

KING'S COLLEGE CAMBRIDGE



ANNUAL REPORT & ACCOUNTS



FOR THE FINANCIAL YEAR 1ST JULY 2018 TO 30TH JUNE 2019

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FOUNDATION



King's College was founded in 1441 by King Henry VI as "The King's College of Our Lady and Saint Nicholas, in Cambridge". His aim, recorded in our founding documents, was to establish a community of poor scholar clerks within the University of Cambridge. Since then, the College has worked to fulfil its responsibilities as a place of education, religion, learning and research and to play its part in advancing the University.

As both society and the academic world have changed, so the means we need to adopt to achieve this end have changed. We have endeavoured to maintain all that is valuable in our heritage and to grow and develop to meet new challenges.

In meeting those challenges, we have relied on the support and generosity of those who share our aspirations. Donors, starting with our Founder and continuing up to present day, have enabled us to explore new ideas and find new ways to deliver our core purposes. The College remains deeply grateful to them.

The College also depends on its students, staff and Fellows. It is through selecting the most able applicants to study at the College, and by supporting them through their studies, that we maintain our academic health. Making that selection fairly and taking due account of the potential applicants show is very challenging, especially as the educational environment in the country changes. Nonetheless, it is crucial that we are successful in maintaining our academic standards. The Fellowship is responsible for the leadership for the College. The Provost and Fellows form the Governing Body and determine the College's role as a self-governing academic institution. Fellows teach and provide pastoral support to students; conduct research; and manage the administration of the College. Finally, the College community as a whole relies on the expertise and commitment of our staff. They serve the College well and enable us to work and thrive as a community.

These accounts set out the progress of the College over the financial year from 1st July 2018 to 30th June 2019. It aims to set out the purposes and aspirations of the College as well as recording our financial results. Those finances enable us to protect and enhance our key purposes in education, religion, learning and research.

THE GOVERNING BODY

Provost

Professor Michael Proctor

Fellows

Dr Zoe Adams (from 01.10.18)
Dr Ronojoy Adhikari
Dr Tess Adkins
Dr Sebastian Ahnert
Dr Mark Ainslie
Dr David Al-Attar
Dr Anna Alexandrova
Professor John Arnold
Dr Nick Atkins
Professor Gareth Austin
Professor William Baker
Dr Amanda Barber
Dr John Barber
Professor Michael Bate
Dr Andreas Bender
Professor Nathanaël Berestycki
Dr Alice Blackhurst
Professor Richard Bourke
Dr Mirjana Bozic
Dr Angela Breitenbach
Professor Sydney Brenner
(to 05.04.19)
Dr Jude Browne
Professor Nick Bullock
Professor Bill Burgwinkle
(to 30.09.18)
Dr Matei Candea
Dr Keith Carne
Mr Richard Causton
Mr Nick Cavalla
Dr Goylette Chami
The Rev'd Dr Stephen Cherry
(Dean)
Dr Stephen Cleobury
Dr Francesco Colucci
Dr Sarah Crisp
Dr Laura Davies
Professor Anne Davis
Professor Peter de Bolla
Dr Megan Donaldson
Professor John Dunn
Professor George Efstathiou
Professor Bradley Epps
Dr Aytek Erdil
Dr Sebastian Eves-van den
Akker (from 01.10.18)
Professor Khaled Fahmy
Dr Elisa Faraglia
Professor James Fawcett
Professor Iain Fenlon
Dr John Filling (from 01.10.18)

Dr Timothy Flack
(Senior Tutor)
Dr Freddy Foks (from 01.10.18)
Professor Robert Foley
Dr Dejan Gajic
Professor Matthew Gandy
Dr Juan Garaycochea
(to 30.09.18)
Dr Chryssi Giannitsarou
Lord Tony Giddens
Dr Ingo Gildenhard
Professor Christopher Gilligan
Professor Simon Goldhill
Dr David Good
Dr Caroline Goodson
Professor Julian Griffin
Dr Tim Griffin
Professor Gillian Griffiths
Professor Ben Gripaios
Professor Mark Gross
Dr Henning Grosse Ruse-Khan
Dr Aline Guillermet
Dr Cesare Hall
Ms Lorraine Headen
Professor John Henderson
Dr Felipe Hernandez
Dr David Hillman
Dr Rachel Hoffman
(to 30.09.18)
Dr Stephen Hugh-Jones
Professor Dame Caroline
Humphrey
Professor Herbert Huppert
Professor Martin Hyland
Mr Philip Isaac
Professor Mark Johnson
Mr Peter Jones (Librarian)
Dr Aileen Kelly
Professor Barry Keverne
Dr Joanne Kusiak
(from 01.10.18)
Professor James Laidlaw
Professor Richard Lambert
Professor Charlie Loke
Professor Sarah Lummis
Professor Alan Macfarlane
Dr Marwa Mahmoud
Dr Cicely Marshall
(from 01.10.18)
Professor Nicholas Marston
Professor Jean-Michel Massing
Dame Judith Mayhew Jonas
Dr Naomi McGovern
(from 01.10.18)
Professor Dan McKenzie
Professor Cam Middleton

Dr Perveez Mody
Professor Geoff Moggridge
Dr Ken Moody
Professor Clement Mouhot
Dr David Munday (to 30.09.18)
Dr Basim Musallam
Dr Rory O'Bryen
Dr Julienne Obadia
Dr Rosanna Omitowaju
Professor Robin Osborne
Dr John Perry (from 01.10.18)
Dr Adriana Pesci
Professor Chris Prendergast
Dr Mezna Qato (to 30.09.18)
Dr Surabhi Ranganathan
Dr Marek Rei
Professor Robert Rowthorn
Dr Paul Ryan
Professor Hamid Sabourian
Dr Paul Sagar (to 30.09.18)
Professor Jason Sharman
Dr Mark Smith
Dr Michael Sonenscher
Dr Sharath Srinivasan
Professor Gareth Stedman
Jones
Dr Erika Swales
Dr James Taylor
Mr James Trevithick
Professor Caroline van Eck
Dr Bert Vaux
Dr Rob Wallach
Dr Darin Weinberg
Dr Godela Weiss-Sussex
Dr Tom White
Professor John Young
Professor Nicolette Zeeman

Members in *statu pupillari*

Ms Alice Hawkins (to 31.12.18)
Mr Conor Bacon (to 31.12.18)
Ms Charlotte Payne
(to 31.12.18)
Ms Claudia Joynt
Ms Catherine Bevilacqua
(from 01.01.19)
Ms Sophia Georgescu
(from 01.01.19)
Ms Emily Rude (from 01.01.19)

COUNCIL, OFFICERS AND ADVISORS

Address

King's College
King's Parade
Cambridge CB2 1ST

Registered Charity Number

1139422

Charity Trustees (Members of Council)

The Provost
Dr Ronojoy Adhikari (from 01.01.19)
Dr Mark Ainslie
Dr John Barber
Dr Matei Candea (from 01.01.19)
Rev'd Dr Stephen Cherry (to 31.12.18)
Dr Laura Davies
Dr Megan Donaldson (to 31.12.18)
Professor George Efstathiou
Professor Khaled Fahmy
Ms Lorraine Headen
Professor Caroline Humphrey
Dr Ken Moody (from 01.01.19)
Dr James Taylor (to 31.12.18)

Members in statu pupillari

Ms Alice Hawkins (to 31.12.18)
Ms Charlotte Payne (to 31.12.18)
Ms Sophia Georgescu (from 01.01.19)
Ms Emily Rude (from 01.01.19)

Senior Officers

Provost: Professor Michael Proctor
Vice Provost: Professor Nicholas Marston
Senior Tutor: Dr Tim Flack
Dean of Chapel: Rev'd Dr Stephen Cherry
Director of Development: Ms Lorraine Headen
First Bursar: Dr Keith Carne
Domus Bursar: Mr Philip Isaac

President KCSU: Ms Claudia Joynt
President KCGS: Mr Conor Bacon (to 31.12.18)
President KCGS: Ms Catherine Bevilacqua
(from 01.01.19)

PRINCIPAL PROFESSIONAL ADVISORS

Actuaries

Cartwright Consulting
Mill Pool House
Mill Lane
Godalming GU7 1EY

Auditors

Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge CB1 2LA

Solicitors

Petersfield LLP
20 Station Road
Cambridge CB1 2JD

Barr Ellison
39 Parkside
Cambridge CB1 1PN

Property Managers and Valuers

Bidwells
Trumpington Road
Cambridge CB2 2LD

Savills
Unex House
132-134 Hills Road
Cambridge CB2 8PA

Investment Advisors/Managers

Cazenove Capital
31 Gresham Street
London EC2V 7QA

Bankers

Barclays Bank Plc
9-11 St Andrew's Street
Cambridge CB2 3AA

REPORT OF THE COUNCIL

Education

The College provides, within the University of Cambridge, an education for some 642 undergraduate and graduate students that is recognised internationally as being of the highest standard. This education develops students academically and more broadly prepares them to play full and effective roles in society. The College aims to attract as undergraduate and graduate students such persons as are best fitted to take academic advantage from the education it offers, regardless of gender, sexual orientation or educational, social, ethnic, or personal background. It devotes a major part of its resources, both financial and personal, to the task of selecting students from the widest range of backgrounds we can, and supporting them through their studies. All decisions as to membership of the College are made by the College.

