

# Clare College, Cambridge

Financial statements  
for the year ended 30 June 2019

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**Contact Information and Advisors**

**Address**

Clare College  
Trinity Lane  
Cambridge CB2 1TL

**Key officers**

Master: Lord A S Grabiner  
Senior Tutor: Dr J A Tasioulas  
Bursar: Mr P C Warren

**Registered charity number**

1137531

**VAT number**

125 4984 96

**Professional advisors:**

**Independent auditors**

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

**Principal bankers**

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

**Principal solicitors**

Ashton KCJ LLP  
Chequers House  
77-81 Newmarket Road  
Cambridge CB5 2EU

**Property managers**

Bidwells Property Consultants  
Trumpington Road  
Cambridge CB2 2LD

**Principal investment managers**

State Street Global Advisors  
25 Bank Street  
London E14 5LE

**Governing Body and Committees**

for the year ended 30 June 2019

**Status**

The College is a corporate body consisting of the Master, the Fellows and the Scholars of Clare College, Cambridge as provided by the College's charter in 1359 and Statutes that were updated in 2013. The College is a registered charity with registration number 1137531 and registered office at Clare College, Trinity Lane, Cambridge, CB2 1TL.

The names of the members of the Governing Body and the Committees charged with the governance of the College during the year ended 30 June 2019 were as follows:

**Governing Body**

Master: Lord A S Grabiner  
Senior Tutor: Dr J A Tasioulas  
Bursar: Mr P C Warren

Professor P M Allmendinger	The Rev'd Dr J D T Hawkey (until 31.12.18)	The Rev'd Dr M S Smith (from 23.1.19)
Professor N H Andrews	Professor R D Hedley	Professor M Sprik
Professor A P Balmford	Professor D A Hodell	Professor R Sterckx
Dr P D Bristowe	Dr N B Holdstock	Dr A M Stillman
Mr S J Buczacki	Professor D R Howarth	Dr S D Stranks
Professor W J Byrne	Dr K E Hughes	Dr A L Tapp
Dr R G Cacho	Dr H F Jahn	Professor A G Thomason
Dr J Carroll	Mr A L Johnson	Professor H E Thompson
Dr A P Carter	Professor P H Jones	Dr F M O Toxvaerd
Dr A D Chambers	Dr M Kenzie	Dr E C Turner
Dr T G Chesters	Dr P F Knewstubb	Professor L K Tyler (until 30.9.18)
Professor C J Clarke	Professor M B M Lahr	Dr H W van Veen
Professor N S Clayton	Dr H Laman	Professor J E Vinuales
Dr L J Colwell	Dr S M Lazar	Dr R I Watson
Professor G Corsetti	Professor P F Leadlay	Dr M Weeks
Dr A de Gispert (until 30.9.18)	Dr I C Lestas	Dr C G Weiss
Dr M Dunajski	Professor T M Lewens	Dr L R Weiss (from 1.10.18)
Dr M T Dunstan	Professor Dame H M O Leyser	Dr G R Wilkes (from 1.10.18)
Dr P A W Edwards	Dr L Maniscalco	Dr J Wolf (from 1.10.18)
Dr N J B Evans	Dr T Moore	Dr N H Woodcock
Dr P Fara (until 30.9.18)	Dr J S O'Donoghue	Professor J Woodhouse
Dr P B Faulkner	Mr W J O'Hearn	Dr G H Wright (until 20.2.19)
Professor P C Fletcher	Professor G I Ogilvie	Ms J M Wyburd
Dr T Follini	Dr G F Parker	Ms N Chapman (UCS Vice President from 1.5.19)
Dr W A Foster	Professor L C Paulson	Mr A Paterlini (MCR Vice President until 30.4.19)
Dr E A Foyster	Professor R T Phillips	Mr J M Townson (MCR President from 1.5.19)
Professor S C Franklin	Professor A Philpott	Ms R Vestager-Jensen (UCS Vice President until 30.4.19)
Mrs E M Freeman	Professor J C Prabhu	Mr D J Whitaker (MCR Vice President from 1.5.19)
Dr A D Friend	Professor A M Preston	Mr N H Wise (MCR President until 30.4.19)
Professor M Frolova-Walker	Professor W A Pullan	Mr D Wright (UCS President from 1.5.19)
Professor J S Gibson	Dr K F Riley	Mr M J Wright (UCS President until 30.4.19)
Professor R C Glen	Professor J C Robertson	
Dr P T Gonzalez-Bellido (until 30.9.18)	Mr G A C Ross	
Professor J M Goodman	Professor D H Rowitch	
Professor N C Greenham	Dr H L Sanson	
Professor H Griffiths	Dr T Schindler (until 30.9.18)	
Dr J A Guy	Dr R S Schofield (until 8.5.19)	
Dr R M Harris	Dr O Shorttle (from 1.10.18)	
Professor W A Harris	Dr B C Slingo (until 30.9.18)	

All members of the Finance Committee and Council are trustees, except for the student members, and are given, on appointment, copies of the Statutes of the College, together with a note drawing attention to the policy for the management of conflicts of interest, and the requirements of the Charity Commission regarding such conflicts of interest.

