



Annual Report & Financial Statements Year Ended 30 June 2018

GIRTON COLLEGE

Huntingdon Road

Cambridge

CB3 0JG

Registered Charity No. 1137541

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Members of the Augmented Council

The members of the Augmented Council during the year 2017-18 were as follows:

Susan Jane Smith MA DPhil FBA	Henrik Latter BA PHD
Carlo Acerini BSC MBChB DCH MRCP MD MA FRCPCH FRCP	Arik Kershenbaum MA PHD
Harriet Dorothy Allen MA PHD MSC	Clive Lawson MA PHD
Matthew James Allen MA VETMB PHD	Ross Ian Lawther MA PHD
Anna Barford, MA PHD	Karen Lesley Lee MA
Crispin Henry William Barnes BSC PHD	Alex Liu, MA MESC, DPhil
Jenny K. Blackhurst MA MA	Deborah Lowther MA
Edward John Briscoe BA MPHIL PHD	Santa-Phani Gopal Madabhushi PHD
Fiona Justine Cooke MA BM BCH MSC PHD	Simone Maghenzani BA, MA, PHD
Nik Cunniffe MA MSC MPHIL PHD	Hilary Frances Marlow BA BA PHD
Stuart Davis BA PHD	Kamiar Mohaddes BSC MPHIL PHD
Amy Rosamund Donovan BA MPHIL MSC I PHD	Stephanie Palmer SJD LLM
Judith Ann Drinkwater MA	Heidi Radke DRVETMED
Colm Durkan BA PHD FIET	R James E Riley, BA MA PHD
Deborah J Easlick BA	Angela Charlotte Roberts PHD
Martin William Ennis MA PHD	Jochen H Runde MPHIL PHD
Sebastian Falk BA PGCE PHD	Stuart Ashley Scott MA PHD
Shaun David Fitzgerald MA PHD FEng	Shona Wilson Stark LLB LLM PHD
Christopher John Bristow Ford MA PHD	Sophia Marie Irmgard Shellard-von Weikersthal BSC PHD
Abigail Lesley Fowden MA PHD	Hugh Richard Shercliff MA PHD
Alexandra Mary Fulton BSC PHD	Stelios Tofaris MA PHD
Sinead Maria Garrigan Mattar BA DPHIL	Helen Anne Van Noorden BA MPHIL PHD
Benjamin John Griffin MA PHD	James Wade BA MA PH
Maureen Jane Hackett BA MA	Carol Patricia Ward MA PHD
Katherine Hughes, BSC BVSC MRCVS PHD	Emma Jane Louise Weisblatt BA PHD
Arnold Conway Hunt MA PHD	Claire Emma White BA PHD
Morag Ann Hunter BA PHD	Per-Olof Helge Wikstrom BA PHD FBA
Liliana Janik MPHIL PHD	Samantha Katherine Williams BA MSC PHD
	Neil Wright PHD

College Advisors

Auditors

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

Investment Manager

Partners Capital LLP
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W8 5EH

Bankers

Barclays Bank plc
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Solicitors

Taylor Vinters
Merlin Place
Milton Road
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Report of the Council

Scope of the Financial Statements

- 1) The enclosed financial statements are the consolidated financial statements of Girton College and its subsidiary undertaking Girton College Property Services Limited for the year ended 30th June 2018. The activities of student societies have not been consolidated.

Objectives and activities

Aims and objectives

- 2) The objects of the College are *the advancement of education, religion, learning and research and in particular the preparation of persons for taking examinations and proceeding to the degrees of the University of Cambridge.*
- 3) The College Council's present strategic priorities include:
 - a) Widening participation;
 - b) Increasing the value added to the educational experience of students at Girton;
 - c) Supporting the all-round personal development of all members of the Girton community;
 - d) Maintaining a world-class Fellowship;
 - e) Developing the operational estate;
 - f) Achieving financial sustainability; and
 - g) Enhancing communications.

Significant activities

- 4) The College has two major streams of operating activity:

Education

- a) The College provides a research-infused learning environment for undergraduate and graduate students, early career researchers and established academics, supporting teaching, research, pastoral care, library and information services, social activities, sports, music and the arts, and all round personal development; and

Residences, Catering and Conferences.

- b) The College provides living accommodation and catering services for College members from two sites in Cambridge, the main College site on Huntingdon Road, close to Girton village, and Swirles Court on Pheasant Drive in the new urban district of Eddington.
- 5) The College is also responsible as trustee for the management of the permanent endowment capital of the 134 restricted and unrestricted trust funds, which comprise its Amalgamated Trust Funds (ATF) scheme. These funds have been accumulated over the life of the College from the gifts of generous donors and benefactors and they enable the College to provide financial support for individuals and a range of other purposes which would not otherwise be possible.
 - 6) The College actively solicits further donations to these funds to enhance the scope of this support.

Funding

- 7) The College's charitable activities are funded in part by the fees and charges paid by College members and other users, and in part by donations, bequests and the restricted and unrestricted income generated by the investment of permanent endowment capital and general reserves.
- 8) The College's endowment assets and investments are professionally managed and invested in a diverse range of assets on a total return basis with a view to securing a consistent funding stream to support the College's activities in pursuit of its charitable objectives.
- 9) Students pay for tuition as follows:
 - a) *Undergraduates:*
 - i) Undergraduates entitled to Student Support are charged at externally regulated rates and are funded by such grant or loan funding arrangements as are from time to time approved by the Government. Tuition fee income paid by these students is shared with the University; and
 - ii) Overseas undergraduates and any Home/EU undergraduates not entitled to Student Support are charged at a rate determined by the College. University fees are charged in addition;
 - b) *Graduate students:* the College receives a share of the overall fee income paid by graduate students in the University.
- 10) Students are charged for their accommodation and meals at rates intended to cover the cost of provision, but not to make a surplus for the College.
- 11) The College maintains an active and well-resourced alumni relations and development office with a view to securing a growing number and value of philanthropic gifts to the College for its own charitable purposes and to support individual members of the College in their pursuit of learning and research.

Public benefit

- 12) The Council have complied with their duty regarding public benefit, having regard to the Charity Commission's guidance.
- 13) Founded in 1869 by Emily Davies and Barbara Bodichon, Girton is distinctive as Britain's first residential institution for the higher education of women, and has subsequently aspired to set the pace on matters of equality and inclusion. Girton was the first of the women's colleges in Oxbridge to admit men and is now open to anyone with a passion for learning and the ability and inclination to pursue it.
- 14) The College follows a rigorous and objective process, as part of the University of Cambridge, for selecting successful candidates.
- 15) As a not-for-profit organisation, the College sets its charges for members only as high as is necessary to cover costs. Bursaries and other financial support is offered to individuals,

wherever possible, in an effort to ensure that no one is dissuaded from applying, taking up a place or completing their studies because of financial hardship.

Strategies for achieving aims and objectives

16) The College Council's goals in relation to its present strategic aims and objectives are as follows. The College is also committed by its statutes and strategic plan to good governance, key elements of which are profiled later in this document.

Widening participation

17) Substantially to enhance Girton's applicant base in order to attract an increasingly diverse body of well-qualified students from within and beyond the UK, as befits a large College in a world-class University;

18) To grow the pool of good quality first-choice applicants, enabling, for undergraduates, a reduced rate of de-selection, across all subjects;

19) To be outstandingly successful in widening participation, securing a broad spread of well-informed entrants from all income groups and educational sectors, in almost all subject areas and for every level of degree, whilst maintaining a broadly 50:50 gender ratio.

20) For graduates, to increase the proportion of PhD students (relative to Masters) by about 10 per cent, while maintaining a 50:50 arts/science mix, to achieve a balanced, effectively functioning, MCR;

21) To continue to manage the admissions process fairly, effectively and transparently in light of targets set by Government, rules and agreements in the University, and the unique qualities of the College;

22) To admit excellent students with most to gain from Girton's educational ethos.

Adding value

23) To enable students to realize their full intellectual potential;

24) To maintain the provision of first-rate educational, library, archive and information resources, and adjust to changing technologies and demands in relation to these;

25) To safeguard and steward the human resource-base for Girton's educational offer;

26) To be among the top 10 Cambridge Colleges for value added to school examinations points-predicted degree outcomes by a Girton education;

27) To improve undergraduate results overall, and in particular to support Girton students to secure more 1st-class degrees, and fewer 2:2 and 3rd-class results;

- 28) To take measures to ensure that any gender gap in degree results is not amplified at Girton and to ensure that all systematic differences in educational experience and degree outcomes are monitored and addressed for Girton students;
- 29) To attend to the challenge of adding value for Girton's postgraduate community as student numbers grow and expectations rise.

Supporting all-round personal development

- 30) To support all-round personal development for all College members (employees and students alike);
- 31) To enhance and enlarge the 'transferable skills' offered to undergraduates, complementing Faculty-based initiatives;
- 32) To support music, sports and the arts, recognizing that these activities have an ambassadorial role for the College as well providing educational value and life skills for students;
- 33) To maintain a living, learning and working environment conducive to all-round personal development, and in particular one, which builds self-confidence and protects wellbeing.

Maintaining a world-class Fellowship

- 34) To attract and maintain a Fellowship that is sufficiently large, diverse, motivated and incentivised to sustain the running of the College, the delivery of the curriculum, and the achievement of the wider educational goals (teaching, learning and research) to which Girton aspires.

Developing the estate

- 35) To realize the educational potential of the estate, maintaining a 'whole' College that is well integrated, open to all members, and greater than the sum of the diverse locational parts;
- 36) To steward responsibly and effectively the facilities, resources and assets comprising the integrated estate;
- 37) To make progress towards achieving carbon neutrality for the College as a whole;
- 38) To refresh and implement a rolling program of investment to maintain, renew and enhance the existing buildings on the Girton site;
- 39) To harness the potential of Ash Court, as a living and learning environment, which is integrated into the existing community, and is a resource for a renewed residential conference and events business.
- 40) To formulate and implement a vision for the future of the estate, building on Girton's now-established position as a graduate (as well as undergraduate) College, and recognizing the needs of the growing postdoctoral community in the University.

Achieving financial sustainability

- 41) Place the College on a sustainable financial footing by increasing the size of the endowment sufficiently to enable a properly balanced budget, taking into account depreciation, maintenance and pension costs;
- 42) Manage costs by improving the efficiency of the operational estate;
- 43) Raise income by developing a profitable, and sustainable conference, events and summer programmes business that engages with the wider aims of the College.

Enhancing communication

- 44) To improve the effectiveness of internal communications and information management in order to:
 - a) Ensure that Girton's vision, mission, values and strategic aims are agreed and understood by all of those involved in College life, and implemented by key stakeholders in an effective manner;
 - b) Improve the creation, ownership and advancement of initiatives important to the smooth running and future development of the College;
 - c) Enable full participation by stakeholders in the policies and practices of the College, ensuring that Fellows, staff and students know about, understand and take an interest in decisions that affect them.
- 45) To use an effective programme of external communications and information management to improve the visibility, and raise the positive profile, of the College in order, in particular, to:
 - a) Widen awareness and participation, and boost first choice applications from students;
 - b) Promote the College to prospective Fellows and other employees;
 - c) Enhance the quality of alumni relations, raise funds for *A Great Campaign*, and celebrate Girton's role in the history of Higher Education;
 - d) Publicise the availability of high quality catering, conference and events services to potential users.

Criteria for success

- 46) The Council and its committees monitor progress in achieving the College's strategic objectives against a wide range of quantitative and qualitative targets. The most important targets in relation to each of the seven strategic priorities are set out below.

Widening participation

- 47) The College works collaboratively with other institutions in the collegiate University, supporting Cambridge University's agreement with the Office for Students (previously the Office for Fair Access or OFFA). For 2017-18 the University's targets in relation to undergraduate admissions were:
 - a) To admit UK resident students from UK state-sector schools so that they fall within a range of 62 to 64% of the total intake, reaching the top of that range by 2019-20;

- b) To admit UK resident students from quintiles 1 and 2 for the Participation Of Local Areas (POLAR3) classification so that they fall within the range 10 to 13.0% of the total intake, reaching the top of that range by 2019-20;
- c) To admit UK resident students from super groups 7 and 8 and groups 3a, 3b, 3c and 4b of the Output Area Classification so that they comprise 8.2% of the total intake by 2019-20.

In relation to graduate admissions targets for numbers, balance (between MPhil and PhD) and internationalisation are kept under review.

Increasing the value added to the educational experience of students at Girton

- 48) For undergraduates, the College monitors Tripos results by subject, cohort and gender, and also charts the progress of each cohort in successive years of Tripos as a measure of value added. For graduates degree outcomes are monitored. For all students there is support for specialist subjects and for generic study skills, and the incentive of prizes for excellence.