The education of junior members reading for undergraduate degrees is overseen by the Senior Tutor. The academic studies of each undergraduate member of the College are overseen by a Director of Studies and Tutor. Directors of Studies are responsible for organising supervisions and other classes for each undergraduate reading for the specific Tripos examinations for which they are severally responsible. College teaching is designed to complement the lectures and other classes provided by the University. To supervise undergraduate students the College employs persons fitted by their learning to do so; these are normally Fellows of the College, Fellows of other Cambridge colleges, and those holding post-doctoral positions or reading for a graduate degree within the University. The Fellows of the College responsible for teaching junior members either hold University teaching and/or research posts or have been appointed to Fellowships on the basis of their distinction as teachers and/or researchers. The College appoints Tutors to oversee the educational progress and the general well-being of all undergraduate students studying the subjects for which they are severally responsible, and to represent their pupils, where necessary, in formal dealings with the University. In their care for the general welfare of the junior members of the College, the Tutors enjoy the assistance of the Lay Dean and the Chaplain. In 2018/19, 360 undergraduate students sat classified University examinations, 86.9% obtaining first or upper-second (or undivided second) class passes. This success in examinations is important to the College as part of the broader development and growth of our students.

The education of junior members reading for graduate degrees is chiefly the responsibility of Faculties and Departments, who appoint academic supervisors. The College receives reports from the academic supervisors and provides such academic and other support as the Senior Tutor and the Tutors for Graduate Studies consider appropriate. In 2018/19, 35 graduate students successfully completed an MPhil or other one-year graduate course, 2 completed clinical studies and 39 satisfied the requirement for the degree of PhD.

The Senior Tutor reports regularly to the Education Committee, the College Council and to the Governing Body on the academic performance of junior members of the College.

Most junior members of the College live in College accommodation. It is College policy that charges for accommodation should be comparable to those in other competitor universities. In order to facilitate access to undergraduate and graduate education regardless of financial circumstances, the College offers financial support on the basis of need. This is done through the Cambridge Bursary scheme and through our own hardship funds. In addition, research studentships, undergraduate scholarships, and prizes are awarded on the basis of academic excellence. During 2018/19, 756 financial awards were made to undergraduates and graduate students including studentships, scholarships, travel grants and prizes. This year, we welcomed 345 summer school students from the Pembroke and King's International programmes.

Religion

The College carries forward the tradition, continuous since its foundation, of being a place of spiritual and ethical reflection on the Christian faith and its implications for the individual and society. In particular, the College:

- Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services during term, which are open to the general public and visitors.
- Maintains its choral tradition, which is integral to the provision of Divine Service in its Chapel, through the College's Choir. This choir includes both Choral Scholars, who are students, and Choristers, who are pupils of King's College School.
- Supports, through the College Dean and Chaplain, the emotional, mental and spiritual well-being of all members of the College community whatever their faith.
- Maintains its historic connection with the work of the Church of England, particularly through its involvement as Patron of over 20 parishes.

The Founder's Statutes of 1443 require the College to provide for and conduct Divine Service in the College Chapel and to maintain a choir. The Choristers are members of the College and the College is responsible for their education and training. This tradition, established by Henry VI at the foundation of the College, has been continued ever since.

Learning

The College Library is a first port of call for junior members of the College as a repository of books and information, and its archives, rare books and manuscripts provide a major resource for scholarship, both for members of the College and for scholars from outside the College. The number of loans for the year totalled 13,174, plus use inside the Library of 3,002 items from the total stock accessible via the online catalogue of 116,492 books. Catalogue records from the Library are uploaded

to the iDiscover Catalogue of the University Library and it is possible to access the catalogue directly from the College website.

During the year, 284 readers (214 of them new) made 548 visits to the Archives reading room, 2,401 documents were retrieved for visitors and 3,325 enquiries answered. 170 people came simply to see exhibitions displayed in the Library. The Librarian is the College's designated Freedom of Information Officer and the archivists assisted him in complying with the College's obligations under the Act, compiling answers for 44 enquiries within the framework of the Act. The archivists also oversee the College's records management programme, which ensures that the College meets its statutory obligations and determines what information should be kept for the sake of future researchers, as well as for administrative requirements.

Research

The College provides an intellectual and social environment that fosters research at the highest level, and offers a fertile ground for interdisciplinary approaches. Each year, the College appoints a number of Research Fellows. In 2018/19 three stipendiary Research Fellows were elected, one (in politics) to work on Representation, one (in digital humanities) to work on Immateriality, and one in Science Communication. The College also appoints a number of post-doctoral researchers who have funding from other sources as College Research Associates, with limited dining rights and a small research allowance, for two years (renewable). In 2018/19, the College appointed five College Research Associates in the Sciences together with three in the Arts. The College also renewed for a further two years five College Research Associates who had come to the end of their initial two-year term.

In addition, the College appoints non-stipendiary visiting Fellows nominated by Fellows and welcomes short-term visitors for academic research. Any Fellow may apply for a small grant to support his or her research. The College runs international conferences, workshops and seminars annually, organised by Fellows of the College.

School

The College considers that the educational needs of the Choristers are best served by being educated in a co-educational school that offers a broad curriculum and experience, and sits within the larger foundation. The Choristers all board at the School in order that they may take part in the routine of services in the Chapel and also so they may be selected from the widest geographical pool. The College believes that the best way of balancing the demands of the choral tradition and the need for high quality education of the Choristers is through such a choir school.

King's College School provides an education for some 416 boys and girls aged 4 to 13. The excellence that continues to be described in that choral tradition underpins how we approach all aspects of our provision. Working closely in support of the College values, including a commitment to excellence, creativity and inclusivity, our pupils are indeed very fortunate to be able to enjoy wonderful facilities and a very

enriching curriculum. As we develop and explore new opportunities, we are now more actively seeking to create long term partnerships with other schools in the area, and with groups of children, not only in music, but also in literacy, numeracy, sport and STEM subject programs.

The Sports and Cultural Centre was completed in November 2018, offering a very large and impressive multi-purpose hall, new changing rooms, and a dance studio. We are delighted to be able to further develop our outreach programme and are currently in negotiation with a local primary, who has no provision for PE and games and who are keen to take us up on the offer of using our new space.

2018/19 was a very successful year, with so many of the Year 8 leavers being awarded scholarships to their next schools. There is a continuing high level of interest for places in the School and in several year groups we can now only offer waiting list places. In addition to the Chorister Scholarships, the School offers a means tested bursary for pupils applying from local primary schools at age 7. Over the coming years we are committed to establishing a Bursary Fund which will support many more children in being able to attend King's College School.

Buildings

We are fortunate to have some of the most beautiful buildings in Cambridge and seek to maintain and develop those buildings as best we can. This requires a constant and expensive timetable of repairs and renovations designed to ensure that the buildings remain sound and suited to our purposes. The College has a 10-year plan, which is reviewed annually. Following the advice on the expected cost, the plan envisages spending £27 million to keep our buildings in a good state. Accordingly, and following professional advice, we have a depreciation charge (excluding the School) of £2.7 million in our accounts for the current year.

In 2018/19, our major work has been reroofing Bodley's Court. This required us to re-open a quarry to obtain new Collyweston slates. The work is continuing and is due to be completed by Christmas 2019. The work also gives us the opportunity to improve the insulation of the roof and to carry out other repairs to the stonework.

In addition to this, we are also building new accommodation funded by a generous donation. In recent years, graduate students have found it difficult to secure good accommodation in the City. This year we have begun work on two new buildings on Cranmer Road. These will be for graduate students and form part of a graduate centre. We have also received permission to build more accommodation nearby on the Barton Road, and to add additional rooms at Garden Hostel.

In 2019/20 we will add additional rooms to the upper floor of Garden Hostel and renovate the existing rooms. For 2020, our major project will be to renew the slate roof to the Hall and renovate the Keynes Building. Detailed work to prepare for this is already underway with sample rooms due to be created during the summer of 2019.

The College uses a great deal of energy, particularly in our older and less efficient buildings. This is a great concern and we are working to reduce it and to reduce our carbon footprint. So far this has been chiefly about improving efficiency through replacing boilers and lights, which has led to 14% cuts in the energy used over each of the past two years. Moving forward, we are looking at means of improving insulation, using secondary glazing. We are also working with the University and other Colleges to replace energy sources and work towards a carbon neutral future.

Development

- Funds raised in 2018/19 including pledges: £25,467,992
- Cash received in 2018/19: £10,904,627
- Number of alumni: 9,852
- Number of addressable alumni: 9,012
- Number of alumni who made a gift: 1,141
- Participation rate: 13%
- Number of alumni and development events in FY: 23
- Total number of attendees at these events: 1,430
- Volunteers: 57

To align with the Collegiate University's campaign, we take 2011/12 as the start of the silent phase of our fundraising Campaign. We launched the public phase of The King's Campaign on 1 December 2018 with a target of £100 million. The highlight of the Campaign launch was the announcement of a gift of £33.6 million to King's and the transformational impact it will have on enabling the College to establish new access and student support initiatives. Among the speakers, four students described how philanthropy had changed their lives and how gifts of all levels are vitally important for future generations at King's. In the days following the launch, we received almost £1 million in donations of all sizes from alumni and friends, many specifically in support of the new Student Access and Support Initiative. The lead Campaign gift is also funding new graduate accommodation at Cranmer Road and Barton Road, which, when complete, will enable the College to have sufficient capacity to house all of its students for the first time.

This year's Telephone Fundraising Campaign ran for two weeks at the end of March. Fourteen current King's students were hired as callers from across year groups and subjects. The campaign focussed on the Supplementary Exhibition Fund (our long-established student hardship fund) and the Access and Outreach fund. A total of £192,410 was pledged, with 95% of the donations going to areas of student support.