**Governing Body and Committees**  
for the year ended 30 June 2019

**\*Council**

Lord A S Grabiner (Master)  
Dr J A Tasioulas (Senior Tutor)  
Professor N H Andrews  
Dr J Carroll  
Dr T G Chesters (from 1.10.18)  
Dr A de Gispert (until 30.9.18)  
Dr M Dunajski (until 30.9.18)  
Dr S C Franklin (until 30.9.18)  
Professor J S Gibson  
Professor J M Goodman  
The Rev'd Dr J D T Hawkey (until 31.12.18)  
Dr S M Lazar (from 1.10.18)  
Dr J S O'Donoghue (from 1.10.18)  
Dr G F Parker (from 1.10.18)  
Dr T Schindler (until 30.9.18)  
Mr P C Warren  
Mr M J Wright (UCS President until 30.4.19)  
Mr N H Wise (MCR President until 30.4.19)  
Mr D Wright (UCS President from 1.5.19)  
Mr J M Townson (MCR President from 1.5.19)

*In Attendance: Miss E R Easterbrook (Secretary)*

**\*Finance Committee**

Lord A S Grabiner (Master)  
Mr P C Warren (Bursar)  
Dr J A Tasioulas (Senior Tutor)  
Professor P M Allmendinger  
Dr A D Chambers  
Professor J M Goodman  
Professor N C Greenham (from 1.10.18)  
Professor W A Harris (until 30.9.18)  
Dr H Laman  
Professor A Philpott  
Dr F M O Toxvaerd  
Mr A Balter (UCS Treasurer until 30.4.19)  
Mr E Fisher (MCR Treasurer until 30.4.19)  
Mr C M Farrell-Foster (UCS Treasurer from 1.5.19)  
Mr H van Soest (MCR Treasurer from 1.5.19)

*In Attendance: Miss E R Easterbrook (Secretary)  
Ms V Blackmore (Assistant Financial Bursar)*

**Stipends and Salaries Committee**

Professor R C Glen  
Dr A D Chambers  
Professor H M O Leyser  
Mr T Harvey-Samuel  
Mr P C Warren

*In Attendance: Ms S Hewings (Secretary)*

**Audit Committee**

Professor J C Prabhu  
Dr A D Chambers  
Dr P B Faulkner  
Mr C Moulder (Clare alumnus)  
Mr A Smith (Clare alumnus)

*In Attendance: Ms V Blackmore (Secretary)  
Mr P C Warren (Bursar)*

**Estates Committee**

Professor P M Allmendinger  
Professor A P Balmford (except 1.10.18 and 4.1.19)  
Dr T G Chesters (until 30.9.18)  
Dr N J B Evans (from 1.10.18)  
Dr P B Faulkner  
Dr T Follini  
Dr W A Foster (between 1.10.18 and 4.1.19)  
Professor H Griffiths  
Dr J A Tasioulas  
Dr H W Van Veen (until 30.9.18)  
Mr P C Warren  
Ms L Martin de Bartolome (UCS representative until 30.4.19)  
Mr A Paterlini (MCR representative until 30.4.19)  
Ms E C A Trimmingham (UCS representative from 1.5.19)  
Ms A H Y Lee (MCR representative from 1.5.19)

*In Attendance: Dr J E Costin (Secretary)  
Miss E R Easterbrook (Assistant Bursar)  
Ms D S Hoy (Estates Director)  
Mr J J Randall (IT Manager)*

**Investment Committee**

Lord A S Grabiner (Master)  
Mr P C Warren (Bursar)  
Professor N H Andrews  
Dr A D Chambers  
Mr N Cumming (Clare alumnus)  
Mr E Fisher (MCR representative)  
Professor R C Glen  
Ms R Gynn (UCS representative)  
Dr J A Guy  
Mr D Haynes (Clare alumnus)  
Mr C Smout (Clare alumnus)  
Mr J Spiers (Clare alumnus)

*In Attendance: Miss E R Easterbrook (Secretary)  
Ms V Blackmore (Assistant Financial Bursar)*

\* All members of Council and Finance Committee are charity trustees except for the student members.