Supporting the all-round personal development of all members of the Girton community;

- 49) All-round personal development refers to: activities geared to the acquisition of transferable skills (e.g. interpersonal and communications skills); activities that promote team work, alongside those which reward independent learning and personal initiative; and activities that broaden knowledge, enhance quality of life and nurture a sense of civic duty. In supporting all this, the College seeks to maintain a happy and vibrant community in which the achievements of its members in sports, music and the arts is celebrated and encouraged.

- 50) The Council monitors the award of instrumental and choral scholarships and exhibitions, sports and travel grants against need.

Maintaining a world-class Fellowship;

- 51) The College monitors the number of Official Fellowship and other teaching/student support posts against a notional quota based on student numbers.
- 52) The College seeks to maintain an academically distinguished Fellowship and celebrates the measurable as well less tangible achievements of its member such as honours, promotions, research grants and publications,

Developing the operational estate;

- 53) The College aims to be able to house all of its undergraduates and a minimum of 50% of its graduate students on an ongoing basis. Accommodation statistics are reported to Council on a regular basis.
- 54) The College aims to provide a safe, comfortable and inspiring living and working environment. The Council monitors accident statistics, repair and maintenance response times and complaints on a regular basis.

Achieving financial sustainability;

- 55) The College aims to be generating on a regular basis a small unrestricted surplus before depreciation and investment gains or losses within the time period covered by its current five year rolling budget (i.e. by 2022/23).
- 56) The College also aims to maintain a minimum of one year's unrestricted expenditure before depreciation as free reserves.
- 57) The College aims to be able to fund the ongoing development of its operational estate from a combination of free reserves, gifts and loans, without compromising the above aims.

Enhancing communications.

- 58) Regarding external communications, Google analytics are used to monitor the impact of the College websites (the main site and a temporary microsite set up in conjunction with a year of celebration of the 150th anniversary of the foundation of the College (2019)). The reach of social media - Twitter, Facebook and Instagram - is reported periodically to Council.
- 59) Regarding internal communications, use of the committee structure for face-to-face messaging, email for information dissemination, and the electronic information sharing platform Moodle for information sharing and exchange are kept under review.

Grant-making

- 60) The permanent capital of the restricted funds in ATF is set out in Note 15. of the accounts, analysed by category of purpose.
- 61) ATF funds enable the College to:
- a) Fund outreach activity in schools;
 - b) Participate in the Cambridge Bursary Scheme for Home/EU undergraduate bursaries;
 - c) Award Scholarships and Prizes to academically successful students;
 - d) Give other bursaries and hardship grants to students in financial need;
 - e) Provide travel grants and sports awards to encourage extra-curricular activity;
 - f) Award Music, Organ and Choral Scholarships and Exhibitions to talented students;
 - g) Appoint fully-funded Research Fellows in Arts and Sciences;
 - h) Host Visiting Fellows in Arts and Sciences and a Visiting Fellow Commoner in the arts or professions;
 - i) Employ teaching fellows, including a core of six College-based career teaching officer;
 - j) Employ a Chaplain and a Director of Chapel Music.

Volunteers

- 62) Girton has a small number of volunteers working with the Development Office and the Curator.
- 63) The Development Office volunteers are drawn mainly from Girton's alumni, to assist in its fundraising and related activities. Volunteers' assistance includes: six Campaign Board members, one Development Strategy Committee member; twelve UK regional representatives and five decade representatives on the Roll of Alumni Committee; seven GASA (Girton Sports Association) steering group members; overseas volunteers in US, Singapore and Hong Kong.

Estimated hours volunteered by these groups' totals around 200 – 300 hours per year for formal meetings and events.

- 64) The Lawrence Room is the College's small museum collection of art and antiquities collected and donated to the college and used primarily as a resource for teaching and research. A small number of volunteers, comprising mainly Life Fellows of the College and retired staff, steward the collection for two hours on Thursday afternoons, under the direction of the Curator, enabling public access.

Achievements and performance 2017/18

- 65) During the financial year 2017/18, the College continued to pursue its statutory and charitable objectives of education, religion, learning and research to the full extent of its resources.
- 66) As at 1st October 2017 the College had 46 Official Fellows, 2 Senior Research Fellows, 7 Research Fellows, 9 Professorial Fellows, 3 Supernumerary Fellows, 4 Non-Stipendiary Fellows, 38 Life Fellows and 14 Bye-Fellows, 3 Visiting Fellow Commoners, 496 undergraduate and 236 postgraduates and research students in residence in Cambridge. Of these, 1 Official Fellow, 7 Research Fellows, 2 Visiting Fellow Commoner, 439 undergraduates, and 98 postgraduate and research students were living in College-owned accommodation.
- 67) For each undergraduate, the College provided a Director of Studies and small-group teaching (known as supervision) to complement the teaching provided by the University. The College employed 44 College Lecturers in all the main subjects offered by the University to undergraduates, of whom 30 were also employed by the University or other institutions, 13 were employed solely by the College or under a share arrangement with another College, and 1 post was shared with the University.
- 68) Of the 512 undergraduates entered for Tripos examinations, 86 obtained Firsts, 267 2:1s, 15 Class 2 (undivided), 55 2:2s, 17 Thirds and 72 other results. 5 students intermitted during the year. 49 postgraduate students graduated with Masters level degrees, 4 with an MRes and 29 research students were awarded their PhDs. 6 LLM, 7 MAST, 1 GDip and 2 MBA/MFin degrees were also awarded.
- 69) The College provided a Tutor for each of its students, as well as access to other forms of pastoral care, including a chaplain, nurses and counsellors. The College also made grants to its official student bodies, the Junior Combination Room (JCR) and the Middle Combination Room (MCR), to enable them to provide social support to their members and to College clubs and societies. The College provided a cafeteria service which was available to all of its members throughout most of the year.
- 70) In its capacity as trustee of restricted permanent endowment funds totalling £49m as at 30 June 2018, the College *inter alia* contributed to the cost of the 116 Cambridge Bursaries awarded to Girton students and awarded 19 other bursaries. The maximum award was £3,500 per year.

71) The College also hosted 340 conferences and events and piloted a new commercial activity, Girton Summer Programmes, with six programmes held during July and August 2017.

Progress against objectives

Continuing to widen the pool of suitably qualified applicants for places to study

72) The College's Widening Participation (WP) work is driven by the desire to increase the proportion of the student body from historically under-represented groups. In order to do this, WP work must be broad, to encourage aspiration to Higher Education generally, as well as specifically encouraging appropriate applications to the University and Girton College. As well as individual schemes, the College works collaboratively with other institutions in the collegiate University, supporting its agreement with the Office for Students (previously Office for Fair Access or OFFA). Girton's 2017 entry cohort of Home students exceeded the university's targets agreed with OFFA by several percentage points: 68% were from maintained sector schools (university target 62-64%; 2017 university average 63.5%); 16.3% were from Low Participation Neighbourhoods (target 13%; average 11.4%); 16.3% from the OAC identified disadvantaged groups (target 13.9%; average 10.4%).

73) The College's work to encourage aspiration and applications grew considerably in the 2017-18 year, not least due to the appointment of a second Schools Liaison Officer whose main responsibility was the growth of the Pathways to Higher Education scheme following the pilot year last year. The Pathways programme now encompasses 12 selected secondary schools in Girton's link areas, inspiring and supporting their pupils from Year 7 through to university application. The Admissions Team also continued working with schools through talks and visits for pupils from Year 7 upwards, whilst sustaining the well-established HE+ (Stourbridge) and Camden schemes with sixth formers. The College also began working with two charitable organisations who have the expertise and resources to support disadvantaged students in schools both in the process of making an application and once they are holding offers.

74) Excluding Open Days, individual visits and Taster Days (which are not solely WP events), the total number of recorded interactions with young people for the year was 7,126, of which 6,313 occurred outside the College. However, these numbers do not capture representation of the College by the Admissions Team in events led by the Cambridge Admissions Office, nor elements of the Pathways scheme that are not specifically led by Girton. The evaluation of the work done is often challenging to capture. Whilst it is possible to gain information on university applications from participants in our schemes and programmes, it is harder to evaluate statistically ad hoc talks and visits with schools, although the (often positive) informal feedback is used to develop and refine the work going forward. Girton has, with the other Cambridge colleges, subscribed to HEAT, a national-level database that allows institutions to track the university applications and outcomes of individuals, providing the colleges with useful statistics on the effect of their interventions. Going forward, in line with the wider university's direction, some activities are expected to become more focused on sixth formers who fulfil specific WP criteria, whilst the College also plans to increase its work with schools in the Solihull area, which until now has not benefitted from a Girton College scheme. The College is also currently

in the early stages of consultation on collaborative work with a charity that targets BME applicants.

Increasing the value added to the educational experience of students at Girton

- 75) Overall the percentage of students achieving first or 2-1 increased in 2017/18 by 2.8%, a welcome improvement which moves the College up 5 places on the standard college ranking. There is no gender difference in this performance. This is therefore an improvement in performance overall.
- 76) Girton saw a small drop in total students achieving first class (0.8%) but a big increase in male students and a large drop in female students achieving first class, with a 12% gender difference compared to 9% in the university. The continued underperformance of female students in achieving first class honours remains a concern. Further analysis will be carried out to address whether this year's data is a specific cohort effect. It is against a trend of slight improvement in women's performance since 2013.
- 77) The current presentation of data in the information hub does not allow simple cohort tracking and further analysis is needed to allow this to be presented to the college Education Board.
- 78) The College continues to invest in new educational resources. In 2017-18 three new study rooms were opened adjacent to the library, two bookable and equipped with screens, to allow group study and discussion and one for quiet study. This strengthens provision for both undergraduate and graduate students on the main site. The College also provided more dedicated teaching rooms for group teaching.
- 79) Two new University Teaching Officers (UTOs) have been recruited to start in October 2018, one in Management and Sociology to strengthen college teaching in that area and one in Biological Physics to replace partially the loss of Fellows in Physics by retirement. The College has also recruited a new Bye-Fellow in Social Anthropology to direct studies and teach in that area and a Post-Doctoral Teaching Associate in Biological Sciences.
- 80) The College continues to support strong academic performance with student scholarships and prizes.

Supporting the all-round personal development of all members of the Girton community

- 81) The College appointed a Fellow for Life and Study Skills with responsibility to launch the *Thrive* programme. This aims to support student study skills, the development of non-subject related transferable skills and to aid student well-being. The programme is for both graduates and undergraduates.
- 82) The Bye Fellow for Study Skills sent a comprehensive report to Education Board in June outlining the variety of support offered in 2017-18. Quoting from this report "Anecdotal evidence, in terms of conversations with tutors, Directors of Studies and students themselves, suggests that there has been much tangible improvement in student performance. Measuring the impacts of one-to-one interventions is certainly much easier to do than with the

group seminars, but equipping students with a set of core study skills has and will continue to help them reach their full potential here at Girton College.”

- 83) The Rose Award for students on full bursaries who contribute to society has generated excellent applicants.
- 84) During the year, Council reviewed the College definition of hardship to take account of students being able to participate in all aspects of student life, and has established a student living costs review group.
- 85) The event bookings process has been reviewed to ensure that the College can continue to champion freedom of speech while being aware of all speakers on site.
- 86) The College participated in the pilot of the Intervention Initiative in the University and continues to support this in the current academic year. Girton had one of the largest student engagement in the pilot.
- 87) The College supports additional student study costs via its Academic Fund and elite sports costs via its Sports Award Scheme.
- 88) Music and drama remain an important part of college provision as do subject specific societies. There is in addition an alumna-funded artist in residence, and three musicians in residence.

Maintaining a world class Fellowship

- 89) As at 1 October 2017, the College had a notional teaching establishment of 38 against a quota of 41 (2016: 37 against 38).
- 90) The Fellowship as a whole was the largest it has ever been, having grown to 126, including Life Fellows. Together with 26 Honorary and 12 Barbara Bodichon Fellows, the total was 164.

Developing the operational estate

- 91) 2017-18 was a year of major transition as Wolfson Court was closed and vacated after nearly 50 years as the College's second site. Wolfson Court comprised some 145 mainly non-ensuite rooms as well as its own facilities, including a cafeteria.
- 92) In its place, the College has acquired the 325 room (all en-suite) leasehold Swirles Court, named after the late Girton Senior Fellow better known to the Fellowship as Bertha, Lady Jeffreys.
- 93) Swirles Court is located close to the main College site, in the heart of the University's prestigious new urban development, Eddington. It represents a new style of student accommodation for the College, being entirely self-catering, in house-type units, with shared sitting room/kitchens on each floor.
- 94) Despite the substantial increase in capacity, during the year, Swirles Court was on average over 95% occupied, as was the accommodation on the College main site.