The Development Office organises a programme of alumni events each year to help keep alumni connected to the College and in touch with each other. Twenty-three events were held over the year, including year-group reunions, national and international gatherings, academic lectures and the Campaign Launch; a total of around 1,430 alumni and guests attended.

Along with an expanded communications programme to support the Campaign, this year has seen a review and redesign of our magazine for members and friends, *King's Parade*, which reaches more than 9,000 alumni around the world. There has also been a restructure of the regular online bulletin, *King's Herald*, which keeps members abreast of the latest College news and events.

The 2019 Entrepreneurship Competition attracted 78 high-quality entries, and two social enterprises were selected as joint winners in the Lyons' Den final, and awarded £20,000 each; the runner up was awarded £5,000. Previous entrants have continued to develop their start-ups and have said that the prestige of the King's award has helped them attract further funding. The 2014 winners won significant funding from Innovation UK and a £1.4 million investment from a syndicate. The 2017 runners-up recently raised £1.5 million to fund the development of advanced materials which will transform the efficiency of lithium-ion batteries.

The College has registered with the Fundraising Regulator. No complaints about its fundraising activities were received.

Structure, Governance and Management

King's College (formally "The King's College of Our Lady and St Nicholas in Cambridge") was founded in 1441 as one of the constituent colleges of Cambridge University. It endorses the University's aims and endeavours to work with the University and other Colleges to further those aims. So, its principal aims are to support education, religion, learning and research. The College is a charitable corporate body established by Royal Charter with perpetual status and recognised under Common Law. It is also registered as a charity, number 1139422.

The College is governed in accordance with statutes, approved by Order of Her Majesty in Council. The statutes of the University of Cambridge and specific legislation covering the University of Cambridge apply to the College. The Visitor of the College is the Bishop of Lincoln.

The College is governed by the Provost and the Fellows of the College who, together with four resident members of the College *in statu pupillari*, constitute the College's Governing Body. The Provost is responsible for 'general superintendence over the affairs of the College' and presides over congregations of the Governing Body. The administration of the College is devolved to the College Council, and reported to the Governing Body. There are also further committees provided for by statute and ordinance or established from time to time by the Governing Body or the Council.

Corporate Governance

The following statement is provided by the Council 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.

1. The College is a registered charity (registered number 1139422) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.
2. Council reports to the Governing Body, which consists of the Provost, the Fellows and four student members. The Council and the Governing Body are advised and supported by a number of committees: the Adornment Committee, Buildings & Safety Committee, Catering Committee, Chapel Committee, Choir Strategy, Church Patronage Committee, Computing & Website Committee, Development Committee, Education Committee, Fellows' Remuneration Committee, Fellowship Committee, Finance Committee, Gardens Committee, Investment Committee, Library Committee, Personnel Committee, Research Committee, Studentship Electors, Visitors Committee, Wine Committee.
3. The Governing Body appoints the Finance Committee and the Inspectors of Accounts. It is the duty of the Finance Committee to keep under review the effectiveness of the College's internal systems of financial and other controls. The Finance Committee reports to Council, which proposes budgetary and financial controls to the Governing Body. The Governing Body appoints the Inspectors of Accounts to act as internal auditors; to advise on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Council and the Governing Body.
4. There is a Register of Interests of all members of the Governing Body. The College maintains a Conflicts of Interest Policy and systematically requires declarations of interest at all meetings of College committees.

Statement of Internal Control

1. The Council 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.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
3. The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2019 and up to the date of approval of the financial statements.

Risk Assessment

King's College has a statutory duty to support education, religion, learning and research. In pursuit of this duty, it is prepared to accept risks. For example, the process of selecting students, and engaging in research will always entail risks but these are risks we must undertake. It also accepts that it needs to take investment risks in order to achieve the return required for its continuing operation. The College will attempt to minimise all risks that are not essential for its core purposes. In particular, it will attempt to minimise the overall risk of safety to members of the College and the public; of financial loss due to inappropriate financial controls; and of reputational damage.

Each year the College's Finance Committee and Council assess the risks the College faces and the steps that we can take to mitigate those risks. In the financial year 2018/19 our two main concerns were over the College's continuity plan and the risks associated with building programmes. In response, the College organised training for officers and heads of department, preparing us to meet imagined crises and disruption. It was agreed to add an explicit item on the risk in managing building programmes to our risk register. This risk is controlled by a careful process of approval in advance of the work beginning together with reporting and project management once it commences.

Of particular concern to the College and its School are the risks to children and vulnerable adults. Our policies on safeguarding are designed to ensure that appropriate care is taken to protect them.

Council considers that it is exercising appropriate management of its activities and the associated risks.

FINANCIAL REVIEW

Scope and Accounting Policy

The consolidated financial statements incorporate all of the activities of the College including those of the School, the trading activities of King's College Cambridge Enterprises Limited, and the renovation and construction activities undertaken by King's College Cambridge Developments Limited. Together, these entities comprise the Group. References to the College in the Financial Review below refer to the results of the Group.

The accounts are prepared to show a true and fair view. The College brought in a new form of accounts in 2015/16 because of the adoption of Financial Reporting Standard 102. This change affected all Higher Education organisations including Cambridge Colleges. On page 31, the College Statement of Comprehensive Income and Expenditure (SOCIE) shows a surplus of £13,837k (£13,215k in 2017/18). The SOCIE is a statement of all movements of the net assets of the College between one year and the next. Therefore, it reports all operating income and expenditure, investment gains and losses, and adjustments for pensions and other matters. The boxed section on page 31 is, in effect, the operating result as reported for the year and it is this

figure that the College seeks to control through its budget. Therefore, the College reported a deficit of £1,316k for 2018/19 compared to a surplus of £488k for 2017/18. The change is due to the increase of £1,524k in the pension provision required for the University Superannuation Scheme (USS). The College's finances therefore have continued soundly during the year with good control of our expenditure and growing income. This reflects well on the skills and dedication of our staff. It permits us to continue devoting ourselves to supporting Education, Religion, Learning and Research. In particular, we have had the opportunity to explore different ways to support and encourage applicants from diverse backgrounds and to support them during their studies. This will be a continuing challenge in a very uncertain environment.

Income

The College funds its activities from academic fees, charges for student residences and catering, the income from its conference and catering business, visitors, its invested endowments, and from donations and legacies. The future funding of Universities remains uncertain with the Government yet to explain its intentions over research funding or student fees. Moreover, we remain concerned about the need to support applications from a wide variety of backgrounds and support for those who are admitted to study here. King's College is proud of its ability to attract applicants and we provide good support, financial and pastoral, to those students. Nonetheless, this is an area that requires new and imaginative ways to ensure that we sustain the quality of our students and give them the opportunity to thrive. Already, a large proportion of our expenditure is devoted to that end and this amount is likely to increase further as we explore more effective and appropriate ways to fulfil our aims. This is also an area where the College has received very generous donations and continues to do so, allowing us to be imaginative in exploring different approaches.

The great majority of our expenditure is to support education and research. The cost of education, for both undergraduates and graduates, exceeds the income we receive from fees. In common with other Colleges, we assess each year the full cost of education to compare this with the fee income. For the academic year 2018-19, the cost of undergraduate education for the College was £12,938 per student compared to average College fees of £4,625. The cost of a graduate education for the College was £11,258 per student compared to average fees of £3,700. In both cases, the costs falling to the University are excluded.

The College continues to try an increase income. Academic fees were up overall by 6.6% due to an increase in the number of Home/EU undergraduates (from 357 to 360), an increase in the privately funded and overseas undergraduates (from 41 to 50) while graduate numbers remained unchanged at 176. In addition, the graduate fee and the fee for privately funded and overseas undergraduates increased 6% and 9% respectively. The fee for Home/EU undergraduates was unchanged. Other Academic and Research Income increased 14% in 2018/19 due to an increase in the receipts from the University in respect of the Cambridge Bursary Scheme.

Income from Accommodation for College members was up by 1.8%; Fellows' service charge income increased by 4.5%; and guest room income by 7.1%. Third Party Accommodation fell by 9.5% due to a decrease in 'room only' bookings compared to 2017/18. Third Party Catering however rose 3.7%. Summer School income was down 36.1% in 2018/19 due to the programme being shortened from 8 to 6 weeks and a slight fall in student numbers. College Members' Catering (including internal sales) was up 0.4% and overall income from Residences, Catering and Conferences was down 1.1%, a £76k decrease on 2017/18.

Tourist Admissions income rose by 11.1% in 2018/19, following a 10.8% increase in 2017/18. The total for 2018/19 of £1,913k is more than £1 million higher than the £819k received back in 2010/11 and tourist admission income has played an important role in sustaining the College's increased spending on education over the last 9 years. The Visitor Services team have done a remarkable job in managing visitors to ensure that they enjoy their visit while not disturbing the work of the College. Investment income increased 8.1% in 2018/19.

In 2013/14 the College borrowed £15 million for periods of 30 to 40 years (see Note 18). This has been invested in the Cambridge University Endowment Fund and currently the net assets, after interest payments, amount to £16.02 million.

Expenditure

The College tries to maintain the real value of its endowment and to this end, the Investment Committee is asked to assess the expected real rate of return on our investments so we know what is available to spend. Their current assessment is that we can spend 3.35% of the endowment. This is averaged over three years to reduce variation. This amounted to £5.42 million in 2018/19 (£5.01 million in 2017/18). As such, it represents a significant part of our overall expenditure of £26.7 million. The Investment Committee will consider this again, in the light of growing concern about investment prospects.