**Aims and Objectives of the College**

for the year ended 30 June 2019

The College's strategic plan sets out the College's long term aims in the context of national and global changes as follows:

- to maintain its emphasis on the individual in academic and pastoral provision; to deliver a world-class undergraduate education by safeguarding the provision of small-group teaching through the College-based supervision system; and to achieve excellence in education at both undergraduate and postgraduate levels;
- to support a community of Fellows, students and staff, allowing the benefits of a large, internationally renowned university to be realised in a small-scale and close-knit community;
- to foster and support a community of active alumni contributing to the life and future of the College;
- to promote academic research of the highest quality; and
- to maintain and enhance the endowments and benefactions, historic buildings and grounds of the College for the benefit of current and future generations.

Remaining an independent foundation within a collegiate university is fundamental to the College's long-term strategy. The College endorses the University's mission and core values and agrees that the partnership between the University and the Colleges is central to Cambridge's future development. The College will continue to play an active role in University bodies and in formulating University policy.

Within the collegiate University, Clare offers distinctive strengths. The College is committed to sustaining and enhancing its particular contribution to Cambridge and to society in general by:

- maintaining and developing its long-standing commitment to encouraging applications from the most talented students, irrespective of background, in tandem with a needs-blind admissions system supported by a comprehensive programme of financial assistance;
- building on the College's strong international links to provide students with opportunities for educational and cultural exchanges, recognising the importance of such exchanges in an increasingly global society;
- supporting active engagement by the College and its members in the local community and in community activities nationally and internationally; and
- fostering excellence in music, through support of the College Choir, the choral and organ scholarships, and instrumental awards.

## Operating and Financial Review

for the year ended 30 June 2019

During the year, the College has continued to pursue its charitable aims in promoting learning, study, and teaching in a community of scholars in the University of Cambridge. The intense pressure on students to achieve the highest academic standards places corresponding demands on the College. Clare alumni, who were themselves taught by the leading academics of their generation in small group supervisions, understand those pressures and the need for financial resources to maintain this standard of education. Clare's financial resources are provided by our alumni and other sources, through donations which are increasingly important if we are to maintain our high standards, and also by our own operations as we recognise a need to run the College as an efficient organisation.

Standards at the top of Higher Education are continuing to rise and Clare is determined to stay in the top echelon globally. During the year ended June 2019 this meant the College spent £11,076 on the education of each undergraduate student, mainly on the intensive support provided by each student's Director of Studies and supervisors. In addition, the College spent £5,039 on the education of each graduate student. The total cost of educating 514 undergraduates and supporting 197 graduate students increased to £6,686,000 (2018: £6,527,000), which can only be sustained through the generosity of benefactors. The College receives a contribution equating to £4,625 for each new undergraduate by way of the College Fee, but this leaves a shortfall of £6,451 for each undergraduate student, amounting to 58% of the total cost.

Changes to Higher Education funding and student finance have resulted in increased levels of debt for students which will inevitably lead to heavy pressure on Clare's hardship funds. During the year the College made total bursaries and awards of £671,894 (2018: £575,888) to undergraduate and graduate students. In addition to bursaries and other grants, the College offers subsidies on the cost of food and accommodation as extra undergraduate and graduate student support.

The College aims to raise sufficient funds from benefactors to preserve small-group teaching for undergraduates, provide bursaries in support of Clare undergraduates from low income backgrounds, and support graduate study through scholarships and hardship grants. This entails a significant challenge in raising additional income, while continuing to exercise tight constraints on spending.

### Financial Results

A new form of financial accounts was introduced in 2016 following the adoption of Financial Reporting Standard (FRS) 102. This same RCCA format has also been adopted in the preparation of the 2019 financial accounts. On page 20, the Statement of Comprehensive Income and Expenditure (SOCIE) shows a surplus of £5,828,000 (2018: £15,090,000). The SOCIE is a statement of all movements in the net assets of the College between one year and the next. It therefore takes account of all operating income and expenditure, investment gains and losses and other adjustments, including total return and pension provisions. The boxed sections (headed unrestricted) on page 20 is, in effect, the operating result on continuing operations before other gains and losses, but includes endowment drawdown and unrestricted spendable donations. On this "operating before other gains and losses" basis the College reported a deficit of £824,000 for 2019, compared to a deficit of £918,000 for 2018.

This operating deficit before other gains and losses was achieved after total unrestricted expenditure increased by £909,000 to £14.6 million. The increase in unrestricted expenditure was largely attributable to a 75% increase in other expenditure. This £610,000 increase in other expenditure was the result of a £439,000 increase in USS provisions and the inclusion of £123,000 of expenditure related to historic insurance provisions. Total unrestricted income increased by £1.0 million to £13.8 million, largely as a result of an increase in catering and endowment income. Catering income increased by £191,000 to £3,249,000 and as a result residence, catering and conference activity generated a net surplus of £252,000 during the year. The unrestricted endowment drawdown transferred to the I&E account also increased by £440,000 to £1,501,000 as a result of strong endowment returns over the last 3 years.