- 95) The College also commenced the construction of the Social Hub, a refurbishment project intended to transform the old ground floor rooms at the heart of the College into a new all-day café and bar.

Achieving financial sustainability

- 96) The College's unrestricted deficit before depreciation and investment gains/(losses) for the year was £800k (2016-17: £872k). The College's five year rolling budget indicates that it is possible for this to become a small surplus by 2022/23 on the basis of strategies already agreed upon and at least partially implemented.

- 97) As set out below, as at 30.6.18 the College's free reserves were £31.2m (2017: £13.2m) and during the year 2017-18 annual unrestricted expenditure before depreciation was £11.4m (2017: £9.7m). Free reserves therefore healthily exceed the minimum target and provide some scope for the next phase of development of the main College site under the masterplan for which outline planning permission exists.

Enhancing communication with the community and with the world beyond

- 98) The College website has migrated onto a new platform, which will enhance its functionality when fully up and running; a microsite has been created to profile the history of the College and advertise events for the 150th Anniversary year.

- 99) An expanded anniversary issue of *The Year* - a summary of activities, events and achievements - was publishing in October, this dovetailing with the Development newsletter, published in the Spring, which contains an update fundraising and other alumni engagement with the College.

- 100) Girton's main Twitter feed continues to attract followers (4,759 as at 8/11/18 cf. 3,980 as at 1/6/17), and the number of Twitter feeds run out of the College has grown (to attract specialist following to choir, estates, and so on). Facebook, Linked In and Instagram followings have similarly increased.

- 101) A new profile-raising and Girton 150 marketing exercise is underway, using all the main electronic platforms to disseminate Fellows' research, student experience, departmental activity and alumni achievement, and to attract bookings for the main 2019 celebratory events.

Investment performance

- 102) In sterling, and including gains and losses arising from exposure to foreign currencies, the total return on the College's investment portfolio for 2017-18 was 7.1% (2016-17: 12.8%). Ignoring the impact of foreign currency-related gains (or losses), the securities portfolio was up 7.8%, slightly ahead of the 7.7% gain made by Strategic Asset Allocation (SAA) benchmark, which comprises a blend of market indices which reflect the College's Strategic Asset Allocation. Both the securities portfolio and the SAA benchmark were slightly ahead of the return target of RPI + 4%, which gained 7.5%.

- 103) Over the last five years, the securities portfolio has returned 8.7% per annum in Sterling terms and 7.8% per annum if one excludes the impact of foreign currency-

related gains. These figures compare favourably with the SAA Benchmark gain of 7.0% per annum and the return target's gain of 6.5% per annum. Over this period, outperformance of the SAA Benchmark has been driven by active managers outperforming their passive benchmarks, especially those active managers who specialize in certain sectors (e.g., healthcare and technology) or who actively engage with company management teams to drive increases in shareholder value.

- 104) Net new money of £14m was remitted to the portfolio in May 2018 following the disposal of Wolfson Court. This is in the process of being invested in three tranches as previously approved by Council. As at 30 June 2018, £11m of cash was held within the portfolio for re-investment.
- 105) The College's last remaining directly held investment property, the Wolfson Court nursery, let on a long lease to a commercial operator, was sold in May 2018 as part of the disposal of the freehold of the Wolfson Court site.

Fundraising performance

- 106) The Development Office, in partnership with the College's 2019 Committee, and in conjunction with the Mistress, has spent much of the year immersed in planning celebrations to mark the 150th Anniversary of the founding of the College in 1869.
- 107) The College recently launched its Girton 150th Anniversary website (www.Girton150.com) which was several months in the planning and designed to display everything anyone might wish to know about the anniversary activities. The website contains full events listings and booking forms. The 150th Anniversary Calendar comprises over fifty events designed to celebrate the founding of Girton College including an anniversary lecture series, regional and international events and a three day "Girton150" Festival at the College from 28 - 30 June 2019. Early bird weekend bookings for the Festival are selling well.
- 108) The College's current fundraising campaign - *A Great Campaign* - is an endowment campaign centred on the 150th Anniversary. It is expected to finish in June 2022 - to coincide with the conclusion of the collegiate University's "Dear World" campaign - and the College's target is to raise £50 million from a combination of donations and legacy pledges. In 2017-18 funds raised were £3.2m, with total funds raised during the *Campaign* to date of £17.9m, thanks to the generosity and commitment of alumni and supporters. When added to the future legacy pledges - currently at £13.5m where amounts are known - the current total has reached 63% of the *Campaign* target.
- 109) The current 150th Anniversary phase of *A Great Campaign* has four approved priorities, one of which is to raise funds to endow bursaries to offset the living costs of students from low-income families. Several year groups are coming together to endow their "Class Of" bursary. This initiative is proving very popular. The target is to endow 20 such undergraduate bursaries, eleven of which have been completed so far.

- I 10) A second priority is to endow up to five studentships; so far progress is being made on two graduate and one (two?) undergraduate studentships from Asia, notably Singapore and Hong-Kong.
- I 11) Fellowships are also a *Campaign* priority with the John Marks Fellowship in Medicine (current holder Dr Charlie Bell) having been successfully completed during the year. Three other Fellowships are being fundraised for - in physical sciences, in research related to international relations and in mathematics.
- I 12) The fourth priority is to raise funds for the unrestricted permanent endowment capital of the College, with £9.7m funds raised since the start of *A Great Campaign*.
- I 13) Over £258,000 was raised in the annual Telethon this year, with a participation rate of 68%. These gifts endowed a full undergraduate bursary, with money also going to teaching, the unrestricted permanent endowment capital and student support funds.
- I 14) Over the course of the current year, the College has organised 24 events across three continents attended by over 1,300 alumni, and Development Office staff have held over 100 one-to-one meetings with alumni and supporters. The College is very indebted to many of its stellar alumni who have spoken at these events, and to those who have hosted alumni events.
- I 15) The 150th Anniversary will be a wonderful opportunity not only to reflect on the heritage and the founding of Girton College, but also to think about the future, both for the students of tomorrow and for alumni with whom the College has a lifelong relationship.

Impact reporting

- I 16) Continued efforts in widening participation, together with ongoing commitments to equality and diversity, ensure openness to the best students from all walks of life, irrespective of income or wealth.
- I 17) Low dropout rates underscored by an enlarged life skills programme add to the pool of qualified graduates with an all-round education as well as specialist subject knowledge, meeting the needs of employers on a world stage

Factors outside the College's control

- I 18) Factors outside the College's control include nationally regulated undergraduate tuition fees (that are currently under review), and graduate tuition fees which are set by the University.
- I 19) The College's portfolio of endowment and other assets is invested in a diverse range of asset classes intended to mitigate risk, but it is nevertheless exposed to economic and market factors, which are beyond the control of all investors.

Gender Pay Gap

- I 20) The College has to date not been required to report this information. Nevertheless, it would have wished to do so had it been practicable. A new HR and payroll system is in

the process of implementation which will enable the College to calculate and report on its Gender Pay Gap (if any) in the near future.

Financial review

Review of financial position at y/end

Balance sheet

121) The accounts reflect the implementation of significant strategic decisions taken by Council in the last three years, which are expected to improve the College's financial sustainability. The Council believes that the balance sheet as at 30 June 2018 is stronger than it has been since the College first reported in accordance with Accounting Standards in 2003/04.

Total net assets

122) The College's total net assets as at 30.6.18 were £152m, a 5.3% increase on the previous year.

Investments

123) The sale of the freehold of the Wolfson Court site accounts for the transfer of value of £15m between Fixed Assets and Investments in the balance sheet. Investments include cash held for re-investment in accordance with Council's agreed policy of not investing the entire proceeds of sale of Wolfson Court immediately, but phasing the purchase of investment assets to mitigate market timing risk. As at 25 October 2018, the proceeds of sale were fully invested.

Operational fixed assets

124) The sale of Wolfson Court has reduced the value of Fixed Assets by £15m.

125) The commencement of the Social Hub project has resulted in £557k of assets under construction being added to the value of Fixed Assets.

126) The £227k added to freehold buildings relates to the release of the final retention under the contract to build Ash Court.

Cash, borrowing and gearing

127) The significant increase in Cash on the balance sheet from £1.6m to £5.5m is partly accounted for by the net dis-investment of £3m to pay for the Social Hub project, which was in progress at the year-end.

128) The balance of outstanding loan capital was reduced by c. £0.5m as a result of scheduled instalments and the early repayment of one long term loan relating to Wolfson Court. As set out in Note 13, the majority of this borrowing is very long term and intended to provide the liquidity needed for the College to maintain continuity of improvement and enhance the sustainability of its operational estate over a number of years.

Pension provisions

- 129) The majority of the £5.7m pension provision (2017: £6.8m) relates to the College's section of the Cambridge Colleges Federated Pensions Scheme (CCFPS) for non-academic staff. The Girton section of this scheme, in common with that of a number of other Colleges, has been closed to new members for some years, but existing members still in College employment are able to accrue benefits from future service. The decrease in provision is due to updated assumptions as set out in Note 24 of the accounts.
- 130) New members of non-academic staff are enrolled in NOW: Pensions. The College continues to enrol academic members of staff in the Universities Superannuation Scheme (USS).

Restricted and unrestricted permanent endowment capital

- 131) The aim of the College's current fundraising campaign, *A Great Campaign*, is to add £50m to the College's permanent endowment capital by means of lifetime gifts and legacy pledges. The campaign was launched in 2012 and will conclude in 2022.
- 132) The restricted permanent capital funds of the College are invested as an Amalgamated Trust Funds scheme (ATF) in the College's investment portfolio.
- 133) As at 30 June 2018, the value of restricted funds was £51.0m, up from £46.5m the previous year. The growth was due to a combination of investment gains of £0.9m and new capital of £1.9m added as a result of donations and benefactions.
- 134) The ATF at 30 June 2018 comprises 137 (2017: 134) funds, for a variety of purposes, as summarised in Note 15 of the accounts. Since 30.6.09 (the low point following the financial crisis) the capital value has grown from £11.47 per unit to £16.17 per unit.
- 135) Although donations and benefactions are gratefully accepted for a wide range of purposes, the College prioritises fundraising for unrestricted permanent endowment (UPEC), because of the flexibility it offers to meet future needs as they arise. Thanks to the generosity of donors and benefactors, as well as investment gains, the College's UPEC has grown during the current decade from £3.7m as at 30.6.10 to £15.2m as at 30.6.18, which is very pleasing.

Financial effect of significant events in 2017/18

Capital items in SOCI

- 136) The net comprehensive income for the year of £7.7m has increased the College's net assets by 5% from £144m to £152m. This is the result of a combination of the gain on disposal of Wolfson Court, investment gains, donations to endowment capital and actuarial gains, offsetting the net expenditure absorbed by the College's operational activities.

Benefactions and donations in SOCI

- 137) Reflecting the emphasis placed on permanent endowment during *A Great Campaign*, 95% of the £3.7m of benefactions and donations received by the College during 2017-18

were gifts to permanent endowment capital (2016-17: £2.7m, of which 7% were permanent endowment). This is a very pleasing result for which the College is very grateful to its supporters.

Investment gains and losses

138) Net investment gains of £5.3m in 2017/18 were less than the £8.1 m of the previous year, but a correction to markets has been expected for some time, so this is a good result which the Council does not expect to sustain at this point in the economic cycle.

Gains and losses on disposal of fixed assets

139) During the course of the financial year 2017/18, the College entered into a lease with the University of Cambridge for Swirles Court, a 325 room student accommodation complex at Eddington, the University's prestigious new mixed use development. This enabled the College to vacate Wolfson Court and sell the freehold of the site, which comprised student accommodation, a cafeteria and other student facilities, together with a commercial children's nursery, let on a long lease to the operator.

140) The £2.2m gain on disposal of fixed assets shown in the SOCI relates to the freehold land and buildings at Wolfson Court, which was sold for this amount more than its book value in May 2018.

141) The College's expenditure for 2016/17 and 2017/18 includes non-recurrent professional fees relating to these two transactions.

142) The 2017/18 accounts also include significant net operating costs relating to Wolfson Court, which was sold only two months before the year end, but was largely unoccupied from September 2017.