In this year, costs as a whole increased 14.4% but, as explained above, £1,524k was due to an increase in the pension provision required under FRS 102 for the University Superannuation Scheme (USS). Excluding this, costs as a whole increased by 7.6%. Staff costs (excluding the USS adjustment) increased by 3.2%; in the College there was an increase of 8% and in the School a reduction of 4.5% (due to a reduction of staff numbers). College operating expenditure (excluding the School) increased by 14.8%.

Capital expenditure, particularly on buildings, varies dramatically from year to year. This makes it challenging to account for such expenditure and to plan it effectively. We try to do this by setting a depreciation charge in our annual accounts that reflects the average real amount we expect to spend. We also prepare a building plan for the next decade to guide our preparation and delivery of major projects. The total depreciation (excluding the School) was £2,710,637 for the year (£2,629,765 in 2017/18). This is very close to the expected average spend over the next decade. This depreciation charge reflects the costs we expect to face in renovating our existing buildings. There are, however, growing pressures on the College to erect new

buildings or adapt existing ones to new purposes. For instance, there is a growing wish to house our graduate students because the rents in Cambridge have grown unaffordable. The depreciation charge will not meet those new needs. Generous philanthropic donations will soon enable us to house our graduates.

Net Financial Performance

As in previous years, the College has continued to support its net spending on education (total education expenditure less College fee income) of £4,403,541 (£3,920,922 in 2017/18) with its investment income. In addition, the net cost of accommodation increased in 2018/19 to £1,517,139 (£1,178,668 in 2017/18) as a result of a decrease in 'room only' conference bookings and an increase in wages and operating expenditure mentioned above. The net deficit on catering also increased to £191,203 (£63,291 in 2017/18) due to the decrease in conference and private dining business and a rise in food costs. Deficits on accommodation and catering were also supported by investment income.

The School recorded a surplus of £302,661 for 2018/19 (£160,589 in 2017/18). In addition, the College provided funds for choristership bursaries and bank interest of £416,724 (£377,631 in 2017/18) and the School paid £325,461 in rent back to the College (£319,140 in 2017/18). A total of £393,924 has been transferred to the funds designated for the School within the College reserves (£219,080 in 2017/18).

Capital Expenditure

During the year, capital expenditure including heritage assets was £17,165,235 (£8,509,473 in 2017/18). This includes £14,782,444 for maintenance projects, £2,013,081 for the School, £225,398 on the chapel including the lighting project, £120,158 for catering, gardens and shop expenditure and £24,154 for IT. The College maintenance projects includes £8,297,980 towards the Cranmer Road new build project, £3,509,123 on the Bodleys project, £111,671 for new boilers, £615,613 for the Old Garden project, £969,136 towards the Croft Gardens new build project and £450,829 towards the Keynes refurbishment. The School's capital expenditure includes £44,812 on IT, £19,377 on furniture and equipment, £58,834 towards small building projects and £1,890,058 on the new Sports and Cultural Centre.

Going Concern

The Governing Body has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Investments

The College aims to manage its endowment on the basis of total return over the long term to provide for real increases in annual expenditure, keeping pace with its own

inflation rate whilst growing the capital base in real terms, to meet the needs of both current and future generations. The College aims to diversify its investments in order to reduce volatility in the short to medium term and, in selecting investments, the College does not distinguish between income and capital gain.

The College's net assets (i.e. endowment including unspent restricted funds and reserves not otherwise invested) are held in a general investment fund. At 30 June 2019, 59% (59% at 30 June 2018) of the general investment fund was invested in UK and international equities and 22% (23% at 30 June 2018) was invested in freehold land and buildings. The remaining funds were held in cash, in fixed interest securities or in unlisted equity investments. The capital value of the fund (including the cash transferred to the College in the year) rose 2% in 2018/19 (5.4% in 2017/18). The FTSE All Share fell 3.5% in 2017/18 (5% increase in 2017/18) and the MSCI World Index rose 7.5% in 2018/19 (9.3% in 2017/18).

Restricted Funds

The spending rules of the permanent restricted funds are contained in each fund's terms as stipulated by the donor. The College aims to spend all income arising in such funds, if the rules permit, and to retain the capital. In 2018/19, all but £390,102 (£291,976 in 2017/18) of the income arising in permanent restricted funds was spent in the year.

The spending rules of the expendable restricted funds are contained in each fund's terms as stipulated by the donor. The College aims to spend all income arising in such funds, if the rules permit, and the College may spend capital from a fund providing it fully satisfies the wishes of the donor.

Reserves

Designated funds are not permitted under the new RCCA guidelines and therefore have been transferred to General reserves. Included within General reserves, the College has designated the ongoing reserves of the School as a separate fund to reflect the responsibility given to the School Governors by the College. In total the College has £212,544,000 in unrestricted reserves, of which £196,968,000 is represented by fixed assets. Income from our free reserves is a vital part of our revenue expenditure. Hence we intend to maintain this level of free reserves, or to increase it to improve future income.

Dr T K Carne
First Bursar on behalf of the Trustees
12th November, 2019

STATEMENT OF THE RESPONSIBILITIES OF THE COUNCIL AND GOVERNING BODY

The Council in conjunction with the Governing Body is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require that financial statements are prepared 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 Council in conjunction with the Governing Body is required to:

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

The Council in conjunction with the Governing body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are 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 Council in conjunction with 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 COUNCIL AND GOVERNING BODY OF KING'S COLLEGE

Opinion

We have audited the financial statements of King's College (the 'College') for the year ended 30 June 2019 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant 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 30 June 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 Council and Governing Body are responsible for the other information. The other information comprises the information included in the Annual Report of the Trustees other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- The information given in the financial statements is inconsistent in any material respect with the Report of the Council; 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 the Council and Governing Body

As explained more fully in the responsibilities of the Council and Governing Body statement set out on page 18, the Council and Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council and Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditors' report.

Use of our report

This report is made solely to the College's Council and Governing Body 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 Council and Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Council and Governing Body 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: 12th November 2019

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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 10.

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment assets.

BASIS OF CONSOLIDATION

The financial statements incorporate those of the College, which includes the School, and the College's subsidiaries, King's College Cambridge Developments Limited and King's College Cambridge Enterprises Limited.

The accounts do not include the activities of the King's College Student Union and King's College Graduate Society, on the basis that the College does not have control over the operations of these entities.

RECOGNITION OF INCOME AND INVESTMENT RETURN

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors.

Grant Income

Grants received from non-government sources (including research grants from non-government sources) are recognised within the 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 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 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.

Donations with no restrictions are recorded within the 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 operates a total return policy with regard to its endowment assets (including property). Spendable income equivalent to 3.35% of the average endowment for the last three years is included as endowment income and investment management costs are charged against capital.

Other income

Income is received from a range of activities including residences, catering, conferences and other services rendered.

Cambridge Bursary Scheme

The Cambridge Bursary Scheme (CBS) administration has changed from 2016/17;

- The Student Loan Company (SLC) assesses the students for CBS eligibility.

- The SLC pays the student direct for the CBS payment and then takes the money from the College by direct debit.
- At the end of term, the University provides the College with a list of students and a breakdown of the University and College contributions.

The College has shown the gross payment made to eligible students and a contribution from the University as Income under “Academic Fees and Charges.

The net payment of £164k is shown within the Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£159k
Expenditure	£323k

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 contract, at contract rates. The resulting exchange differences are dealt with in the determination of the comprehensive income and expenditure for the financial year.

PENSION SCHEMES

The College pays contributions to four pension schemes which provide benefits to its members based on final pensionable salary and one defined contribution pension scheme. The assets of these schemes are held separately from those of the College.

Universities Superannuation Scheme

The College participates in Universities Superannuation 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.

Cambridge Colleges Federated Pension Scheme

The College also contributes to the Cambridge Colleges Federated Pension Scheme (“CCFPS”), which is a similar defined benefit pension scheme to the USS. However, unlike the USS, this scheme has surpluses and deficits directly attributable to individual colleges. Current service costs, assessed by the scheme actuary, are included as part of expenditure. The expected return on assets less the interest cost is shown as a net amount as part of other income or expenditure. Actuarial gains and losses are recognised immediately in the statement of comprehensive income and expenditure.

Actuarial valuations are obtained at least triennially and are updated at each balance sheet date for accounting purposes. The assets of the Scheme are measured at fair value, and liabilities are estimated on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond. The resulting net asset or liability is presented separately after total assets less current liabilities on the face of the balance sheet.

Teachers’ Pension Scheme

The College participates in the Teachers’ Pension Scheme which is a statutory, contributory, final-salary scheme. The College is unable to identify its share of the underlying assets and liabilities.

Church of England Funded Pensions Scheme

The College participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This means it is not possible to attribute the Scheme’s assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Consolidated Statement of Comprehensive Income and Expenditure in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

NOW: Pensions

The College also operates a defined contribution scheme NOW: Pensions. This is a UK multi-employer pension fund and the pension charge represents the amounts payable by the College to the fund in respect of the year.

FIXED ASSETS

a. Land and buildings

College land and buildings used for operational purposes (to house College Members) are stated at depreciated replacement cost from 1 July 2014 following a revaluation review carried out by professional valuers, Gerald Eve. Freehold buildings are depreciated on a straight line basis over their expected useful economic lives with a range for the different buildings (excluding the chapel) between 45 years to 115 years. The Chapel is depreciated over 200 years. Freehold land is not shown separately and is not depreciated. Assets 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.