The financial environment for the College remains challenging and it will be necessary to address a number of significant financial issues, including the need to refurbish Old Court and redevelop St Regis, in coming years. Undergraduate fees, which had remained unchanged since 2012, were allowed to increase in line with inflation for newly admitted undergraduate students from 2018. However, the long term outlook for academic fees remains very uncertain and undergraduate fees are unlikely to increase any further in the near future. Without the generous support of our alumni and donors, the College's financial performance is likely to be under considerable stress over the next several years.

## Operating and Financial Review

for the year ended 30 June 2019

### Benefactions and Donations

The College is very grateful for the many donations and bequests it has received over the past year from Clare members, corporate donors, trusts and foundations which totalled £4,473,000 including the recovery of Gift Aid. This sum included significant amounts towards the refurbishment of Old Court, the establishment of new student bursaries, and the endowment of postgraduate studentships. The College received £28,835 in legacies, and 1554 alumni (18.84% of the total living, addressable alumni) made donations to the College. This is a relatively high participation rate and reflects the loyalty of Clare alumni and the College's sustained investment in development. Total donation income and fund raising costs over the last five years are shown in the table below:

Year ended 30 June	2019	2018	2017	2016	2015
	£m	£m	£m	£m	£m
Donations					
Old Court	1.9	5.1	3.9	0.5	0.4
Other	<u>2.6</u>	<u>1.5</u>	<u>1.7</u>	<u>1.3</u>	<u>2.9</u>
	4.5	6.6	5.6	1.8	3.3
Fundraising costs	0.6	0.5	0.4	0.5	0.5
Costs as % of donations	14%	8%	8%	28%	15%

The College has approved a fundraising strategy to launch a new Development Campaign for Clare College. The College commenced the refurbishment of Old Court in August 2018 and aims to raise more than half of the £41 million cost of this work by increasing the overall levels of donations to the College from alumni and other individuals, as well as from foundations and corporations. The College has registered with the Fundraising Regulator. All Clare fundraising activity meets or exceeds current standards, including protections for vulnerable people. This activity is administered by Clare or is under Clare's supervision and there have been no fundraising complaints during the last year.

### The College Endowment

The market value of the endowment investment portfolio at 30 June 2019 was £129 million (note 9a), with 66.5% invested in global equities, 22.8% in commercial and agricultural property in the UK, 4.6% in cash deposits and short-dated bonds, 4.4% in private equity, and 1.7% in alternative assets. The College's global equity investments are mainly held in regional tracker funds with 26.5% invested in the UK, 25.8% in the US, 18.1% in Europe, 12.7% in Japan, 13.8% in Emerging Markets, and 3.1% in the Pacific Rim. Foreign currency exposures are not hedged.

The Endowment achieved a total return of 6.1% (2018: 8.8%) net of all investment management costs. Over the same time period the FTSE 100 index showed a total return of 1.6%, the Global Equity market showed a total return of 9.7% in sterling and the UK Commercial Property index a return of 4.4%. The value of the endowment and total returns over the last five years were:

Year ended 30 June	2019	2018	2017	2016	2015
	£m	£m	£m	£m	£m
Investment assets	129.0	123.4	125.5	106.4	98.0
Actual Net Income	3.9	3.8	3.1	3.1	2.5
Gains/(losses)	<u>4.2</u>	<u>7.2</u>	<u>15.5</u>	<u>5.5</u>	<u>6.2</u>
Total return	8.2	11.0	18.6	8.6	8.7
Endowment drawdown	3.6	3.3	2.9	2.8	2.8
Drawdown as a % of Endowment	3.0%	3.0%	3.0%	3.1%	3.5%

The Endowment is invested on a "Total Return" basis. The actual income and gains and losses in the year are taken into a reserve from which the planned Endowment drawdown, calculated as a percentage of the average value of the Endowment over the three previous financial years, is released to the Income and Expenditure Account. The remaining balance of the Total Return, after deducting the drawdown, is accumulated within the reserves as set out in note 21 which shows an accumulated surplus of £66.6 million on the main Endowment as at 30 June 2019. From 2013 until 2015 the planned Drawdown rate was set at 3.5% of the three year average value of the Endowment and in 2016 this percentage was reduced to 3.0% to reflect the expected total returns that will be achieved in future.

The drawdown, which is the amount taken out of the Endowment as spendable income, amounted to £3,553,000 in 2019 compared to the net investment income actually received of £3,943,000. The realised and unrealised gains on the portfolio amounted to £4,221,000 resulting in a positive total return before investment management costs of £8,164,000 as set out in note 3a. The Endowment drawdown of £3,553,000 represented 3.0% of the average value of the Endowment over the three preceding years. The aim is to draw down sufficient funds each year to support the specific activities designated by the donors, while protecting the real value of the Endowment against inflation and preserving the capital for the future, consistent with the perpetual nature of the College Endowment.