143) Income and expenditure items relating to Swirles Court represent less than a full year's occupation because the lease was not completed until two months into the financial year. A detailed analysis of the likely long term financial impact of Swirles Court will be prepared for the Council as part of a planned review of the College's early experience of Swirles Court during 2018/19.

144) 2017/18 has thus been something of a transition year for the College and its income and expenditure is expected to be more stable from 2018/19 onwards.

Revaluation of fixed assets

145) There have been no revaluations during the year.

Actuarial gains and losses

146) The actuarial gain of £1.4m (2016/17: loss of £1.1m) relates to the College's share of the Cambridge Colleges Federated Pensions Scheme (CCFPS) for non-academic staff. The Girton section of this scheme, in common with that of a number of other Colleges, has been closed to new members for some years, but existing members still in College employment are able to accrue benefits from future service. The actuarial

gain for the year has more than compensated for the loss on the same item in the previous year.

Investment policy & objectives

- 147) The College's investment portfolio comprises both endowment and general investment assets. The purpose of the College's endowment is to support the long-term operating needs of the College in perpetuity. The investment assets represent accumulated expendable capital, surpluses and reserves, which may be employed to support the operating and capital needs of the College as, required. To this end, the overall investment portfolio is managed to maximize the long-term total return of the portfolio, subject to maintaining a reasonable level of risk of loss. The portfolio supports the operating and capital needs of Girton College through an annual spending rate, which is reviewed as necessary to ensure that it is sustainable over the long term.
- 148) The College has previously operated a long-term spending rule, which permits the transfer for each financial year of 4% of the average value of the investment assets net of any outstanding debt as of 1st January of the current fiscal year and two preceding fiscal years. In the course of the 2018 budgeting round, Council agreed to reduce the rate of spending from 4% to 3.2% over the next five years.
- 149) If the investment portfolio is to fulfil its purpose, its purchasing power must be at least preserved and, if possible, enhanced. This implies that the investment assets must target a time-weighted total return of at least 6.2% p.a. after all costs, comprising the 3.2% annual spending rate plus an allowance for 3% annual inflation.
- 150) The College takes a long-term view on investment strategy, and the Strategic Asset Allocation ("SAA") is designed to reflect the optimal long-term asset allocation for the College given the return / risk objectives outlined herein. The Strategic Asset Allocation is formally reviewed on an annual basis by the Investments Committee and may be modified as needed in light of experience and changing circumstances, based on research and discussion involving IC members and outside experts. Such discussion focuses on the College's liquidity needs and perceived risk tolerance, as well as the projected behaviour of asset classes and strategies deemed worthy of consideration for the College's potential use.
- 151) Rebalancing will normally be undertaken on an annual basis to re-align asset allocations with the Strategic Asset Allocation. Where funds are required for operational purposes or differences in performance between asset classes are large, rebalancing may be implemented on a more frequent basis.

Risks & uncertainties

- 152) The major risk to the balance sheet at present is the risk of another financial crisis, or at the very least a substantial correction to the markets. This is an inherent risk of the endowment capital model of funding, to which all Cambridge Colleges and many similar institutions are to some extent exposed. The College Council takes a long term view of investment risk and its investment policy and strategy, as set out above, are designed to reduce volatility while maintaining the purchasing power of the College's endowment

capital on a permanent basis. A further set of risks surrounds student fees, which are currently under-review for home students, and which, for overseas students, will need to be reviewed following Brexit.

Principle sources of funding 2017/18

Endowment and investment income

- 153) The amount of total return from investments transferred to unrestricted and restricted funds in the SOCI under the College's spending rule, at £2.2m was £200k more than in the previous year. This reflects the strong growth of the College's investment portfolio in recent years, despite the College's policy of smoothing capital values over three years to reduce the volatility of funds available for expenditure.
- 154) The Council's decision during 2017-18 to reduce the spending rule from 4% to 3.2% over the next five years has been incorporated in the College's five year rolling budget and will begin to take effect from 2018-19.
- 155) As grant-giving and operational charities, Cambridge Colleges typically rely on income from their endowments to offset their activity deficit.

Activity accounts

- 156) The income and expenditure in the SOCI is classified by reference to the College's two major activities, *Education* and *Residences, Catering and Conferences*. Income, direct and indirect costs and overheads are allocated between these two activities by a consistent process approved by the auditors. The overall net activity result is a deficit, which reflects the extent to which endowment income is needed to enhance the scope and quality of academic provision to College members, particularly students.
- 157) In recent years, the College's activity net deficit has been only partially offset by endowment and investment income, leading to an overall unrestricted net deficit before investment gains/losses.
- 158) In order to eliminate this deficit and achieve financial sustainability, the Council has agreed on the following long term strategy:
- a) Enhanced endowment and investment income: this is being addressed over the medium term through *A Great Campaign* and has also been greatly assisted by the investment of the proceeds of sale of the freehold of Wolfson Court which was completed in 2017/18;
 - b) Higher activity recovery ratios (where this does not conflict with the College's aspirations to provide the best possible education for its students): this is being addressed through the development of commercial international summer programmes, the growth of the student community to achieve better economies of scale, and other ongoing processes and reviews aimed at achieving better value for money;
 - c) A more financially efficient operational estate, which the move to Swirles Court and the planned capital investment on the main site was intended to achieve.

Education activity

- 159) The rate of recovery of Education expenditure through tuition fees remained static at 64% from 2015/16 to 2016/17 but reduced slightly to 62% in 2017/18. In previous years

the College has recovered as much as 78% of its education expenditure from fees, but the cap which operated for a number of years on regulated undergraduate tuition fees, rising bursary costs and the costs of new admissions tests have made balancing the books considerably more difficult.

Residences, catering and conference activity

160) The costs allocated to Residences, Catering and Conferences include an allocation of buildings-related overheads and depreciation. Some of this is allocated to Education, where it relates to spaces with academic use, but the balance is allocated to Residences, Catering and Conferences. Within that, the Conference activity account bears the full cost of facilities at times when they are available for Conferences, regardless of actual usage. Hence the statutory accounts invariably show a substantial loss on Conference activity, regardless of whether or not the management accounts show a positive contribution to fixed costs.

161) For 2017/2018, the recovery rate for Accommodation was up from 57% to 69%, reflecting the addition to the College's operational estate of Swirles Court, consisting of 325 student rooms. This is the highest recovery rate the College has achieved since 2004.

162) For 2017/18 the recovery rate on Catering was 58%, down from 68% the previous year. This reflects the closure of the cafeteria at Wolfson Court and the absorption of the Wolfson Court catering staff into the main College catering department. With the opening of the Social Hub in 2018/19, the recovery rate might reasonably be expected to improve.

Spendable donation income

163) Donation income in the SOCI consists of gifts, which were pledged before *A Great Campaign* commenced, or where the donor has clearly specified the gift as unrestricted, spendable income. The amount received in 2017-18 at £189k is very similar to the previous year (£191k), reflecting the ongoing nature of many of these commitments.

Pension liabilities

Pension provisions

164) See above.

ESG investment policy

165) The College wishes its investment practice to reflect its values and reputation as a charitable educational establishment of long standing. While these values do not require the automatic avoidance of any particular corporation or sector, they do require that all investment managers behave with integrity and are fully compliant with all regulatory requirements and relevant codes of practice.

166) Girton College has a diversified investment portfolio, with no one corporation representing over 1% of its total value. As Girton College does not 'pick stocks' and avoids investment

managers who specialize in sensitive sectors¹, it does not routinely confront issues of social responsibility with the selection of its investments. It does, however, pick carefully its investment managers. Girton College insists that these managers demonstrate a very high standard of integrity towards their clients, their staff and the relevant regulatory authorities. Where any breaches of integrity are detected, the assets under management may be moved to another manager.

- 167) The Investments Committee and the College's Investment Manager review the portfolio annually to identify any one stock or sector (excluding Gilts) which represents over 1% of its investment portfolio. The Committee will consider whether the College's values or reputation are being placed at risk by this investment in the context of any material impact on the investment portfolio.
- 168) The 2018 review shows:
- (a) That the College portfolio's estimated exposure to sensitive sectors (alcohol, armaments gambling, tobacco and fossil fuels) was 3.4% as at 30 June 2018 (3.3% as at 30 June 2017);
 - (b) That this was significantly below the relevant benchmarks (agreed in 2015) i.e.
 - (i) a traditional 60/40 equity/fixed interest portfolio – 6.4%;
 - (ii) global equities – 10.6%.

Review of reserves

Reserves policy

- 169) The College is a permanent institution and holds substantial charitable funds on trust for a variety of purposes. The Council monitors the College's "free reserves", calculated as total unrestricted funds less fixed assets, since it does not regard the operational estate as available for such a purpose. Nevertheless, there are functional assets within the operational property portfolio which might at some stage be sold or otherwise removed from the operational estate.
- 170) The College requires free reserves: to underwrite the continuity of its operations; to maintain equity between generations of members; to fund capital expenditure; to be able to respond to any urgent need for unplanned expenditure; to fund any future increases in pension reserves; and to provide for winding up costs in the event of a cessation of business.
- 171) The Council regards accumulated free reserves which arose from unrestricted spendable donations in the quiet period of *A Great Campaign* and the proceeds of sales of property as quasi-unrestricted permanent endowment, invested alongside other permanent funds to provide an income for the College. Free reserves designated as quasi-unrestricted permanent endowment will be used only sparingly and if absolutely necessary to maintain continuity of operations and equity between generations, but are

¹ Sensitive sectors are defined as: Alcohol (Brewers, Distillers and Vintners), Armaments (Aerospace and Defence), Gambling (Casinos and Gambling), Tobacco, and Fossil Fuels

regarded as available for capital purposes such as further investment in the College's operational estate.

- 172) The College aims to fund its capital expenditure requirements from a combination of free reserves, donations and long term loans.
- 173) The Council aims to retain a minimum of one year's unrestricted expenditure before depreciation as free reserves.
- 174) The Council monitors the relationship between free reserves and the unrestricted funds net deficit before investment gains and losses in the Statement of Comprehensive Income, together with a number of measures of the underlying income and expenditure which it regards as important for the future financial sustainability of the College, including the ratio of reserves to the net deficit before depreciation and donations, which it regards as a prudent measure of cash absorbed by operations.
- 175) In addition to these measures, the College maintains an income reserve within its Amalgamated Trust Funds (ATF) scheme which it uses, in conjunction with a three year rolling average smoothing of capital valuations for the purposes of its total return spending rule, to maintain a consistent level of expenditure on the various restricted charitable purposes of the ATF.

Amount of reserves

- 176) As at 30.6.18 the College's free reserves were £31.2m (2017: £13.2m) and during the year 2017-18 annual unrestricted expenditure before depreciation was £11.4m (2017: £9.7m). The ratio of free reserves to unrestricted funds net deficit before investment gains and losses was 14.18 (2017: 5.14) and the ratio of free reserves to the net deficit before depreciation and donations was 31.54 (2017: 11.52).
- 177) The substantial increase in free reserves was due to the sale of Wolfson Court during the year. Under the policy set out above, the sales proceeds are regarded as quasi-unrestricted permanent endowment capital, available only for investment income generation and, if required, capital expenditure, and not to fund annual expenditure other than on a winding-up of the College.

Comparison with reserves policy

- 178) The College's free reserves remain compliant with the Council's reserves policy, which was most recently reviewed in May 2018.

Longer term trends (5 years)

- 179) The Council has budgeted for capital expenditure totalling £6.6m over the next five years while it completes its current estates strategy. It is expected that free reserves will remain comfortably above the benchmark of one year's expenditure throughout the period. The Council aims to begin generating cash surpluses within the five year budget period.

180) In addition, during 2018/19, the Council intends to begin a new process of project feasibility assessment with a view to further development of the main College site under the master plan for which outline planning permission already exists.

Going concern

Explanation of operating deficit

181) The College Council has been concerned for a number of years about the College's persistent unrestricted operating deficit (the unrestricted funds net deficit before investment gains/losses in the SOCI). This has various underlying causes which are well understood, but which have proved difficult to correct without disrupting the College's charitable operations and potentially disadvantaging some cohorts of students relative to others.

182) The lease of Swirles Court and the sale of Wolfson Court have facilitated a step change in the scale of the College's operations as well as a re-balancing of the relationship between the main balance sheet categories of fixed assets and investments. This places the College in a much better position to balance its income and expenditure in the future as a permanent institution.

Cash Flow Statement

183) The College held an unusually large amount of cash at the financial year end in order to fund a substantial capital commitment, the refurbishment of part of the College's historic buildings to fund a new Social Hub.

Any fund or subsidiary in deficit

184) None of the constituent funds of the ATF were in deficit the year end.