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.

b. Maintenance of premises

The cost of major refurbishment is capitalised and depreciated over the expected useful economic life. The cost of routine maintenance under £10,000 is charged to the Statement of Comprehensive Income and Expenditure as it is incurred.

c. Plant, furniture, fittings and equipment

Plant, furniture, fittings and equipment are capitalised at cost. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets, which are as follows:

Plant	20 years
Furniture and equipment	10 years
Computer equipment	5 years

d. Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 1st July 2006 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1st July 2006 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

INVESTMENTS

a. Securities

Securities listed on a recognised stock exchange are shown at their market value, i.e. the middle market quotation ruling at the close of business on 30 June, translated for overseas investments into sterling at the rates of exchange ruling at that date. Unlisted securities are shown at the Governing Body's estimate of market value.

Investment income is included as and when dividends and interest become payable. Interest on bank deposits is included as earned. Interest purchased or sold as part of the price for investments is treated as capital rather than being brought into the statement of comprehensive income and expenditure.

b. Properties

The College takes advice from its agents each year on the value of its properties and carries out a full valuation periodically.

c. Other investments

Shared equity housing interests are stated at cost. Royalties are held at valuation and are valued periodically by independent valuers.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

PROVISIONS

Provisions are recognised if, 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.

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.

TAXATION

The College is a registered charity (number 1139422) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

CONTRIBUTION UNDER STATUTE G,II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants. 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.

CRITICAL ACCOUNTING JUDGEMENTS

FRS102 makes the distinction between a group pension plan and a multi-employer pension 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 that provided by USS. 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 is recognised in profit or loss. The Governing Body are satisfied that the scheme provided by USS 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.

All other accounting judgements and estimates are detailed under the appropriate accounting policy.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year ended 30 June 2019

	Note	Unrestricted £000	Restricted £000	Endowment £000	Total 2019 £000	Unrestricted £000	Restricted £000	Endowment £000	Total 2018 £000
INCOME									
Academic fees and charges	1	2,722	159	-	2,881	2,563	129	-	2,692
Residence, catering and conferences	2	5,791	-	-	5,791	5,906	-	-	5,906
School	3	6,017	-	-	6,017	5,916	-	-	5,916
Investment income	4	839	152	4,279	5,270	624	-	4,908	5,532
Endowment return transferred	4	2,945	2,478	(5,423)	-	2,733	2,277	(5,010)	-
Other income	5	3,038	-	-	3,038	2,706	-	-	2,706
Total income before donations and endowments		21,352	2,789	(1,144)	22,997	20,448	2,406	(102)	22,752
Donations		219	869	-	1,088	245	477	-	722
New endowments		-	2,617	267	2,884	-	1,166	139	1,305
Capital donations for assets		-	8,962	-	8,962	-	3,020	-	3,020
Total Income		21,571	15,237	(877)	35,931	20,693	7,069	37	27,799
EXPENDITURE									
Education	6	5,276	2,012	-	7,288	4,860	1,755	-	6,615
Residence, catering and conferences	7	7,426	70	-	7,496	7,077	69	-	7,146
School	8	5,703	-	-	5,703	5,740	-	-	5,740
Other expenditure	9	4,331	767	938	6,036	2,370	663	585	3,618
Contribution under Statute G,II		151	-	-	151	158	-	-	158
Total expenditure		22,887	2,849	938	26,674	20,205	2,487	585	23,277
Surplus/(deficit) before other gains and losses		(1,316)	12,388	(1,815)	9,257	488	4,582	(548)	4,522
Gain on investments		589	274	2,881	3,744	2,313	1,504	4,335	8,152
Surplus/(deficit) for the year		(727)	12,662	1,066	13,001	2,801	6,086	3,787	12,674
Other comprehensive income									
Unrealised surplus on revaluation of fixed assets		1,128	-	-	1,128	-	-	-	-
Actuarial (loss)/gain in respect of pension schemes		(292)	-	-	(292)	541	-	-	541
Total comprehensive income for year		109	12,662	1,066	13,837	3,342	6,086	3,787	13,215

The notes on pages 35 to 55 form part of these accounts.

STATEMENT OF CHANGES IN RESERVES

Year ended 30 June 2019

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 July 2018	212,356	51,433	99,314	363,103
Surplus from income and expenditure statement	(727)	12,662	1,066	13,001
Other comprehensive income	836	-	-	836
Transfer in year	39	(39)	-	-
Release of restricted capital funds spent in the year	40	(40)	-	-
Balance at 30 June 2019	<u>212,544</u>	<u>64,016</u>	<u>100,380</u>	<u>376,940</u>

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 July 2017	205,714	48,747	95,427	349,888
Surplus from income and expenditure statement	2,801	6,086	3,787	12,674
Other comprehensive income	541	-	-	541
Transfer in year	2,176	(2,276)	100	-
Release of restricted capital funds spent in the year	1,124	(1,124)	-	-
Balance at 30 June 2018	<u>212,356</u>	<u>51,433</u>	<u>99,314</u>	<u>363,103</u>

The notes on pages 35 to 55 form part of these accounts.

CONSOLIDATED AND COLLEGE BALANCE SHEETS

As at 30 June 2019

	Note	Group 2019 £000	College 2019 £000	Group 2018 £000	College 2018 £000
NON-CURRENT ASSETS					
Tangible assets	12	196,968	196,828	181,776	181,638
Heritage assets	13	1,481	1,481	1,466	1,466
Investment assets	14	196,778	196,778	197,167	197,167
		<u>395,227</u>	<u>395,087</u>	<u>380,409</u>	<u>380,271</u>
CURRENT ASSETS					
Stocks - good for resale		3,476	44	3,116	44
Trade and other receivables	15	4,858	7,785	2,347	5,406
Cash and cash equivalents	16	2,885	2,658	4,198	3,993
		<u>11,219</u>	<u>10,487</u>	<u>9,661</u>	<u>9,443</u>
CREDITORS: amounts falling due within one year	17	<u>(6,971)</u>	<u>(6,185)</u>	<u>(6,069)</u>	<u>(5,798)</u>
NET CURRENT ASSETS		<u>4,248</u>	<u>4,302</u>	<u>3,592</u>	<u>3,645</u>
CREDITORS: amounts falling due after more than one year	18	<u>(16,584)</u>	<u>(16,584)</u>	<u>(16,789)</u>	<u>(16,789)</u>
Provisions					
Pension provisions	19	<u>(5,951)</u>	<u>(5,951)</u>	<u>(4,109)</u>	<u>(4,109)</u>
TOTAL NET ASSETS		<u><u>376,940</u></u>	<u><u>376,854</u></u>	<u><u>363,103</u></u>	<u><u>363,018</u></u>
RESTRICTED RESERVES					
Income and expenditure reserve – endowment reserve	20	100,380	100,380	99,314	99,314
Income and expenditure reserve – restricted reserve	21	64,016	64,016	51,433	51,433
		<u>164,396</u>	<u>164,396</u>	<u>150,747</u>	<u>150,747</u>
UNRESTRICTED RESERVES					
Income and expenditure reserve – unrestricted reserve		212,544	212,458	212,356	212,271
TOTAL RESERVES		<u><u>376,940</u></u>	<u><u>376,854</u></u>	<u><u>363,103</u></u>	<u><u>363,018</u></u>

Approved by Council on 12th November 2019 and signed on their behalf by:

Dr T K Carne, First Bursar

The notes on pages 35 to 55 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

As at 30 June 2019

	2019	2018
	£000	£000
Surplus for the year	13,001	12,674
Adjustment for non-cash items		
Depreciation	3,087	2,908
Gain on endowments, donations and investment property	(3,744)	(8,152)
Pension scheme debit	1,550	(105)
Increase in stocks	(360)	(409)
(Increase)/decrease in debtors	(2,511)	93
Increase in creditors	694	257
Adjusting for investing or financing activities		
Investment income	(6,414)	(5,634)
Interest payable	666	666
Net cash flows from operating activities	<u>5,969</u>	<u>2,298</u>
Cash flows from investing activities		
Investment income	4,707	3,344
Non-current investment disposal	6,888	5,081
Payments to acquire non-current fixed assets	(17,151)	(8,509)
Payments to acquire non-current heritage assets	(15)	-
Payments to acquire non-current investments	(1,045)	(2,565)
Net cash flows from investing activities	<u>(6,616)</u>	<u>(2,649)</u>
Cash flows from financing activities		
Interest paid	(666)	(666)
School bank loan	-	2,000
	<u>(666)</u>	<u>1,334</u>
(Decrease)/increase in cash and cash equivalents in the year	<u>(1,313)</u>	<u>983</u>
Cash and cash equivalents at beginning of year	4,198	3,215
(Decrease)/increase in cash and cash equivalents in the year	(1,313)	983
Cash and cash equivalents at end of the year (note 16)	<u>2,885</u>	<u>4,198</u>

The notes on pages 35 to 55 form part of these accounts.