## Operating and Financial Review

for the year ended 30 June 2019

### Liquidity

The College generated positive cash flow from its operating activities during the year after drawing down cash of £3,553,000 from the Endowment. The operational cash balances available at 30 June 2019 amounted to £34,084,000 (2018: £31,492,000). The College issued a £15 million privately placed bond with a 35 year maturity in January 2017 to fund the redevelopment of its main graduate accommodation site at St Regis. Work on this project commenced in August 2018 and the College has started to spend the proceeds of this bond issue. In addition, £8.4 million of endowment investments were liquidated and transferred to the College's operating accounts in January 2018 in anticipation of the start of the first phase of the Old Court refurbishment project in August 2018. With the start of the first phase of the Old Court works this cash has also been drawn upon to fund this critical work. The remaining balance of these cash holdings is deposited in high interest accounts with the College's two principal banks to obtain beneficial interest rates.

### Inflation Swap Investments

In October 2008 the College borrowed £15 million in the form of a conventional loan from Santander and an inflation swap contract with HSBC, structured to provide 40 year index-linked funding. The interest payments on the Santander loan are set at 4.4% per annum and the HSBC swap contract converts this into a real rate of 1.1% per annum. The annual inflation adjustment to the value of the loan on repayment is capped at a rate of 7%. Through this structure the College was able to take advantage of its ability to invest over the very long term at a time of very low interest rates. The £15 million is invested in global equity tracker funds and will be left to accumulate over the 40 year period in a ring-fenced fund, over which HSBC has a security charge to cover the inflation liability. The liability to Santander for the conventional loan of £15 million is secured on the College's outlying operational properties valued at £35 million. During the year to 30 June 2019 the 2048 Fund generated a total return of 5.6% gross and 2.6% net of the increase in inflation-linked liabilities and interest payments. The resulting surplus of £833,000 was added to the Total Return reserves as set out in Note 21. The cumulative inflation swap investment net unapplied Total Return increased to £13,717,000 at 30 June 2019 (note 21).

During the first 11 years of the 40 year inflation swap (from October 2008 to June 2019) the level of RPI has risen by 33.7%, with the result that the College's liability to Santander and HSBC at June 2019 has increased to £20.1 million. At June 2019 the market value of global equity tracker fund investments held in the 2048 Fund amounted to £33.3 million and the outstanding cash balance stood at £1.1 million. The total value of inflation swap investments amounted to £34.4 million at 30 June 2019.

The complex financial structure of the inflation linked swap, and changes to accounting standards, has made it necessary to value the swap on a mark to market basis in the financial statements, resulting in a significant increase in liabilities and a reduction in reserves. The estimated value of the inflation linked swap liability based on derivatives valuations as of 30 June 2019 shows a break cost of £12.5 million. As at 30 June 2019 a provision for £12.5 million has been included as a liability in the Balance Sheet (see note 16). However, at the present time the College has no intention to unwind the inflation swap facility.

Based on historical experience, the Governing Body considered that this investment in global equity tracker funds should make a positive real return of more than 4% per annum compound, consistent with the performance of global equity markets over each 40 year period since 1900. The Governing Body considered that this positive return would represent a significant addition to the College's Endowment, helping to achieve the goal of financial independence in the long term, and that it outweighed the risks involved. In the event that changed economic circumstances make it appropriate, the College has the right to terminate the loan with Santander and the inflation swap with HSBC early at the prevailing cost of termination.

## Operating and Financial Review

for the year ended 30 June 2019

### Capital Expenditure and Buildings Refurbishment

During the 2018-19 financial year the College finally started the Old Court project and the redevelopment of St Regis. As a result capital expenditure relating to buildings amounted to £5,370,000, an increase of £1,952,000 compared to the prior year. In addition a further £139,000 of equipment capital expenditure was made. These figures include £2,093,000 of expenditure on design and construction work relating to the restoration of Old Court and a further £2,592,000 on feasibility, design and construction work related to the redevelopment of St Regis. The St Regis project started in August 2018, will be completed in September 2020, and is expected to be cost £12.4 million. The first phase of the Old Court work began in August 2018 and the whole project, lasting more than 4 years, is expected to cost £41 million. We anticipate £25 million of this cost will be funded from donations and the remaining £16 million will be funded from unrestricted reserves.