Plans for future periods

Council's future plans

185) The College is a permanent institution and an important constituent of the collegiate University of Cambridge. The Council's plans for the next five years include:

- a) The celebration in 2019/20 of the 150th anniversary of the Foundation of the College;
- b) A full review of the Strategic Academic Plan, the current version of which expires in 2019. Council will review lessons learned from the last strategic plan, focussing particularly on difficult decisions and lessons learned from them
- c) A new round of strategic planning will commence during 2019, based on a review of the challenges and achievements of the current strategic plan, and a wide ranging consultation with internal and external stakeholders
- d) A review of the impact of Swirles Court, in the context of an ongoing commitment to increase the size of the graduate community
- e) A project feasibility assessment of with a view to further development of the main College site under the master plan for which outline planning permission already exists;
- f) Continuous improvements to governance arrangements, including a review and reformation of the Statutes during 2020.

- g) Succession planning for key offices which will be vacated on retirement in the next five years.

Five year rolling budget

186) The Council has adopted a five year rolling budget for 2018/19 to 2022/23.

187) The five year budget includes projects such as planned wing refurbishment work which will not be capitalized, and therefore have an impact on the unrestricted operating deficit, as follows:

- (1) 2018/19: £578k;
- (2) 2019/20: £168k;
- (3) 2020/21: £895k;
- (4) 2021/22: £460k;
- (5) 2022/23: £560k.

188) Nevertheless, the five year rolling budget shows continuous improvement in the unrestricted funds deficit before investment gains and losses through to the end of 2022/23. The annual recurrent unrestricted funds deficit before depreciation and investment gains and losses (as a broad measure of cash absorbed by operations) is expected to become positive within the budget period.

Capital expenditure programme

189) Capital expenditure budgets for the next five years are as follows:

- (1) 2018/19: £3,753k (the largest item of which is the Social Hub project);
- (2) 2019/20: £946k (ditto Chapel Wing plant room);
- (3) 2020/21: £978k (various relating to the heating system including Archway plant room);
- (4) 2021/22: £784k (various improvements including to Old Hall);
- (5) 2022/23: £160k (heating pipework upgrading).

190) This does not include any provision for further development of the main site under the master plan.

Risk management

Acknowledgement of trustee responsibility

191) Members of the College Council as trustees have ultimate responsibility for ensuring risk is managed satisfactorily within College.

Overview of risk identification, assessment and monitoring process

192) Risks are identified in the College Risk Register which is a detailed document produced some years ago. During 2017-18, the College Council agreed to take a different approach to identifying risk. A Council Dashboard was introduced which provides Council with termly

data on key areas of College activity and includes RAG² metrics relating to key areas of risk including Health and Safety, Property Maintenance, Finance, Information Compliance, Personnel and Academic. It was also agreed during the year that a new Corporate Risk Register would be devised, focussing on risks to delivering the College's Strategic Academic Plan, while the major committees of the College would be responsible for compiling and maintaining operational risk registers, feeding upwards to Council and the Corporate Risk Register as required.

193) Capital projects undertaken within College are subject to detailed local risk registers by individual project managers.

Review and assessment of major risks and confirmation of controls

194) Council last considered the major risks to which the College is exposed in 2017/18 and satisfied itself then that systems were in place in order to manage those risks. The main categories of operational risk for the College are:

- a. Health & Safety
- b. Fire
- c. Employment
- d. Property maintenance and management
- e. Investment
- f. Funding and higher education policy
- g. Financial and accounting
- h. Admissions
- i. Student experience
- j. Reputation
- k. Governance
- l. Compliance

Links with strategic objectives

195) As set out above, a Corporate Risk Register is under development, which will link risk to the College's Strategic Academic Plan, which is due to be refreshed in the current year.

Trustees' review

196) Council reviewed the arrangements for managing risk in 2017-18 during consideration of its annual governance report.

Safeguarding

197) Children and vulnerable adults are present in College from time to time as prospective students, employees, casual workers, students, external trainees on work placements, event delegates, school visitors and when attending social events with members and alumni. In addition, the College has an active schools liaison programme involving staff working off site in schools.

² Red, Amber, Green

- 198) The College aims to adopt the highest possible standards and take all reasonable steps in relation to protecting the safety and welfare of any children and vulnerable adults who come onto College premises or into contact with College staff (whether working in a paid or unpaid capacity).
- 199) The College implements a number of policies and processes designed to keep children and vulnerable adults safe from harm, primarily the Child & Vulnerable Adult Protection Policy (updated May 2018) which outlines processes for risk assessment, recruitment and selection, supervision, training and support, confidentiality and responding to concerns. The Policy describes likely levels of staff contact, and recommended checks. In addition, the College, as a licensed premise, has a duty of care to risk assess all events with regard to avoiding harm to children and vulnerable adults. As part of its Prevent duty, the College trains all staff to recognise indicators of vulnerability to radicalisation in colleagues and student members. The College's Dignity at Work policy protects children and vulnerable adults at work, and there are prescribed, specific health and safety risk assessments for the employment of children and vulnerable adults. The Safeguarding leads in College are the Senior Tutor and the HR Manager, who, together with the Admissions Tutors, Senior Officers and Heads of Departments; oversee the implementation of policy throughout the organisation.

Fundraising rules

Approach to fundraising

- 200) The College's approach is primarily to alumni whose education the College helped to provide and therefore the ICO considers the College has a legitimate interest in contacting them. The College is registered with the Fundraising Regulator and is compliant with the requirements of the Code of Fundraising Practice, the Data Protection Act 2018 and EU General Data Protection Regulation (GDPR), the Privacy and Electronic Communications (EC Directive) Regulations 2003 and the ICO Direct Marketing guidelines 2016 in the collection, retention and use of alumni data.

Commercial participators or fundraisers

- 201) Girton has not employed Commercial Participators or Fundraisers.

Conforming to recognised standards

- 202) Girton is registered with the Fundraising Regulator and conforms to their voluntary code of practice. Some members of the Development Office team are also personal members of the Institute of Fundraising. The team attends training courses on Fundraising Regulation from the University of Cambridge, Institute of Fundraising, CASE and other recognised providers. An appropriate Alumni and Supporters Data Protection statement is on all digital and hard copy correspondence and on the College's websites.

Monitoring

- 203) The College monitors fundraising complaints and completes the Annual Complaints Return. With regard to data cleaning, the College provides 'Update your Details' forms or links in its three main publications, The Year, Development Newsletter and e-newsletter. The College pays for professional data cleansing every few years: most recently in 2015. Any returned post is

logged and addresses as the well as requests to change preferences are all changed promptly, within a week.

Fundraising complaints

204) In 2017-18, the College received four complaints (three about telephone fundraising, one about direct marketing, publications) which were all responded to by the Development Director within a week, and appropriate action taken. The College completes the Annual Complaints Return.

Protection of public

205) The College removes those deemed vulnerable from our mailing lists as soon as the College knows about their condition (but keep their data unless specifically requested as this helps ensure they are not accidentally re-added) except where certain arrangements have been requested e.g. family members ask to keep sending them the Annual Report.

206) The College removes alumni and supporters from its mailing lists if they request it in compliance with its Data Protection Statement.

207) In its telephone campaigns, the College sends pre-call letters to all alumni enabling them to opt-on in advance of telephone communications. The College does not call anyone over the age of 75 to 85 after 8.30pm, and does not call anyone over the age of 85 years. In five years, the College has only had one complaint about the timing of the call. The College may include those aged 85 and older in direct mailings, event invitations, newsletters etc. if appropriate e.g. they are a regular donor.

208) The College asks alumni and supporters about the type of contact they wish to have with the College and record their contact preferences on its database. This is done via the regular alumni and supporters questionnaires and during the annual telethons.

Structure, governance and management

Girton College aims to operate as a model of good of governance when measured against benchmarks within the charitable and higher education sectors, and to be open to best practice in other sectors, including the corporate sector, as appropriate. To that end, there is an annual review of governance, following which key recommendations are implemented.

Governing documents

209) The College is a “Body Politic and Corporate” established by a Royal Charter dated 1924 and a Supplemental Charter and Statutes dated 1954. The foundation bears the name and style of “The Mistress Fellows and Scholars of Girton College” and is also known by the short name and style of “Girton College”.

210) The College is governed by its Statutes and Ordinances, which position it as a self-governing community of scholars.

Constitution and how trustees are recruited

211) The charity trustees of the College are the members of College Council, comprising, in accordance with the College Statutes, four members who serve ex officio, nine Fellows who are elected in accordance with the Statutes by the Governing Body of the College, and five student members who are elected in accordance with the Ordinances of the College.

Names of trustees and principal officers during the financial year

212) The members of the Council during the financial year 2017-18 were:

Prof S J Smith (The Mistress)	Dr S Falk (from 1.10.17)
Ms K Lee (The Vice-Mistress)	Dr E Weisblatt (from 1.1.18)
Ms D Lowther (The Bursar)	Mr B Sadler (JCR President) (to 31.3.18)
Dr A M Fulton (The Senior Tutor)	Mr G Cowperthwaite (JCR President) (from 1.4.18)
Ms M Hackett (to 30.9.17)	Mr K Patel (JCR Vice-President) (to 31.12.17)
Dr S A Scott (to 30.9.17)	Ms M Hale (JCR Vice-President) (from 1.1.18)
Dr C Acerini	Mr R Jenkinson (JCR Treasurer) (to 31.12.17)
Prof M Allen	Mr L O'Connor (JCR Treasurer from 1.1.18)
Dr L Janik (to 31.12.17)	Ms T Skyrme (MCR President) (to 31.5.18)
Prof C Ford	Ms J Jia (MCR President) from (1.6.18)
Dr RJE Riley	Mr YY Liu (MCR Vice-President) (from 1.6.17)
Dr C Lawson	Mr T Loman (MCR Vice-President) (from 1.6.18)
Dr H Shercliff	

Organisation and governance structure

213) The College Council meets 12 times annually. It is augmented by other members of the Fellowship for the purposes of certain business, as provided for in the College Statutes.

214) The Council is supported by a committee structure covering all College activities and involving Fellows, students and staff at all levels.

215) The Council oversees a devolved budgeting system under which individual budget holders are responsible for managing income and expenditure within their own areas of operation, and for bringing forward budget proposals through an annual budgeting process. Students, Fellows and members of staff are encouraged to participate in the process through their membership of the College's various committees. The College Council considers the budget proposal in detail before it is approved, to ensure that it is consistent with the College's strategic aims and objectives.

216) The proper use of finances and resources, in a manner which not only satisfies the requirements of internal control expected of a college, but also fulfils any legal or financial obligations as laid down by the Statutes and Ordinances, HMRC, the University of Cambridge, the Charity Commission and other authorities, is ensured by the

College's Financial Regulations. The College Council on the advice of the Bursar approves these annually.

217) The Council undertakes an annual review of governance lead by the Secretary to Council.

218) The Audit and Scrutiny Committee, which has a majority of external members, oversees the effectiveness of the College's financial, governance and risk management arrangements.

Induction and training of trustees

219) An induction and training session is held annually for all new and continuing members of the Council. This includes in particular the policy of the College on the management of conflicts of interest.

Remuneration policy and process

220) The College is guided by the remuneration policies and pay scales of the collegiate University of Cambridge and the HE sector generally. Council normally approves the application of the sector pay award to College pay scales. An internal committee is in place to deal with matters not systematically covered by the established scales. Individual members of this committee would be expected to declare an interest and withdraw from the meeting during any discussion relating to their own pay.

221) Nevertheless, the Council recognises that best practice would be to establish an independent Remuneration Committee with external members, and has resolved to do this in the course of 2018-19.

Impact of membership of wider network

222) Although it is a legally and financially separate institution governed by its own constitution, the College is part of the collegiate University of Cambridge and is subject to the Statutes of the University.

223) The University and the Colleges make complementary provision for the education of matriculated students, who are admitted by their Colleges and presented by them for examination by the University.

224) In the interests of enhancing quality and value for money, the Colleges contribute directly to the cost of shared services provided on behalf of the Colleges collectively, and also to joint ventures with the University.

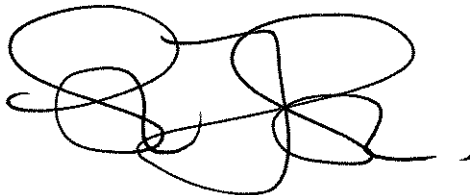
Reference and administrative details

Charity registration number and address of principal office

225) Girton College is a registered charity number 1137541 and its principal office is at Girton College, Huntingdon Road, Cambridge CB3 0JG.