NOTES TO THE ACCOUNTS

As at 30 June 2019

1. ACADEMIC FEES AND CHARGES

	2019	2018
	£000	£000
College fees:		
Fee income received at the Regulated Undergraduate rate	1,648	1,620
Fee income received at the Unregulated Undergraduate rate	401	308
Fee income received at the Graduate rate	650	605
	<hr/>	<hr/>
Total fee income	2,699	2,533
Other academic income	23	30
Cambridge Bursary Scheme	159	129
	<hr/>	<hr/>
Total	<u>2,881</u>	<u>2,692</u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2019	2018
	£000	£000
Accommodation		
College members	2,886	2,832
International programmes	182	268
Third parties	464	513
Catering		
College members	946	979
International programmes	50	95
Third parties	1,263	1,219
	<hr/>	<hr/>
Total	<u>5,791</u>	<u>5,906</u>

3. SCHOOL INCOME

	2019	2018
	£000	£000
Fees	5,869	5,817
Other income	139	99
Donations	9	-
	<hr/>	<hr/>
Total	<u>6,017</u>	<u>5,916</u>

NOTES TO THE ACCOUNTS

As at 30 June 2019

4. ENDOWMENT RETURN AND INVESTMENT INCOME

	2019 £000	2018 £000
4a. Analysis of Investment Income		
Income drawdown from endowment (note 4b)	5,423	5,010
Other investment income	754	398
Cash balances and shared equity properties	57	52
Royalties	180	174
	<u>6,414</u>	<u>5,634</u>
Gains/(losses) on investment assets:		
Gains/(losses) on total return investment assets (below)	3,426	7,084
Gains/(losses) on other investment assets	318	1,068
	<u>3,744</u>	<u>8,152</u>
4b. Summary of Total Return		
<u>Income from:</u>		
Freehold land and buildings	1,570	1,623
Quoted securities and cash	2,709	3,285
	<u>4,279</u>	<u>4,908</u>
<u>Gains/(losses) on total return investment assets:</u>		
Freehold land and buildings	(1,656)	180
Quoted securities and cash	5,082	6,904
	<u>3,426</u>	<u>7,084</u>
<u>Investment management costs in respect of:</u>		
Freehold land and buildings	(584)	(240)
Quoted securities and cash	(354)	(345)
	<u>(938)</u>	<u>(585)</u>
Total return for the year	6,767	11,407
Transfer to income and expenditure reserve (note 4a)	(5,423)	(5,010)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure (see note 22)	<u>1,344</u>	<u>6,397</u>

NOTES TO THE ACCOUNTS

As at 30 June 2019

5. OTHER INCOME

	2019	2018
	£000	£000
Tourist admissions and shop sales	2,480	2,188
Chapel and choir	455	368
Other income	103	150
	<hr/>	<hr/>
Total	<u>3,038</u>	<u>2,706</u>

6. EDUCATION EXPENDITURE

	2019	2018
	£000	£000
Teaching	2,572	2,412
Tutorial	691	627
Admissions - General	450	435
Admissions - Access and Widening Participation	714	623
Research	1,228	1,094
Scholarships and awards	1,076	912
Other educational facilities	557	512
	<hr/>	<hr/>
Total	<u>7,288</u>	<u>6,615</u>

7. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2019	2018
	£000	£000
Accommodation		
College members	4,024	3,819
Third parties	1,022	972
Catering		
College members	1,430	1,364
Third parties	1,020	991
	<hr/>	<hr/>
Total	<u>7,496</u>	<u>7,146</u>

8. SCHOOL EXPENDITURE

	2019	2018
	£000	£000
Staff costs	4,062	4,257
Other expenditure	1,265	1,205
Depreciation	376	278
	<hr/>	<hr/>
Total	<u>5,703</u>	<u>5,740</u>

NOTES TO THE ACCOUNTS

As at 30 June 2019

9. OTHER EXPENDITURE

	2019 £000	2018 £000
Investment management costs	1,052	694
Loan interest	666	666
Tourist admission and shop expenditure	723	667
Chapel expenditure	1,527	1,273
Development	186	153
FRS 102 pension provision	1,706	-
Other expenditure	176	165
	<hr/>	<hr/>
Total	6,036	3,618
	<hr/> <hr/>	<hr/> <hr/>
Included within other costs is auditors' remuneration as follows:		
Fees payable to the College's auditors for the audit of the College's annual accounts	31	28
Fees payable to the College's auditors for the audit of the College's subsidiaries	6	5
	<hr/>	<hr/>
Total fees payable	37	33
	<hr/> <hr/>	<hr/> <hr/>

10. ANALYSIS OF EXPENDITURE BY ACTIVITY

2018/19	Staff costs £000	Other operating expenses £000	Deprecia- tion £000	Total £000
Education	3,058	3,595	635	7,288
Residences, catering and conferences	3,352	2,211	1,933	7,496
School	4,062	1,265	376	5,703
Other	2,820	3,073	143	6,036
Contribution under Statute G,II	-	151	-	151
	<hr/>	<hr/>	<hr/>	<hr/>
	13,292	10,295	3,087	26,674
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
2017/18	Staff costs £000	Other operating expenses £000	Deprecia- tion £000	Total £000
Education	2,836	3,163	616	6,615
Residences, catering and conferences	3,160	2,111	1,875	7,146
School	4,257	1,205	278	5,740
Other	1,041	2,438	139	3,618
Contribution under Statute G,II	-	158	-	158
	<hr/>	<hr/>	<hr/>	<hr/>
	11,294	9,075	2,908	23,277
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The above expenditure includes £568k as the cost of fundraising (2017/18: £430k).

NOTES TO THE ACCOUNTS

As at 30 June 2019

11. STAFF EXPENDITURE

	College fellows £000	Non- academic £000	School £000	Total 2019 £000	Total 2018 £000
Staff costs					
Salaries and wages	1,596	4,825	3,277	9,698	9,391
Social security costs	117	370	305	792	805
Pension contributions (see note 25)	853	1,468	481	2,802	1,098
	<u>2,566</u>	<u>6,663</u>	<u>4,063</u>	<u>13,292</u>	<u>11,294</u>
	No.	No.	No.	No.	No.
Average staff numbers (not full-time equivalent)	<u>98</u>	<u>208</u>	<u>115</u>	<u>421</u>	<u>445</u>

All the 98 Fellows disclosed above are stipendiary (2017/18:112).

The full-time equivalent number for non-academic and school employees is 279 (2017/18: 284).

The number of officers or employees of the College, including Head of House and School, who received emoluments (including employer pension contributions) in the following ranges were:

	2019	2018
£100,000-£109,999	2	3
£110,000-£119,999	<u>2</u>	<u>1</u>

	2019 £000	2018 £000
During the year emoluments paid to key management personnel in their capacity as College Fellows were:		
Key management personnel aggregated emoluments	<u>504</u>	<u>537</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and include the trustees, the Provost, the First Bursar and the Senior Tutor. Trustees receive no emoluments in their role as trustees of the charity. The emoluments paid to trustees were as follows.

	2019 £000	2018 £000
Trustees aggregated emoluments	<u>384</u>	<u>408</u>

NOTES TO THE ACCOUNTS

As at 30 June 2019

12. FIXED ASSETS

a) CONSOLIDATED

	<u>Freehold land and buildings</u>	<u>Asset in Course of Construction</u>	<u>Plant Furniture and equipment</u>	<u>Computer Equipment</u>	Group 2019 £000	Group 2018 £000
Cost						
At 1 July 2018	145,332	6,780	42,962	1,599	196,673	188,164
Additions	5,774	10,532	748	97	17,151	8,509
Disposals	-	-	-	-	-	-
Revaluation in year	1,128	-	-	-	1,128	-
Transfer from assets in construction	4,670	(4,670)	-	-	-	-
At 30 June 2019	<u>156,904</u>	<u>12,642</u>	<u>43,710</u>	<u>1,696</u>	<u>214,952</u>	<u>196,673</u>
Depreciation						
At 1 July 2018	5,534	-	7,951	1,412	14,897	11,989
Charge for the year	1,168	-	1,850	69	3,087	2,908
At 30 June 2019	<u>6,702</u>	<u>-</u>	<u>9,801</u>	<u>1,481</u>	<u>17,984</u>	<u>14,897</u>
Net book value – Group	<u>150,202</u>	<u>12,642</u>	<u>33,909</u>	<u>215</u>	<u>196,968</u>	<u>181,776</u>
Net book value is represented by;						
College	138,535	12,642	33,429	123	184,729	171,175
School	11,667	-	480	92	12,239	10,601
Total	<u>150,202</u>	<u>12,642</u>	<u>33,909</u>	<u>215</u>	<u>196,968</u>	<u>181,776</u>

b) COLLEGE

	<u>Freehold land and buildings</u>	<u>Asset in Course of Construction</u>	<u>Plant, Furniture and equipment</u>	<u>Computer Equipment</u>	College 2019 £000	College 2018 £000
Cost						
At 1 July 2018	145,332	6,780	42,778	1,524	196,414	187,910
Additions	5,775	10,522	727	96	17,120	8,504
Disposals	-	-	-	-	-	-
Revaluation in year	1,128	-	-	-	1,128	-
Transfer from assets in construction	4,670	(4,670)	-	-	-	-
At 30 June 2019	<u>156,905</u>	<u>12,632</u>	<u>43,505</u>	<u>1,620</u>	<u>214,662</u>	<u>196,414</u>
Depreciation						
At 1 July 2018	5,534	-	7,884	1,358	14,776	11,896
Charge for the year	1,168	-	1,834	56	3,058	2,880
At 30 June 2019	<u>6,702</u>	<u>-</u>	<u>9,718</u>	<u>1,414</u>	<u>17,834</u>	<u>14,776</u>
Net book value - College	<u>150,203</u>	<u>12,632</u>	<u>33,787</u>	<u>206</u>	<u>196,828</u>	<u>181,638</u>
Net book value is represented by;						
College	138,536	12,632	33,307	114	184,589	171,037
School	11,667	-	480	92	12,239	10,601
Total	<u>150,203</u>	<u>12,632</u>	<u>33,787</u>	<u>206</u>	<u>196,828</u>	<u>181,638</u>

c) The insured value of freehold land and buildings as at 30 June 2019 was £264 million (£264 million at 30 June 2018).