The cost of repairing the College's historic buildings represents a substantial financial commitment and the Governing Body recognises the need to set aside adequate sums to ensure that the historic buildings are properly maintained over the long term. A professional survey of the condition of all College buildings has confirmed that more than £2.7 million must be committed each year to maintain the College's historic fabric and buildings. The Finance Committee has approved a longer term target to spend a sum equal to 1.5% of the insurance replacement value of the College's operational buildings each year on the repair and maintenance of the operational estate. The insurance replacement value of the College's operational buildings is £202 million as of 30 June 2019 and the value of fixed asset investment on building is expected to increase to more than £3 million per annum in coming years.

### Safeguarding Policy

Clare College recognises that fellows, staff and students of the College may sometimes work with children and other vulnerable individuals in the course of their duties. In this context, the College is committed to respecting the rights, wishes and well-being of individuals with whom it is working; taking all reasonable steps to protect them from physical, sexual and emotional abuse; promoting the welfare of children and vulnerable individuals, and ensuring their protection within a relationship of trust. The full list of safeguarding policies is available on the College website.

The safeguarding policy has been established to support these commitments and to ensure that the College fulfils its obligations under the Safeguarding Vulnerable Groups Act 2006 and any subsequent legislation.

### Reserves Policy

The College takes a long-term view in the management of the investment portfolio using a total return policy for deciding on the appropriate amount to draw down from the endowment each year. This is intended to protect the value of the investment portfolio in real terms and, as a result, to strike an equitable balance between the interests of the current members of the College and those of future generations. At June 2019 the College had £93.2 million in restricted reserves and unrestricted reserves of £189.9 million of which £136.7 million is represented by fixed assets. Included in the £53.2 million of reserves that are not accounted for within fixed assets, £51.0 million is invested as if it was permanent endowment and a 3% draw-down policy is applied to it. The sum drawn down each year is transferred to income where it is used to support the operations of the College.

Any new donations or bequests received during the year are added to unrestricted funds, unless the donor has made it clear that the funds are to be spent on a specific project.

### Principal Risks and Uncertainties

As part of its supervision of the College's activities, the Finance Committee, with input from Audit Committee, identifies and considers the major risks to which the College is exposed, and establishes procedures to manage those risks. There are three main types of risk, relating to:

- The safety of the College's buildings and facilities. These risks are mitigated primarily by management procedures, including compliance with relevant regulations, and alarm systems.
- The security of the College's assets. There are both physical security measures in place and established financial control procedures. Cyber security measures are also in place to protect information assets. Insurance arrangements are reviewed annually with professional advisers.
- Investment risks relating to the College's long term investments. The main risk mitigation measures are an asset allocation policy which provides diversification by type of investment, management of investments by carefully selected professional managers and oversight of asset allocation and investment performance by the Investments Committee which includes both Trustees and experienced investment professionals.

There are, as always, uncertainties regarding the future external environment within which the College will operate, most notably regarding higher education policy and funding. The Finance Committee considers however that the College will be able to respond effectively to changes in that environment.

The principal risks and uncertainties that the College faces may be briefly summarised:

- the withdrawal of the United Kingdom from membership of the European Union may have a significant effect on the financial markets in which the College invests and it is possible that capital values will be highly volatile and investment income may be adversely affected;
- the economic situation may also adversely affect the College's conference activities which are a significant contributor to the College's overheads;
- although the College has a long term programme of building renewal and improvement, it is always possible with buildings of the age

of the College's estate that there will be unexpected issues that may arise;

## Operating and Financial Review

for the year ended 30 June 2019

- a continuing low interest rate environment may also adversely affect both investment markets and pension obligations;
- the failure of academic fees to keep up with the rise in academic costs, as well as the inevitable uncertainties with a significant change to the funding of Universities in England, mean that the funding and costs associated with the College's core activity will need to be kept under constant review;
- the restoration of Old Court and redevelopment of St Regis may have a significant impact on College finances, directly through the substantial building costs involved, and also indirectly as the work may have a disruptive impact on conference and accommodation activity.

### Public Benefit as a Charity

The College has met its responsibilities regarding public benefit by providing, in conjunction with the University, an education for some 711 undergraduate and graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, preparing them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision, as well as pastoral, administrative, and academic support through its tutorial and graduate mentoring systems;
- social, cultural, musical, recreational, and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College; and
- specialist choral musical education for those students in the College's internationally renowned choir.

The College advances research through:

- providing Research Fellowships to outstanding academics at the early stages of their careers, enabling them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- the employment of College Teaching Officers who, in addition to their role as Directors of Studies and supervisors of undergraduate students, maintain important research interests within the University;
- supporting research work pursued by Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials;
- encouraging visits from outstanding academics from abroad; and
- encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

The College maintains an extensive Library (including important special collections), that provides a valuable resource for students and Fellows of the College, for members of other Colleges and the University more widely, and for external scholars and researchers.