Summary and conclusions

- 226) The 2017/18 accounts reflect major strategic changes to the operational estate which were implemented during the year and which are expected to make a step change in the long term financial viability of the College, as well as providing attractive new facilities for students and raising the profile of the College.
- 227) 2017/18 was a transition year during which the College took possession of Swirles Court, and vacated and subsequently sold Wolfson Court. The main objective of the College's five year rolling budget is to begin to generate positive cash flow from operations within the five year period, which the Council believes to be possible now that this transition has taken place.
- 228) The substantially increased free reserves, which have resulted from this transition, will be treated in accordance with the Council's previously agreed reserves policy.
- 229) The College has commenced the construction of the new Social Hub within the historic main site buildings, which is intended to serve all College constituencies. Further improvement work is planned for the main site buildings, which, when complete, should make them more comfortable for students as well as financially more economical. This has been budgeted for, either as maintenance and repairs expenditure, in the five year rolling operating budget, or as capital expenditure where appropriate.
- 230) The Council plans to review the operational estate in 2018/19 in order to establish the likely long term financial and operational impact of Swirles Court and the feasibility of further development of the main site under the master plan for which outline planning permission already exists.
- 231) The College has continued to improve its academic and pastoral provision for students and achieved its goals in widening participation.
- 232) The College is also making pleasing progress towards the completion of *A Great Campaign* in 2022. In the long run, this will be a significant benefit to Girton as a permanent institution.



On behalf of the Council
Professor Susan J Smith
Mistress
27 November 2018

Corporate Governance

1. The following statement is provided by the Augmented 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.
2. The College is a registered charity (registered number 1137541) 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.
3. The Council is advised in carrying out its duties by a number of Committees, the main ones meeting in 2017-18 being:
 - a. Investments Committee
 - b. Financial Planning Committee
 - c. Buildings Committee
 - d. Personnel Committee
 - e. Academic Policy Committee
 - f. Health and Safety Committee
 - g. Development Strategy Committee
 - h. Audit and Scrutiny Committee
4. The principal officers of the College are the statutory officers:
The Mistress The Senior Tutor
The Vice-Mistress The Bursar
5. It is the duty of the Audit and Scrutiny Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Council 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. The membership of the Audit and Scrutiny Committee for 2017-18 was:

Mr Paul Cook	Prof John Hendry (Life Fellow)
Ms Rosamund Sykes	Dr Julia Riley (Life Fellow)
Ms Karen Knight	
6. There is a Register of Interests of members of Council. Declarations of interest are made systematically at meetings.
7. The College's Trustees (members of Council) during the year ended 30 June 2018 are set out on page 29.

Statement of Internal Control

1. The Council are 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 Council 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 2018 and up to the date of approval of the financial statements.
4. The Council are responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:
 - a. The Council receives an annual report from the Audit and Scrutiny Committee;
 - b. The Augmented Council receives the annual Key Issues Memorandum from the external auditors and refers any matters of concern to Council;
 - c. The Council undertakes an annual review of the College's Financial Regulations.
5. The Council's review of the effectiveness of the system of internal control is informed by the work of the various Committees, Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Responsibilities of the Augmented Council

The Augmented Council is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Augmented Council is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and 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 Augmented Council 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 Augmented Council of Girton College

Year Ended 30 June 2018

Opinion

We have audited the financial statements of Girton College (the 'College') for the year ended 30 June 2018 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 2018 and of its incoming resources and application of resources for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- The contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G.II, of the University of Cambridge.

Basis for opinion

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

- 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 Augmented Council 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 Report of the Augmented Council is inconsistent in any material respect with the financial statements; or
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of the Augmented Council

As explained more fully in the responsibilities of the Augmented Council statement set out on page 41, the Augmented Council 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 Augmented Council 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 Augmented Council 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 Augmented Council 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 Augmented Council 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 Augmented Council 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

CBI 2LA

Date: *3 December 2018*

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

Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom accounting standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 6.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary undertakings included are set out in note 25. Intra-group balances are eliminated on consolidation.

Recognition of income

Academic fees

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

Grant income

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

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

Donations and endowments

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

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

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

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

Donations and endowments (continued)

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

Investment income and change in value of investment assets

Investment income and change in value of investment assets is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

Total return

The College invests its endowment portfolio and allocated the related earnings for expenditure in accordance with the total return concept. The spending policy is specifically designed to stabilise annual spending levels and to preserve the real value of the endowment portfolio over time. The College spending rule permits the transfer for the academic year of no more than 4 per cent of the 3 year rolling average of the balance of the fund as at 1st of January. The College operates a unitised Amalgamated Trust Fund (ATF) scheme for the collective investment of endowment funds, under which the transfer is permitted by the spending rule is converted into a pro-rata distribution of the funds. The funds within the ATF scheme include an income reserve fund, to which part of the transfer may be added, if in excess of the total distribution needed to maintain the spending capacity of the funds. In years in which the transfer is inadequate to maintain the spending of the funds, the income reserve fund may be drawn on to supplement the distribution of the funds.

Other income

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

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.

Fixed assets*Land and buildings*

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Operational property assets that had been revalued to fair value on 30 June 2014, the date of transition to SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Buildings	63-99 years	Fit-Outs	5-34 years
Sports Facilities	67-99 years	M&E services	10-40 years
Outbuildings/workshops	10-46 years		

Leasehold land is depreciated over the life of the lease up to a maximum of 50 years.

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

Land held specifically for development, investment and subsequent sale is included in current assets at the lower of cost and net realisable value.

The cost of additions to operational property shown in the balance sheet includes the cost of land. Furniture, fittings and equipment costing less than £5k per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	20% per annum
Equipment	20% per annum

Leased assets

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less

accumulated impairment losses. Lease payments are accounted for as described below. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Heritage assets

Rare books, silver, works of art and other assets not related to education are valued at the insured value. Assets deemed to be inalienable are not included in the balance sheet. Items of antique furniture and silver have been valued by Cheffins, Auctioneers and Valuers.

Investments

Fixed asset investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value/market value.

Stocks

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

Provisions

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

Contingent liabilities and assets

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

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

Taxation

The College is a registered charity (number 1137541) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in

respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

Contribution under Statute G.II

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

Pension costs

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 institution 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 institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution 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.

The College also participates in the Cambridge Colleges Federated Pension Scheme (CCFPS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the Scheme are held in a separate trustee administered fund. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the schemes. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the Scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

The College also offers membership of NOW: Pensions, a defined contribution pension scheme, for non-academic staff and the pension charge represents the amounts payable by the College to the scheme in respect of the employees' service during the year.

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.

Critical accounting judgements

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

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

Consolidated Statement of Comprehensive Income and Expenditure For the Year ended 30 June 2018

		2018			2017		
		Unrestricted Funds £'000	Restricted Funds £000s	Endowment Funds £'000	Unrestricted Funds £'000	Restricted Funds £000s	Endowment Funds £'000
Statement of Comprehensive Income							
Year Ended 30th June 2018							
	Note						
Income							
Academic fees and charges	1	3,378	161		193		3,409
Residence, catering and conferences	2	5,844					4,462
Investment Income	3	--	927		924		924
Endowment return transferred	3	1,185	(2,236)		1,084	(2,020)	--
Other Income							--
Total Income before Donations & Endowments		10,407	(1,309)		1,277	(1,096)	8,795
Donations		189					191
New endowments			177	3,296	81	2,445	2,526
Capital Grant from Colleges Fund	15-16						--
Other capital grants for assets	16		19		29		29
Total		189	196	3,296	110	2,445	2,745
Total Income for the year		10,596	1,408	1,987	1,387	1,349	11,541
Expenditure:							
Education	4	4,307	1,133		1,084		5,038
Residence, catering and conferences	5	8,819					7,418
Investment Management & Other investment Costs	3	--		879		1,007	1,007
Other Expenditure							--
Contribution under Statute G, II		2					--
Total Expenditure for the year	6	13,128	1,133	879	1,084	1,007	13,463
Surplus/(Deficit) before investment gains/(losses)		(2,532)	275	1,108	303	342	(1,922)
Net gains/(losses) on investments	3	1,831	35	3,459			8,149
Net gains/(losses) on disposal of fixed assets		2,178			84	5,593	8,149
Surplus/(Deficit) after gains and losses		1,477	310	4,567	387	5,935	6,238
Other comprehensive Income/(Losses)							
Gains/(losses) on revaluation of fixed assets		--					12
Actuarial Gain/(loss) in respect of pension schemes	14	1,374					(1,134)
Total comprehensive income/(deficit) for the year		2,851	310	4,567	387	5,935	5,116

The notes on pages 49 to 70 form part of these accounts

Statement of Changes in Reserves

Year ended 30 June 2018

Statement of Changes in Reserves	Year Ended 30th June 2018					Total Reserves £'000
	Income and expenditure reserve £'000	Restricted Endowment £'000	Revaluation reserve £'000	Reserves £'000	Balance at 1 July 2017	
Balance at 1 July 2017	97,951	1,838	44,662	--	144,451	
Surplus/(Deficit) from Income & Expenditure Statement	1,477	310	4,567	--	6,354	
Other comprehensive Income/Expenditure	1,374	--	--	--	1,374	
Revaluation Fixed Assets	--	--	--	--	--	
Movement between funds	15	(15)	--	--	--	
	100,817	2,133	49,229	--	152,179	

Statement of Changes in Reserves	Year Ended 30th June 2017					Total Reserves £'000
	Income and expenditure reserve £'000	Restricted Endowment £'000	Revaluation reserve £'000	Reserves £'000	Balance at 1 July 2016	
Balance at 1 July 2016	98,736	1,471	39,001	127	139,335	
Surplus/(Deficit) from Income & Expenditure Statement	(84)	387	5,935	--	6,238	
Other comprehensive Income/Expenditure	(1,122)	--	--	--	(1,122)	
Revaluation Fixed Assets	--	--	--	--	--	
Movement between funds	421	(19)	(275)	(127)	--	
	97,951	1,838	44,662	--	144,451	

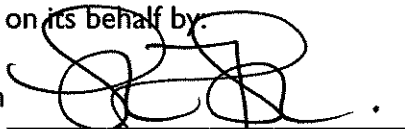
The notes on pages 49 to 70 form part of these accounts

Consolidated Balance Sheet as at 30 June 2018

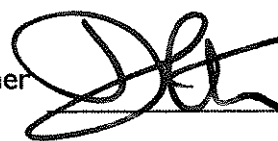
	Note	2018 £'000	2017 £'000
Non Current Assets			
Fixed assets	8	69,969	84,768
Heritage Assets	8	5,983	5,966
Investments	9	94,509	76,929
<i>Total Non Current Assets</i>		<u>170,461</u>	<u>167,663</u>
Current Assets:			
Stocks		46	47
Trade & Other receivables	10	2,075	1,646
Cash & Cash equivalent	11	5,469	1,620
<i>Total current assets</i>		<u>7,590</u>	<u>3,313</u>
Liabilities:			
Creditors: amounts falling due within one year	12	(2,595)	(1,975)
<i>Net current assets</i>		<u>4,995</u>	<u>1,338</u>
<i>Total Assets less current liabilities</i>		<u>175,456</u>	<u>169,001</u>
Creditors: amounts falling due after more than one year - Loans	13	(16,665)	(17,119)
Creditors: amounts falling due after more than one year - Others	13	(902)	(666)
<i>Total Long Term Liabilities</i>		<u>(17,567)</u>	<u>(17,785)</u>
<i>Net assets excluding pension liability</i>		<u>157,889</u>	<u>151,216</u>
Provisions			
Pension Provisions	14	(5,710)	(6,765)
<i>Total net assets</i>		<u>152,179</u>	<u>144,451</u>
The funds of the charity:			
Restricted Reserves			
Income & Expenditure Reserves - Endowment	15	49,229	44,662
Income & Expenditure Reserves - Restricted	16	2,133	1,838
<i>Total Restricted funds</i>		<u>51,362</u>	<u>46,500</u>
Unrestricted Reserves			
Income & Expenditure Reserves - Unrestricted		100,817	97,951
Income & Expenditure Reserves - Revaluation Reserve		-	-
<i>Total Unrestricted funds</i>		<u>100,817</u>	<u>97,951</u>
Total Reserves		152,179	144,451

The financial statements were approved by the Augmented Council on 27 November 2018 and signed on its behalf by:

Prof Susan J Smith



Deborah Lowther



The notes on pages 49 to 70 form part of these accounts

Consolidated Cash Flow Statement

For the year ended 30 June 2018

	Note	2018 £'000	2017 £'000
Net Cash Inflow from Operating Activities	18	1,297	588
Cash Flows from Investing activities	19a	(600)	(597)
Cash Flows from Capital Transactions	19b	3,631	(330)
Cash Flows from Financing Activities	20	(479)	(145)
		<hr/>	<hr/>
Increase/(Decrease) in cash and cash equivalent in the year		3,849	(484)
Cash and cash equivalent at the beginning of the year		1,620	2,104
Cash and cash equivalent at the end of the year	11	5,469	1,620
Reconciliation of net cash flow to movement in net liquid assets			
Increase/(Decrease) in Cash in the Year		3,849	(484)
Movement in Long Term Loans		479	145
Net change in Cash		<hr/> 4,328	<hr/> (339)
Net Cash/Borrowing brought forward		<hr/> (15,649)	<hr/> (15,310)
Net cash/borrowing carried forward	21	<hr/> (11,321)	<hr/> (15,649)

The notes on pages 49 to 70 form part of these accounts

Notes to the Accounts

For the year ended 30 June 2018

1. Academic Fees and Charges	2017-18 £'000	2016-17 £'000
College Fees		
Fee Income received at the regulated undergraduate rate	1,923	1,923
Fee Income received at the unregulated undergraduate rate	513	384
Fee Income received at the graduate rate	612	617
Total Fees	3,048	2,924
Cambridge Bursaries income	161	193
Other academic income	330	292
Total	3,539	3,409

2. Residence, Catering & Conference income		2017-18 £'000	2016-17 £'000
Accommodation	College members	2,963	2,704
	Conferences	1,533	371
		4,496	3,075
Catering	College members	864	1,056
	Conferences	484	332
		1,348	1,387
Total		5,844	4,462

Notes to the Accounts

For the year ended 30 June 2018

3. Endowment & Investment income	2017-18 £'000	2016-17 £'000
3.a Analysis		
Total return recognised in Income & Expenditure account (3b)	2,236	2,020
3.b Summary of Total Return		
<i>Income from:</i>		
Land & Buildings	83	104
Quoted securities and cash	844	820
<i>Total Income from Investments</i>	<u>927</u>	<u>924</u>
<i>Gains/(losses) from endowment assets</i>		
Lands & Buildings	560	--
Quotes securities & cash	4,765	8,149
Loan interest payable	(679)	(671)
Investment management costs (see note 3c)	(200)	(336)
Total return for the year	<u>5,373</u>	<u>8,067</u>
Total return transferred to Income & Expenditure account (see note 3a)	<u>(2,236)</u>	<u>(2,020)</u>
Unapplied total return for the year included within Income & expenditure	<u>3,137</u>	<u>6,047</u>
3.c Investment management costs		
Land & building	10	24
Quoted & other securities & cash	190	312
<i>Total Investment management costs</i>	<u>200</u>	<u>336</u>

4. Education Expenditure	2017-18 £'000	2016-17 £'000
Teaching	2,612	2,453
Tutorial	660	633
Admissions	565	523
Research	804	689
Scholarships & Awards	523	493
Other educational Facilities	276	247
Total	<u>5,440</u>	<u>5,038</u>

Notes to the Accounts

For the year ended 30 June 2018

5. Residence, Catering & Conferences Expenditure		2017-18	2016-17
		£'000	£'000
Accommodation	College members	4,418	3,670
	Conferences	2,070	1,720
		<u>6,488</u>	<u>5,390</u>
Catering	College members	1,748	1,521
	Conferences	583	507
		<u>2,331</u>	<u>2,028</u>
Total		<u>8,819</u>	<u>7,418</u>

6. Analysis of Expenditure by Activity					
6.a Analysis of 2017-18 Expenditure		Staff Costs (Note 7) £'000	Other Operating Expenses £'000	Depreciation £'000	Total £'000
	Education (Note 4)	2,830	2,315	295	5,440
	Residence Catering & Conferences (Note 5)	2,738	4,644	1,437	8,819
	Investment management Costs		879		879
	Contribution under Statute G, II		2		2
Totals		<u>5,568</u>	<u>7,840</u>	<u>1,732</u>	<u>15,140</u>
6.b Analysis of 2016-17 Expenditure		Staff Costs (Note 7) £'000	Other Operating Expenses £'000	Depreciation £'000	Total £'000
	Education (Note 4)	2,509	2,240	289	5,038
	Residence Catering & Conferences (Note 5)	2,585	3,427	1,406	7,418
	Investment management Costs		1,007		1,007
	Contribution under Statute G, II		--		--
Totals		<u>5,094</u>	<u>6,674</u>	<u>1,695</u>	<u>13,463</u>

Expenditure includes fundraising costs of £399k (2016-17: £371k). This expenditure does not include the costs of alumni relations.

6.c Auditors remuneration included in Other Operating Expenses	2017-18	2016-17
	£'000	£'000
Audit fees payable to the College's External Auditors - Current year	16	15
Other Fees payable to the College's External Auditors	5	3
	<u>21</u>	<u>18</u>

Notes to the Accounts

For the year ended 30 June 2018

7. Staff costs	College	College Staff	Total 2018	Total 2017
	fellows 2018	2018		
	£'000	£'000	£'000	£'000
Emoluments	1,324	3,211	4,535	4,169
Social security costs	121	279	400	354
Other Pension costs (see note 24)	216	417	633	571
Total	1,661	3,907	5,568	5,094
<i>Staff Number</i>				
Academic	80	--	80	77
Non Academic (FTE)	5	115	120	118
Total	85	115	200	195

	2018	2017
<i>No officer or employee of the College, including the Head of House, received emoluments over £100,000</i>		
During the year, emoluments paid to Trustees in their capacity as College Officers were:	291	338

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. These are deemed to be reserved Council members. The note above includes aggregated emoluments paid to key management personnel. Aggregated emoluments consists of salary and taxable benefits but excludes any employer's pension contribution.

The Augmented Council comprises 58 Fellows, of which 50 of the declared above receive an income from the College for academic related duties. No trustee of the college received emoluments in their role as trustee of the charity.

Notes to the Accounts

For the year ended 30 June 2018

8 Fixed Assets								
2017-18 Fixed Asset	Assets in Construction	Freehold Land	Freehold Building	Long Leasehold Land & Building	Furniture Fittings & Equipment	Software	Total	2016-17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Original Costs								
As at 01-Jul-17	392	27,750	61,193	308	421	60	90,124	89,549
Additions	557	--	227	--	85	--	869	1,043
Transfers							--	--
Disposals		(3,350)	(11,918)	--			(15,268)	(468)
Transfer to heritage Asstes							--	--
Revaluation		--	--				--	--
As at 30-Jun-18	949	24,400	49,502	308	506	60	75,725	90,124
Accumulated Depreciation								
As at 01-Jul-17	--	--	4,940	37	335	44	5,356	3,672
Charge for the year		--	1,686	6	28	12	1,732	1,695
Disposal in year		--	(1,332)				(1,332)	(11)
Written back on revaluation							--	--
As at 30-Jun-18	--	--	5,294	43	363	56	5,756	5,356
Net Book Value								
As at 30-Jun-18	949	24,400	44,208	265	143	4	69,969	84,768
As at 30-Jun-17	392	27,750	56,253	271	86	16	84,768	85,877

Freehold land and Buildings were revalued by Gerald Eve Associates as of 30 June 2014. The properties are valued at depreciated replacement cost.

The insured value of the freehold buildings at 30 June 2018 was £97,475k (2016-17: £112,956k)

8 Heritage Assets	2018	2017
	£'000	£'000
Balance as at 1 July	5,966	5,941
Transfer from Tangible fixed asstes		
Donations	17	13
Appreciation on revaluation	--	12
Balance as at 30 June	5,983	5,966

Amounts for the Current and previous four years were as follows:	2018	2017	2016	2015
	£'000	£'000	£'000	£'000
Acquisitions purchased with specific donations/funding	--	--	--	--
Acquisitions purchased with College funds	--	--	--	--
Total cost of acquisitions	--	--	--	--
Value of acquisitions by donations	17	13	--	--
Total acquisitions capitalised	17	13	--	--

Notes to the Accounts
For the year ended 30 June 2018

9. Investments	2017-18	2016-17
	£'000	£'000
Balance at the beginning of the year	76,929	68,516
Additions	27,418	20,398
Disposals	(22,441)	(20,943)
Appreciation/(Depreciation) on revaluation	2,239	9,147
Increase/(Decrease) in cash balance held by Fund Managers	10,364	(189)
 Balance at the end of the year	 <u>94,509</u>	 <u>76,929</u>
<i>Represented by</i>		
Freehold Land & Buildings	--	840
Quoted Securities - Equities	37	33
Other shares	14	14
Alternative investments	83,324	75,215
Cash held for reinvestment	11,134	827
	<hr/>	<hr/>
Investments total	<u>94,509</u>	<u>76,929</u>

The College is also the joint beneficiary with another organisation of a trust which owns a number of properties in Ealing, West London. Rental income less expenses is divided equally between the beneficiaries. When tenants vacate the properties, they are sold and the proceeds of the sales (less expenses) are divided equally between the beneficiaries. At 30 June 2018, the College's share in the two remaining properties is estimated to be about £500k (gross); this amount is not included within Investment assets.

Notes to the Accounts

For the year ended 30 June 2018

	2017-18 £'000	2016-17 £'000
10. Trade and other receivables		
Members of the College	175	121
Other debtors	138	153
Accrued Donations	1,334	1,177
Prepayments & Accrued Income	428	195
Total	2,075	1,646
11. Cash and cash equivalent		
Bank Deposits	1,996	1,044
Current Account	3,471	573
Cash in hand	2	3
Total	5,469	1,620
12. Creditors: amounts falling due within one year		
Long term Loans	124	149
Student prepayments	97	93
Other Creditors	2,374	1,733
Total	2,595	1,975
13. Creditors: amounts falling due after more than one year		
Other loans	10,000	10,330
Bank Loans	6,665	6,789
Student prepayments	902	666
Total	17,567	17,785

One of the bank loans is due for repayment in 2049 at a fixed interest rate of 5.54%. The other bank loans are repayable over a period of 11 to 12 years at fixed interest rates of between 5.20% and 5.40%.

The original other loan was repayable over a period of 15 years at a fixed interest rate of 6%. It was repaid fully in May 2018 and no interest will be payable from 2018-19.

During 2013-14, the College borrowed £10m from institutional investors in a private placement done collectively with other colleges. Although the College's loan is separate from those of the

Notes to the Accounts

For the year ended 30 June 2018

others. The loans are unsecured and repayable during the period 2043-2053 and are at fixed interest rates of approximately 4.40%.

The table below gives further details on how the loans contracted by the College were accounted for:

	Interest rate	Repayment date	Balance as at 30-06-18 (£'000)	Interests 2018-19 (in £'000)	
				Investment Portfolio	Operations
2009 Loan	5.54%	2049	5,000	116	160
Other bank loans	5.20%-5.40%	2029-2030	1,789	59	39
Other loan	6%	2018	-.-	87	
Bond	4.40%-4.45%	2043-2053	10,000	417	27
Total			16,789	679	226

14. Pension Provision	CCFPS £'000	USS £'000	CEFPS £'000	Total £'000	2016-17 £'000
Balance at beginning of year	6,334	431	--	6,765	5,446
<i>Movements in year</i>					
Current service costs including life insurance	399	260	16	675	538
Contributions	(261)	(269)	(2)	(532)	(506)
Other finance costs	166	8	2	176	153
Actuarial loss/(gain)	(1,374)			(1,374)	1,134
Balance at end of year	5,264	430	16	5,710	6,765

Notes to the Accounts

For the year ended 30 June 2018

15. Endowment Funds

Restricted net assets relating to endowments are as follows:	Restricted	Unrestricted	Total 2017-18	Total 2016-17
	Permanent Endowment	Permanent Endowment		
	£'000	£'000	£'000	£'000
Balance at beginning of year				
Capital	31,195	13,467	44,662	39,001
Unspent Income	--	--	--	--
	31,195	13,467	44,662	39,001
New donations and endowments	1,931	1,365	3,296	2,445
Transfer from/to Unrestricted reserves		--	--	(275)
Increase/(Decrease) in market value of investment	889	382	1,271	3,491
Balance at end of year	34,015	15,214	49,229	44,662
Represented by:				
Fellowship Funds	18,605	2,283	20,888	19,847
Scholarship Funds	6,070	93	6,163	5,938
Prize Funds	881	358	1,239	933
Hardship Funds	1,001	133	1,134	1,087
Bursary Funds	4,498	101	4,599	3,636
Travel Grant Funds	358	20	378	355
Other Funds	2,527	2,719	5,245	4,713
General Endowments	75	9,507	9,583	8,153
Total	34,015	15,214	49,229	44,662
Analysis by asset				
Property	--	--	--	--
Investments	34,015	15,214	49,229	44,662

