(225)	0	0	(225)	(1,260)
	<u>0</u>	<u>997</u>	<u>3,028</u>	<u>4,025</u>	<u>3,226</u>
<b>Balance at end of year</b>	<u>0</u>	<u>997</u>	<u>3,028</u>	<u>4,025</u>	<u>3,226</u>
<b>Comprising:</b>					
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>

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

Fellowship and Research Funds	0	389	144	533	529
Scholarship and Prize Funds	0	84	0	84	63
Chapel Funds	0	100	377	477	444
Travel Grant Funds	0	19	0	19	16
Hardship Funds	0	278	762	1,040	544
Building Funds	0	0	837	837	842
Other Funds	0	127	908	1,035	788
	<u>0</u>	<u>997</u>	<u>3,028</u>	<u>4,025</u>	<u>3,226</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

**18. MEMORANDUM OF UNAPPLIED TOTAL RETURN**

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

	2017	2016
	£000	£000
Initial unapplied Total Return	21,234	0
Unapplied Total Return for the year (note 3b)	2,353	0
	<u>23,587</u>	<u>0</u>

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

	2017	2016
	£000	£000
<b>Surplus for the year</b>	5,408	4,544
<b>Adjustment for non-cash items</b>		
Depreciation	1,549	1,466
Decrease in stocks	2	(6)
Increase in trade and other receivables	(391)	235
Increase in creditors	275	333
Pension costs less contributions payable	(4)	(226)
Gains on endowments, donations and investment properties	(4,328)	(1,973)
<b>Adjustment for investing or financing activities</b>		
Investment income	(662)	(1,164)
Interest payable	496	493
New endowments	(1,441)	(1,383)
Capital grant from colleges fund	(293)	(285)
Other capital grants for assets	(222)	(1,259)
	<u>389</u>	<u>775</u>
<b>Net cash inflow from operating activities</b>	<u>389</u>	<u>775</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

**20. CASH FLOWS FROM INVESTING ACTIVITIES**

	2017 £000	2016 £000
Proceeds from sales of endowment assets	63,125	7,381
New endowment funds received	1,337	1,572
Capital grant from Colleges fund	293	285
Other capital grants for assets	462	1,018
Investment income	660	968
Endowment funds invested	(66,656)	(9,692)
Placed deposits	3,156	(591)
Payments made to acquire non-current fixed assets	(3,037)	(2,039)
Donations to Fitzwilliam Information Services Trust Ltd	42	13
Fitzwilliam Society loan movement	2	(1)
Loan advances to Fellows	(100)	0
Loan repayment from Fitzwilliam Information Services Trust Ltd	0	671
<b>Total cash flows from investing activities</b>	<b>(716)</b>	<b>(415)</b>

**21. CASH FLOWS FROM FINANCING ACTIVITIES**

	2017 £000	2016 £000
Interest paid	(496)	(493)
<b>Total cash flows from financing activities</b>	<b>(496)</b>	<b>(493)</b>

**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	40	(33)	7
Bank overdraft	13	(248)	(790)	(1,038)
		<u>(208)</u>	<u>(823)</u>	<u>(1,031)</u>

**23. CAPITAL COMMITMENTS**

	2017 £000	2016 £000
Capital commitments at 31 July 2017 are as follows:		
Authorised and contracted	215	1,483
Authorised but not yet contracted for	<u>0</u>	<u>0</u>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

**24. PENSION SCHEMES****Universities Superannuation Scheme**

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

	2017 £000	2016 £000
Total employer contributions during the year	373	354
Less contributions relating to past service (note 15)	4	(34)
Amount charged to the statement of comprehensive income and expenditure	<u>377</u>	<u>320</u>

The latest available full actuarial valuation of the scheme was 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.

Since the institution cannot identify its share of 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. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

	2017	2016
Discount rate	2.57%	3.60%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.20%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YOB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YOB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	<b>2017</b>	<b>2016</b>
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8
	<b>2017</b>	<b>2016</b>
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

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

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

Contributions to the fund are based on the recommendation of professional advisors and with the agreement of the fund's actuary. The total employer contributions paid during the year were £175,400 (2016: £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 2017 by a qualified independent actuary. It indicated an employee benefit obligations deficit of £1,944,000, based on the total fair value of net assets of £3,149,000 against the present value of funded obligations of £5,093,000.

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	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Opening balance	(4,742)	(4,097)	2,809	2,569	(1,933)	(1,528)
Interest(expense)/ income	(122)	(141)	78	92	(44)	(49)
Actuarial losses	(277)	(646)	0	0	(277)	(646)
Benefits paid	48	142	(48)	(142)	0	0
Return on scheme assets	0	0	150	130	150	130
Employer contributions	0	0	175	175	175	175
Administration fees	0	0	(15)	(15)	(15)	(15)
Closing balance	<u>(5,093)</u>	<u>(4,742)</u>	<u>3,149</u>	<u>2,809</u>	<u>(1,944)</u>	<u>(1,933)</u>

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

<i>In other expenditure:</i>	2017 £000	2016 £000
Interest expense (net)	44	49
Administration fees	15	15
	<u>59</u>	<u>64</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

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

The amounts taken to other comprehensive income are as follows:

Actuarial losses:	2017 £000	2016 £000
Return on pension scheme assets	150	130
Experience gains/ (losses) arising on scheme liabilities	11	35
Changes in assumptions underlying the present value of scheme liabilities	(288)	(681)
Net return	(127)	(516)

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

	2017 %	2016 %
Equities	39.4%	48.7%
Bonds	57.5%	51.2%
Property	4.6%	4.8%
Cash	0%	0.3%
Current liabilities	-1.5%	-5.0%

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

	2017	2016
Discount rate	2.6% pa	2.6% pa
RPI inflation assumption	3.3% pa	2.9% pa
Future salary increases	3.4% pa	3.0% pa
Pension increases in payment:		
- RPI, maximum 5%, minimum 3%	3.6% pa	3.0% pa

**b) Demographic assumptions**

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

	2017	2016
Retiring today		
- Males	22.9	22.8
- Females	25.3	25.2
Retiring in 20 years		
- Males	24.2	24.1
- Females	26.7	26.6

**(ii) Pre retirement mortality rates**

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

Age, x	Males	Females
- 30	0.0008	0.0005
- 40	0.0020	0.0013
- 50	0.0035	0.0022
- 60	0.0051	0.0034

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2017

**24. PENSION SCHEMES (continued)****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 £53,641 (2016 - £38,976).

**25. SUBSIDIARY UNDERTAKINGS**

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

<b>Company</b>	<b>Principal Activity</b>	<b>Status</b>
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 £582,109 (2016 - £437,923). These loans are offered to fellows whom meet the criteria on commercial terms.