The College's students are the primary beneficiaries of its educational activities. Students are selected in an open application process, based solely on academic merit. The College operates a needs-blind admissions process and provides a significant level of bursary support to students who might otherwise be deterred from applying by financial concerns. The educational benefits provided by the College extend to students from other Colleges, to visiting schoolchildren, and to alumni who have the opportunity to attend educational events at the College. The College also supports an extensive access and outreach programme to primary and secondary schools in the London Boroughs of Tower Hamlets and Hackney, and also in Coventry and Warwickshire, through which it aims to raise the aspirations of younger people in these parts of the country. Furthermore, the public benefit of the provision of high-quality education goes beyond the benefits to the students themselves. Whether through the vocational skills or the broader intellectual development acquired at the College, its students are able to make valuable and distinctive contributions in the public sphere.

The research advanced by the College is disseminated through publications and oral presentations. Its results are therefore publicly available and constitute a clear public benefit. The beneficiaries include the international community of scholars in the fields concerned, and the wider public who benefit through the intellectual, economic, civic and cultural development that is facilitated through the dissemination of high-quality research.

### The College within the Community

The College makes a particular point of sharing its facilities with the local community. The College's sports grounds on Bentley Road and the Boathouse on the Cam are used extensively by cricket, soccer and rowing clubs within the city.

The College is committed to reducing its carbon, water and environmental footprint. The College is actively promoting environmental awareness among Fellows, students and staff. In 2019 Clare was one of only four colleges in Cambridge to receive a Platinum award in the University Green Impact Award scheme.

Lord A S Grabiner, Master

Mr P Warren, Bursar

18 November 2019

**Statement of Corporate Governance**

for the year ended 30 June 2019

1. The following statement is provided by the Trustees of the College 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 its audit. The Trustees of the College are all members of the Council and Finance Committee.
2. The College is a registered charity (registered number 1137531) and is subject to regulation by the Charity Commission for England and Wales.
3. The Governing Body, which consists of the Master, the Fellows in Classes A, B, C, D and E, and four Student Members, holds at least three meetings each year. The Council, consisting of the Master, the Senior Tutor and ten Fellows elected by the Governing Body at its annual meeting, together with two Student Members, is responsible for the administration of the College in all matters not specifically assigned to the Governing Body or the Finance Committee. The Finance Committee, consisting of the Master, the Bursar, the Senior Tutor and seven Fellows elected by the Governing Body at its annual meeting, together with two Student Members, oversees the management of the College estates and investments and administers the revenues in accordance with the College Statutes, under the overall direction of the Governing Body. Since the Council and the Finance Committee exercise general control and management of the College, their members are the trustees of the charity and are responsible for ensuring compliance with charity law.
4. The Governing Body, Council, and Finance Committee are advised in carrying out their duties by a number of Committees including the Audit Committee, Investments Committee, Stipends and Salaries Committee, and Estates Committee. Membership of these Committees is set out on page 4. The Audit Committee includes two Clare alumni with extensive experience in professional auditing. While the Investments Committee is chaired by the Master and serviced by the Bursar, most of the other members are seasoned City professionals with extensive experience in managing global investments. The Stipends and Salaries Committee advises on the remuneration and benefits of Fellows and staff; the members are not employed by the College and as such are able to make a disinterested assessment of the College's remuneration policies. The Estates Committee is chaired by a member of the Finance Committee. It advises on the effective care and maintenance of all the College buildings and oversees the environmental aspects of the College's work.
5. The key officers of the College are the Master, Senior Tutor and Bursar. These officers meet each week during term, together with the President of the Fellowship, the Development Director and the Academic Dean, to review the business of the College.
6. It is the duty of the Audit Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; and to make an annual report to Council and the Finance Committee.
7. There is a Register of Interests for members of the Finance Committee and Council, including all the senior officers. Declarations of interest are made systematically at meetings.
8. The College's Members of the Governing Body, Council and Finance Committee during the year ended 30 June 2019 are set out on page 3.

**Statement of Internal Control**

for the year ended 30 June 2019

1. The Finance Committee is responsible for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, while safeguarding funds and assets for which the Governing Body is responsible, in accordance with the College Statutes.
2. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve College policies, aims and objectives; it therefore provides reasonable, but not absolute, assurance of effectiveness. The system of internal control is designed to identify the principal risks to achieving those policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively, and economically. This process was in place for the year ended 30 June 2019, and up to the date of approval of the financial statements.
3. The Members of the Finance Committee and Council are responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:
  - a) The Finance Committee meets six times per year.
  - b) The Council meets seven times per year.
  - c) The Audit Committee normally meets twice each year. It receives reports from the external auditors, including their observations on the College's system of internal control and risk management, together with recommendations for improvement.
  - d) The members of the Finance Committee and Council, as Trustees of the College, review the effectiveness of the system of internal control as informed by the work of the Audit Committee, Bursar and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by external auditors in their management letter and other reports.
  - e) The Finance Committee compares the College's costs and operational performance against the key performance indicators produced for all Cambridge Colleges to identify those areas where improvements can best be made.
4. The Finance Committee and the Audit Committee review the Risk Register which is checked and updated each year by the senior administrative staff and which is considered in detail by the College officers.