Notes to the Accounts

For the year ended 30 June 2018

16. Restricted reserves					
Reserves with restrictions are as follows:	Permanent unspent and other restricted income	Restricted expendable endowment	Capital Grants unspent	Total 2017- 18	Total 2016-17
	£'000	£'000	£'000	£'000	£'000
Balance at beginning of year					
Capital	1,015	--	--	1,015	576
Accumulated income	610	203	10	823	896
	1,625	203	10	1,838	1,471
New grants	--	--	19	19	29
New donations	82	95	--	177	81
Cambridge Bursary Scheme	161	--	--	161	193
Endowment return transferred	1,051	--	--	1,051	1,084
Other investment income	--	--	--	--	--
Increase/(Decrease) in market value of investment	35	--	--	35	84
Expenditure	(1,099)	(34)	--	(1,133)	(1,084)
Capital grants utilised	--	--	(15)	(15)	(19)
	--	--	--	--	--
Balance at end of year					
Capital	1,272	--	--	1,272	1,015
Accumulated income	583	264	13	861	823
Total	1,855	264	13	2,133	1,838
Represented by:					
Fellowship Funds	847	--	--	847	731
Scholarship Funds	228	--	--	228	210
Prize Funds	26	3	--	29	26
Hardship Funds	120	--	--	120	104
Bursary Funds	373	--	--	373	306
Travel Grant Funds	6	--	--	6	5
Other Funds	241	261	13	517	446
General Endowments	14	--	--	14	11
Total	1,855	264	13	2,133	1,838
Analysis by asset					
Property	--	--	--	--	--
Investments	1,855	264	13	2,133	1,838
Cash	--	--	--	--	--

Notes to the Accounts
For the year ended 30 June 2018

17. Memorandum of Unapplied Total Return	2017-18	2016-17
	<u>£'000</u>	<u>£'000</u>
Unapplied total return at beginning of year	20,715	14,668
Unapplied total return in the year (note 3b)	3,137	6,047
Unapplied total return at end of year	<u>23,852</u>	<u>20,715</u>

Notes to the Accounts

For the year ended 30 June 2018

Consolidated Cash-flow:

18. Reconciliation of consolidated deficit for the year to net cashflow from operating activities		
	2017-18	2016-17
	£'000	£'000
Operating Activities		
Operating Surplus/(Deficit)	(1,149)	(1,922)
Donations in kind	(17)	--
Depreciations	1,732	1,695
Pension costs less contributions payable	318	185
Decrease/(Increase) in Stocks	1	10
(Increase)/Decrease in Debtors	(401)	(85)
Increase/(Decrease) in Creditors	859	623
Contribution to College Fund	2	
Adjustment for Investing or Financing Activities		
Investment Income	(927)	(924)
Investment Costs	200	336
Interests Payable	679	671
Profit on sale of non-current assets		
Net Cash Inflow/(Outflow) from Operating Activities	1,297	588

	2017-18	2016-17
	£'000	£'000
19a. Cash Flow from Investing Activities		
Investment Property Income	83	104
Other Investment Income		
Investment charges	(4)	(30)
Interests paid	(679)	(671)
Net Cash Inflow from Investing Activities	(600)	(597)
19b. Cash Inflow/(Outflow) from Capital Transactions		
Payment to acquire Tangible Fixed Assets	(869)	(1,043)
Payment to acquire Investment Assets	(13,000)	(175)
Disposal of Tangible Fixed Assets	16,100	468
Disposals of Investment Assets	1,400	420
	3,631	(330)

	2017-18	2016-17
	£'000	£'000
20. Cash flow from financing activities		
Long Term loans contracted	--	--
Long Term Loans repaid	(479)	(145)
Net Cash Outflow from Financing activities	(479)	(145)

Notes to the Accounts

For the year ended 30 June 2018

21. Analysis of cash and cash equivalents	As at 1 July 2017	Cash Flows	As at 30 June 2018
	£'000	£'000	£'000
Cash at bank and in hand	1,620	3,849	5,469
Long Term Loans	(17,269)	479	(16,789)
Net funds	<u>(15,649)</u>	<u>4,328</u>	<u>(11,321)</u>

22. Capital Commitments	2018	2017
	£'000	£'000
Commitments contracted for at 30 June 2018	<u>3,173</u>	<u>217</u>

23. Lease Obligations	2018	2017
	£'000	£'000
Commitments contracted for at 30 June 2018		
Expiring within one year	1,692	1,360
Expiring between two and five years	7,474	7,187
Expiring in over five years	110,116	112,096

24 Pension schemes

The college participates in three defined benefit schemes and one defined contribution scheme. The defined benefit schemes are the University Superannuation Scheme (USS), the Cambridge Colleges Federated Pension Scheme and the Church of England Funded Pension Scheme (CEFPS). The defined contribution scheme is NOW: Pensions.

The costs recognised in the Income & Expenditure account for the year were:

Scheme	2017-18	2016-17
	£'000	£'000
USS	260	207
CCFPS	267	280
NOW: Pensions	100	80
CEFPS	6	6
Total	<u>633</u>	<u>573</u>

University Superannuation Scheme

The total cost charged to the SOCI is £260k (2017: £207k) as shown in notes 14 and 24. The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed.

Notes to the Accounts

For the year ended 30 June 2018

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 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the Scheme was £41.6 billion and the value of the Scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. These figures will be revised once the 2017 Scheme Valuation is complete. Defined benefit liability numbers for the Scheme for accounting purposes have been produced using the following assumptions as at 31 March 2017 and 2018.

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

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

	2018	2017
Mortality base table	<p><i>Pre-retirement:</i> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.</p> <p><i>Post retirement:</i> 96.5% of SAPS SINMA "light" for males and 101.3% of RFV00 for females.</p>	98% of SAPS SINA "light" YOB unadjusted for males.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2014 with a long term rate of 1.5% p.a.

Notes to the Accounts

For the year ended 30 June 2018

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total Scheme liabilities	£72.0bn	£77.5bn
FRS 102 total Scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

Cambridge Colleges Federation Pension Scheme

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

The liabilities of the plan have been calculated, at 30 June 2018, for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, 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:

	2018 % p.a.	2017 % p.a.
Discount rate	2.70	2.60
Increase in salaries	2.75	2.85
RPI assumption	3.25	3.35
CPI assumption	2.25	2.35
Pension increases in payment (RPI Max 5% p.a.)	3.15	3.25
Pension Increases in payment (CPI Max 2.5% p.a.)	1.80	1.85

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2017 future improvement factors and a long-term rate of future improvement

Notes to the Accounts

For the year ended 30 June 2018

of 1.25% p.a. (2017: S2PA with CMI_2016 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 21.9 years (previously 22.1 years).
- Female age 65 now has a life expectancy of 23.8 years (previously 23.9 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.3 years (previously 23.5 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years (previously 25.4 years).

Members are assumed to retire at their normal retirement age (65) apart from in the following indicated cases:

	Male	Female
Active Members – Option I Benefits	65	63
Deferred Members – Option I Benefits	62	60

Allowance has been made at retirement for non-retired members to commute part of their pension for a lump sum on the basis of the current commutation factors in these calculations.

The amounts recognised in the Balance Sheet as at 30 June 2018 (with comparative figures as at 30 June 2017) are as follows:

	2018 £	2017 £
Present value of plan liabilities	(18,062,590)	(18,786,681)
Market value of plan assets	12,797,839	12,452,369
Net defined benefit asset/(liability)	(5,264,751)	(6,334,312)

The amounts to be recognised in Profit and Loss for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 £	2017 £
Current service cost	374,569	306,239
Administrative expenses	24,638	24,638
Interest on net defined benefit (asset)/liability	165,524	140,646
(Gain)/loss on plan changes	0	0
Curtailement (gain)/loss	0	0
Total	564,731	471,523

Notes to the Accounts

For the year ended 30 June 2018

Changes in the present value of the plan liabilities for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 £	2017 £
Present value of plan liabilities at beginning of period	18,786,681	16,143,026
Current service cost	374,569	306,239
Employee contributions	102,446	109,791
Benefits paid	(436,147)	(552,139)
Interest on plan liabilities	488,819	449,845
Actuarial (gains)/losses	(1,253,778)	2,329,919
(Gain)/loss on plan changes	0	0
Curtailment (gain)/loss	0	0
Present value of plan liabilities at end of period	18,062,590	18,786,681

Changes in the fair value of the plan assets for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 £	2017 £
Market value of plan assets at beginning of period	12,452,369	11,150,925
Contributions paid by the College	260,653	262,939
Employee contributions	102,446	109,791
Benefits paid	(436,147)	(552,139)
Administrative expenses	(41,232)	(39,392)
Interest on plan assets	323,295	309,199
Return on assets, less interest included in Profit & Loss	136,455	1,211,046
Market value of plan assets at end of period	12,797,839	12,452,369
Actual return on plan assets	459,750	1,520,245

Notes to the Accounts

For the year ended 30 June 2018

The major categories of plan assets for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 %	2017 %
Equities	64%	67%
Bonds & Cash	30%	27%
Property	6%	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 re-measurement of the net defined benefit liability recognized in Other Comprehensive Income (OCI) for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 £	2017 £
Return on assets, less interest included in Profit & Loss	136,455	1,211,046
Expected less actual plan expenses	(16,594)	(14,754)
Experience gains and losses arising on plan liabilities	417,815	(123,979)
Changes in assumptions underlying the present value of plan liabilities	835,963	(2,205,940)
Re-measurement of net defined benefit liability recognized in OCI	1,373,639	(1,133,627)

Movement in net defined benefit asset/(liability) during the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 £	2017 £
Net defined benefit asset/(liability) at beginning of year	(6,334,312)	(4,992,101)
Recognized in Profit and Loss	(564,731)	(471,523)
Contributions paid by the College	260,653	262,939
Re-measurement of net defined benefit liability recognized in OCI	1,373,639	(1,133,627)
Net defined benefit asset/(liability) at end of year	(5,264,751)	(6,334,312)

Notes to the Accounts

For the year ended 30 June 2018

Funding Policy

Actuarial 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 actuarial valuation are different to those adopted under FRS102.

The last such actuarial 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 28 June 2018 and are as follows:

- Annual contributions of not less than £169,569 per annum payable for the period from 1 July 2018 to 31 March 2034.

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

Notes to the Accounts

For the year ended 30 June 2018

Church of England Funded Pension Scheme (CEFPS) **FRS102 Wording - December 2017 Year End**

Girton College (Cambridge) 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 Responsible Bodies.

Each participating Responsible Body 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 Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2017: £6k, 2016: £6k), plus the figures highlighted in the table below as being recognised in the SOCIE, giving a total charge of £22k for 2017 (2016: £6k).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- 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 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

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For the year ended 30 June 2018

% of pensionable stipends	January 2016 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2015, the deficit recovery contributions under the recovery plan in force at that time were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, 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.

	2017
Balance sheet liability at 1 January	0
Unwinding of Discount Factor	
Deficit contribution paid	16,000
	(2,000)
Interest cost (recognised in SoFA)	0
Remaining change to the balance sheet liability* (recognised in SoFA)	2,000
Balance sheet liability at 31 December	16,000

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

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:

The legal structure of the scheme is such that if another Responsible Body fails, Girton College (Cambridge) could become responsible for paying a share of that Responsible Body's pension liabilities.

Notes to the Accounts

For the year ended 30 June 2018

Defined Contribution Pension Scheme: NOW: Pensions

The College operates a defined contribution pension scheme in respect of certain

	December 2017	December 2016	December 2015
Discount rate	1.4% pa	1.5% pa	2.5% pa
Price inflation	3.0% pa	3.1% pa	2.4% pa
Increase to total pensionable payroll	1.5% pa	1.6% pa	0.9% pa

employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the College amounting to £100,325 (2016-17: £79,524), of which £12,560 (2016-17 £11,710) was outstanding at the year end.

25 Principal subsidiary and associated undertakings and other significant investments

As at 30 June 2018, Girton College held an investment in the following company:

Subsidiary Undertaking	Holding	Proportion of Voting Rights	Country of Incorporation	Nature of Business
Girton College Property Services Limited	Ordinary	100%	United Kingdom	Provision of development facilities

26 Contingent Liabilities

With effect from 16 March 2007, the University 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 participating employers.

27 Related Party Transactions

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