NOTES TO THE ACCOUNTS

As at 30 June 2019

13. HERITAGE ASSETS

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance.

As stated in the statement of principal accounting policies, heritage assets acquired since 1 July 2006 have been capitalised. However, the majority of assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result the total included in the balance sheet is partial.

Amounts for the current and previous five years were as follows:

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Balance at beginning of year	1,466	1,466	1,466	1,446	942	942
Acquisitions purchased with specific donations	-	-	-	-	500	-
Acquisitions purchased with College funds	15	-	-	20	4	-
Total cost of acquisitions purchased	<u>15</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>504</u>	<u>-</u>
Balance at end of year	<u><u>1,481</u></u>	<u><u>1,466</u></u>	<u><u>1,466</u></u>	<u><u>1,466</u></u>	<u><u>1,446</u></u>	<u><u>942</u></u>

NOTES TO THE ACCOUNTS

As at 30 June 2019

14. INVESTMENTS ASSETS

	Group 2019 £000	College 2019 £000	Group 2018 £000	College 2018 £000
Balance at beginning of year	197,167	197,167	189,239	189,239
Additions	6,392	6,392	13,615	13,615
Disposals	(9,817)	(9,817)	(10,309)	(10,309)
Gain/(loss)	4,419	4,419	7,765	7,765
Decrease in cash balances held	(1,383)	(1,383)	(3,143)	(3,143)
Balance at end of year	<u>196,778</u>	<u>196,778</u>	<u>197,167</u>	<u>197,167</u>
Represented by:				
Quoted securities and unit trusts	124,375	124,375	122,491	122,491
Quoted securities – fixed interest	9,511	9,511	8,846	8,846
Freehold land and buildings	42,120	42,120	44,675	44,675
Investment in subsidiary undertakings	-	-	-	-
Unlisted securities	12,162	12,162	11,042	11,042
Cash with fund managers	5,012	5,012	6,497	6,497
College joint equity scheme	2,384	2,384	2,402	2,402
Literary royalties	1,214	1,214	1,214	1,214
Total	<u>196,778</u>	<u>196,778</u>	<u>197,167</u>	<u>197,167</u>

Subsidiary Undertakings

At 30 June 2019, Kings College held an investment in the following companies:

	Holding	Proportion of voting rights	Country of Incorporation	Nature of Business
King's College Cambridge Enterprises Ltd	Ordinary	100%	United Kingdom	Provision of conference facilities
King's College Cambridge Developments Ltd	Ordinary	100%	United Kingdom	Provision of development facilities

15. TRADE AND OTHER RECEIVABLES

	Group 2019 £000	College 2019 £000	Group 2018 £000	College 2018 £000
Members of the College	63	63	60	60
Trade debtors	370	169	553	315
Amounts due from subsidiary companies	-	3,717	-	3,490
Other debtors	4,425	3,836	1,734	1,541
	<u>4,858</u>	<u>7,785</u>	<u>2,347</u>	<u>5,406</u>

NOTES TO THE ACCOUNTS

As at 30 June 2019

16. CASH AND CASH EQUIVALENTS

	Group 2019 £000	College 2019 £000	Group 2018 £000	College 2018 £000
Bank deposits	380	380	2,886	2,886
Current accounts	2,498	2,272	1,305	1,101
Cash in hand	7	6	7	6
	<u>2,885</u>	<u>2,658</u>	<u>4,198</u>	<u>3,993</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £000	College 2019 £000	Group 2018 £000	College 2018 £000
Bank loan	211	211	211	211
Members of the College	117	117	118	118
Trade creditors	1,073	898	828	588
Accruals and deferred income	1,833	1,712	1,654	1,538
Social security, pension and taxes	284	284	250	250
University fees	9	9	21	21
Contribution to Colleges fund	151	151	158	158
Amounts due to subsidiary companies	-	512	-	91
Other creditors	3,293	2,291	2,829	2,823
	<u>6,971</u>	<u>6,185</u>	<u>6,069</u>	<u>5,798</u>

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

	Group 2019 £000	College 2019 £000	Group 2018 £000	College 2018 £000
Project Tintagel loan	15,000	15,000	15,000	15,000
School bank loan	1,584	1,584	1,789	1,789
	<u>16,584</u>	<u>16,584</u>	<u>16,789</u>	<u>16,789</u>

In 2014 the College borrowed from institutional investors (Project Tintagel loan), collectively with other Colleges. The College's share was £15 million. The loans are unsecured and repayable during the period 2043-2053 and are at fixed interest rates of approximately 4.4%. Although issued through a funding vehicle, the College has no responsibility for the obligations of any other of the issuing Colleges.

In 2018 the College took out a bank loan of £2 million on behalf of the School to help fund the building of the Sports Centre. The loan is to be repaid over 10 years at a fixed interest rate of 2.99%. The balance falling due after more than one year at 30 June 2019 was £1,584,346.

NOTES TO THE ACCOUNTS

As at 30 June 2019

19. PENSION PROVISIONS

	CCFPS £000	US\$ £000	Total 2019 £000	Total 2018 £000
Balance at beginning of year	(3,289)	(820)	(4,109)	(4,755)
Movement in year:				
Current service cost	-	-	-	(35)
Contributions paid by the College	157	-	157	222
Change in expected contribution	-	(1,524)	(1,524)	37
Finance cost	(164)	(18)	(182)	(119)
Actuarial gains recognised in statement of comprehensive income and expenditure	(293)	-	(293)	541
Balance at end of year	<u>(3,589)</u>	<u>(2,362)</u>	<u>(5,951)</u>	<u>(4,109)</u>

20. ENDOWMENTS

Group and College	Restricted Permanent Endowments 2019 £000	Unrestricted Permanent Endowments 2019 £000	Total 2019 £000	Total 2018 £000
Balance at beginning of year:				
Capital	36,579	62,735	99,314	95,427
New donations and endowments	267	-	267	139
Increase in market value of investments	314	485	799	3,648
Transfer from General Reserves	-	-	-	100
Balance at end of year	<u>37,160</u>	<u>63,220</u>	<u>100,380</u>	<u>99,314</u>
Analysis by type of purpose:				
Student support	24,585	-	24,585	24,318
Fellowship	5,000	-	5,000	4,957
Chapel and choir	3,362	-	3,362	3,122
Other funds	4,213	-	4,213	4,182
General endowments	-	63,220	63,220	62,735
	<u>37,160</u>	<u>63,220</u>	<u>100,380</u>	<u>99,314</u>

NOTES TO THE ACCOUNTS

As at 30 June 2019

20. ENDOWMENTS (continued)

	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Total 2019 £000	Total 2018 £000
Analysis by asset:				
Property	8,102	13,786	21,888	23,444
Investments	28,094	47,794	75,888	65,615
Cash	964	1,640	2,604	10,255
	<u>37,160</u>	<u>63,220</u>	<u>100,380</u>	<u>99,314</u>

21. RESTRICTED RESERVES

	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	Total 2019 £000	Total 2018 £000
Group and College					
Balance at beginning of year	3,045	7,259	41,129	51,433	48,747
Comprising:					
Capital	3,045	-	41,129	44,174	41,038
Unspent income	-	7,259	-	7,259	7,709
Balance at beginning of year	3,045	7,259	41,129	51,433	48,747
New grants	8,962	-	-	8,962	3,020
New donations	-	772	2,617	3,389	1,539
Endowment return transferred	-	1,295	1,182	2,477	2,276
Other income	-	152	159	311	129
Increase in market value of investments	-	18	257	275	1,505
Expenditure	-	(1,233)	(1,519)	(2,752)	(2,383)
Capital grants utilised	(40)	-	-	(40)	-
Transfer to unrestricted reserves	-	(29)	(10)	(39)	(3,400)
Balance at end of year	<u>11,967</u>	<u>8,234</u>	<u>43,815</u>	<u>64,016</u>	<u>51,433</u>
Comprising:					
Capital	-	-	43,815	43,815	41,129
Unspent income	11,967	8,234	-	20,201	10,304
Balance at end of year	<u>11,967</u>	<u>8,234</u>	<u>43,815</u>	<u>64,016</u>	<u>51,433</u>

NOTES TO THE ACCOUNTS

As at 30 June 2019

21. RESTRICTED RESERVES (continued)

Analysis of other restricted funds/donations by type of purpose:	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	Total 2019 £000	Total 2018 £000
Student support	-	6,242	13,375	19,617	19,653
Fellowship	-	853	6,907	7,760	6,383
Chapel and choir	-	680	17,816	18,496	17,372
Buildings	11,967	-	2,751	14,718	4,756
Other funds	-	459	2,966	3,425	3,269
	<u>11,967</u>	<u>8,234</u>	<u>43,815</u>	<u>64,016</u>	<u>51,433</u>

22. MEMORANDUM OF UNAPPLIED TOTAL RETURN

Memorandum of Unapplied Total Return	2019 £000	2018 £000
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Within reserves the following amounts represent the Unapplied Total Return of the College:

Unapplied total return at the beginning of year	94,522	88,125
Unapplied total return for the year (note 4b)	<u>1,344</u>	<u>6,397</u>
Unapplied total return at end of year	<u>95,866</u>	<u>94,522</u>

23. CAPITAL COMMITMENTS

Authorised future capital expenditure amounted to £15,348,000 at 30 June 2019 for works on Old Garden, Bodley's, Chetwynd Court, Cranmer Road, Keynes and the Chapel (£4,656,000 at 30 June 2018). In addition the College has committed to invest a further £2.065 million in Private Equity funds.

24. FINANCIAL COMMITMENTS

At 30 June 2019 and 2018 the College had no annual commitments under non-cancellable operating leases.

25. PENSION SCHEMES

The College and its subsidiary undertakings participate in four defined benefit schemes and one defined contribution scheme.

The total pension cost for the year was as follows:

NOTES TO THE ACCOUNTS

As at 30 June 2019

25. PENSION SCHEMES (continued)

	2019 £000	2018 £000
University Superannuation Scheme (includes FRS 102)	2,313	482
Cambridge Colleges' Federated Pension Scheme (includes FRS 102)	(7)	135
Teachers' Pension Scheme	314	326
Church of England Funded Pension Scheme	19	19
NOW: Pensions	163	136
	<hr/> 2,802	<hr/> 1,098

University Superannuation Scheme (USS)

The total cost charged to the statement of comprehensive income and expenditure is £2,313k (2017/18 £482k).

At the financial year end the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2017 (the valuation date). This was carried out using the projected unit method. The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion.

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

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

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

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

NOTES TO THE ACCOUNTS

As at 30 June 2019

25. PENSION SCHEMES (US\$ continued)

Mortality base table	2017 valuation Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 96.5% of SAPS SINMA “light” for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

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

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

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

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 30 June 2019, and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £1,416,597, a decrease of £944,258 from the current year end provision and a lower charge through the Statement of Comprehensive Income of £635,652.

NOTES TO THE ACCOUNTS

As at 30 June 2019

25. PENSION SCHEMES (continued)

Cambridge Colleges Federation Pension Scheme (CCFPS)

The College operates a defined benefit pension plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme.

The liabilities of the plan have been calculated for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, at 30 June 2019 but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	2019 % p.a.	2018 % p.a.
Discount rate	2.25	2.70
RPI assumption	3.40	3.25
CPI assumption	2.40	2.25

The underlying mortality assumption is based upon the standard table known as S3PA on a year of birth usage with CMI_2018 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2018: S2PA with CMI_2017 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.8 years (previously 21.9 years).
- Female age 65 now has a life expectancy of 24.0 years (previously 23.8 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.1 years (previously 23.3 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.5 years (previously 25.4 years).

Employee Benefit Obligations

The amounts recognised in the Balance Sheet as at 30 June 2019 (with comparative figures as at 30 June 2018) are as follows:

	2019 £000	2018 £000
Present value of plan liabilities	(17,123)	(15,949)
Market value of plan assets	13,533	12,659
Net defined benefit asset/(liability)	<u>(3,590)</u>	<u>(3,290)</u>

NOTES TO THE ACCOUNTS

As at 30 June 2019

25. PENSION SCHEMES (CCFPS continued)

The amounts to be recognised in Profit and Loss for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows.

	2019 £000	2018 £000
Current service cost & ongoing expenses	23	21
Interest on net defined benefit (asset)/liability	89	100
Loss on plan changes	52	-
	<hr/>	<hr/>
Total	164	121
	<hr/> <hr/>	<hr/> <hr/>

Changes in the present value of the plan liabilities for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2019 £000	2018 £000
Present value of plan liabilities at beginning of period	15,949	16,476
Current service cost (including Employee contributions)	-	-
Benefits paid	(548)	(556)
Interest on plan liabilities	423	421
Actuarial (gains)/losses	1,247	(392)
Loss on plan changes	52	-
	<hr/>	<hr/>
Present value of plan liabilities at end of period	17,123	15,949
	<hr/> <hr/>	<hr/> <hr/>

Changes in the fair value of the plan assets for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2019 £000	2018 £000
Market value of plan assets at beginning of period	12,659	12,623
Contributions paid by the College	157	157
Employee contributions	-	-
Benefits paid	(577)	(591)
Interest on plan assets	334	321
Return on assets, less interest included in Profit & Loss	960	149
	<hr/>	<hr/>
Market value of plan assets at end of period	13,533	12,659
	<hr/> <hr/>	<hr/> <hr/>
Actual return on plan assets (including interest)	1,294	470
	<hr/> <hr/>	<hr/> <hr/>

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

NOTES TO THE ACCOUNTS

As at 30 June 2019

25. PENSION SCHEMES (CCFPS continued)

	2019	2018
Equities	57%	64%
Bonds & Cash	34%	30%
Property	9%	6%
Total	100%	100%

The plan has no investments in property occupied by, assets used by or financial instruments issued by the College.

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2019 £000	2018 £000
Actual return less expected return on plan assets	960	149
Experience gains and losses arising on plan liabilities	12	(182)
Changes in assumptions underlying the present value of plan liabilities	(1,265)	560
Actuarial (loss)/gain recognised in OCI	<u>(293)</u>	<u>527</u>

Movement in surplus/(deficit) during the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2019 £000	2018 £000
Surplus/(deficit) in plan at beginning of year	(3,290)	(3,853)
Recognised in Profit and Loss	(164)	(121)
Contributions paid by the College	157	157
Actuarial (loss)/gain recognised in OCI	(293)	527
Surplus/(deficit) in plan at the end of the year	<u>(3,590)</u>	<u>(3,290)</u>

Funding Policy

Funding valuations are carried out every three years on behalf of the Management Committee, acting as the Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the funding valuation are different to those adopted under FRS102.

The last such valuation was as at 31 March 2017. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 3 June 2018 and are as follows:

NOTES TO THE ACCOUNTS

As at 30 June 2019

25. PENSION SCHEMES (CCFPS continued)

- Annual contributions of not less than £136,777 p.a. payable for the period from 1 July 2018 to 30 September 2024.

These payments are subject to review following the next funding valuation, due as at 31 March 2020.

Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme. This is a statutory, contributory, final salary and career average, unfunded scheme and as such it is not possible to identify the College's share of the underlying assets and liabilities of the scheme. The College contributes 16.48% of teachers' gross salary for those in the scheme while employee contributions are tiered and as from April 2017 the range was 7.4% to 11.7%.

For schemes such as the Teachers' Pension Scheme, FRS102 requires the College to account for pension costs on the basis of contributions actually payable to the scheme in the year. The total pension cost for the College was £314,000 (2017/18 £326,000).

Church of England Funded Pensions Scheme (CEFPS)

The College participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Comprehensive Income and Expenditure in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2017. The 2017 valuation revealed a deficit of £255m, based on assets of £1,813m and a funding target of £2,068m, assessed using the following assumptions:

NOTES TO THE ACCOUNTS

As at 30 June 2019

25. PENSION SCHEMES (CEFPS continued)

- An investment strategy of:
 - For investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
 - A 100% allocation to return-seeking assets for investments backing liabilities prior to retirement.
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets.
- RPI inflation of 3.2% p.a. (and pension increases consistent with this).
- Increase in pensionable stipends of 3.2% p.a.
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%.

Following the 31 December 2017 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are set out in the table below.

	1 January 2016 to 31 December 2017	1 January 2018 to 31 December 2025
Deficit repair contributions	14.1%	11.9%

The deficit recovery contributions under the recovery plan in force as at 31 December 2016, 31 December 2017 and 31 December 2018 were as set out in the above table.

For senior office holders, the pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2018 £'000	2017 £'000
Balance sheet liability at 1 July	48	54
Deficit contribution paid	(6)	(7)
Interest cost	1	1
Remaining change to the balance sheet liability*	(4)	-
Balance sheet liability at 30 June	39	48

* Comprises change in agreed deficit recovery plan and change in discount rate between year ends.

NOTES TO THE ACCOUNTS

As at 30 June 2019

25. PENSION SCHEMES (CEFPS continued)

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	2018	2017	2016
	% p.a.	% p.a.	% p.a.
Discount rate	2.1	1.4	1.5
Price inflation	3.1	3.0	3.1
Increase to total pensionable payroll	1.6	1.5	1.6

The legal structure of the scheme is such that if another employer fails, the College could become responsible for paying a share of that employer's pension liabilities.

NOW: Pensions

The College operates a defined contribution pension scheme in respect of certain employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the College amounting to £163,000 (2017/18 £136,000).

26. CONTINGENT LIABILITIES

With effect from 16 March 2007, the Universities Superannuation Scheme (USS) positioned itself as a "last man standing" scheme so that in the event of an insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers.

27. RELATED PARTY TRANSACTIONS

Fellows are remunerated for teaching, research and other duties within the College. Fellows are billed for private catering, not part of the normal allowances. The College offers Fellows assistance with housing on a shared equity basis. If children of Fellows attend the School, Fellows pay fees on the normal terms.

King's College Student Union is paid membership fees and also the College pays for King's share of the running costs for the sports ground and boathouse. This totalled £114,012 in 2018/19 (£102,813 in 2017/18) and provides sporting and social facilities to students. These costs are shown in the College Education expenditure in the accounts.

NOTES TO THE ACCOUNTS

As at 30 June 2019

28. POST BALANCE SHEET EVENTS

As set out in Note 25 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed post year end. This results in a decrease of £944,258 in the provision for the obligation to fund the deficit on the USS pension which would instead be £1,416,597. As the Schedule of Contributions was not in place at the financial year end this adjustment will be reflected in the Financial Statements for the year ended 30 June 2020.