**Statement of Responsibilities of the Trustees of the College**

for the year ended 30 June 2019

1. The Members of the Finance Committee and Council, as Trustees of the College, are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
2. In accordance with the College Statutes, the Finance Committee is responsible for the management of the College's estates and the administration of the College's revenues, subject to the overall control of the Trustees of the College. The Finance Committee is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept.
3. The College Statutes and the Statutes and Ordinances of the University of Cambridge require the Trustees of the College 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 year. In preparing those financial statements the Trustees of the College are required to:
  - select suitable accounting policies and apply them consistently; make judgements and estimates that are reasonable and prudent;
  - state whether applicable UK 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.
4. The Trustees of the College are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College, and enables them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the College and to prevent and detect fraud and other irregularities.
5. The Trustees of the College are responsible for the maintenance and integrity of the charity and financial information included on the College's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Independent auditor's report to the Trustees of Clare College****Opinion**

We have audited the financial statements of Clare College (the 'College') for the year ended 30 June 2019 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated statement of changed in reserves, the consolidated balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

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

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

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees 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**

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%e2%80%99s-responsibilities-for> . This description forms part of our auditors' report.

**Use of our report**

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

**PETERS ELWORTHY & MOORE**

Chartered Accountants and Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA  
Date: 18 November 2019



**Statement of Principal Accounting Policies**

for the year ended 30 June 2019

**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 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 9c. Intra-group balances are eliminated on consolidation.

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

**Recognition of income****Academic fees**

Academic fees are recognised in the year 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.

**Donations and endowments**

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

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

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

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

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

**Investment income and change in value of investment assets**

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

**Total return**

The College has adopted a total return policy where total return means investment return in terms of both income, whether received or accrued, and capital appreciation, whether realised or unrealised. The Finance Committee may appropriate and distribute for expenditure so much of the fair value of the endowment fund as it in its absolute discretion considers prudent, having regard to the availability of any surplus income, the total return achieved and reasonably to be expected in the long-term of the endowment.

**Other income**

Income is received from a range of activities including residences, catering, and conferences. Income is recognised on the exchange of the relevant services.

**Statement of Principal Accounting Policies**

for the year ended 30 June 2019

**Cambridge Bursary Scheme**

In 2018-19, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence, Clare College reimbursed the SLC for the full amount paid to their eligible students and the College subsequently received a contribution from the University towards this payment.

The net payment of £0 is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£96,478
Expenditure	£96,478

**Foreign currency translation**

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

**Fixed Assets****Land and buildings**

In accordance with FRS102, the land and buildings held for operational purposes are stated at depreciated replacement cost, as determined by professional valuers. A full revaluation of all College property assets was conducted by Gerald Eve as at 30 June 2014, being the transition date to the 2015 RCCA.

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

When buildings are acquired with the aid of restricted bequests or donations, the policy for accounting for that income is as in the note above under Income Recognition, donations and endowments.

Finance costs that are directly attributable to the construction of buildings are capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

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.

**Maintenance and renewal of premises**

The College has a five-year rolling maintenance plan, which is reviewed on an annual basis. The cost of routine maintenance is charged to the Statement of Comprehensive Income and Expenditure as it is incurred.

**Furniture, fittings and equipment**

Furniture, fittings and equipment costing less than £3,000 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:

Boiler room and chapel	4% per annum
Furniture and fittings	10% per annum
Motor vehicles and general equipment	20% per annum
Computer equipment	20% and 25% per annum

When furniture, fittings and equipment are acquired with the aid of restricted bequests or donations, the policy for accounting for that income is as in the note above under Income Recognition, donations and endowments.

**Heritage assets**

The College holds and conserves a numbers of collections, exhibits, artefacts and other assets of historical, artistic and scientific importance. Heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 July 1999 have been capitalised at cost, or in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

**Statement of Principal Accounting Policies**

for the year ended 30 June 2019

**Investments**

Investments are included in the balance sheet at fair value. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Investment properties are valued annually based on open market values provided by third party valuers.

**Stocks**

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

**Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, if 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 1137531) and also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to 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 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 schemes**

The College participates in the Universities Superannuation Scheme (the scheme) for all academic employees. Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 'Employee benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme, in respect of the accounting period. The College has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit) and the College recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the Statement of Comprehensive Income and Expenditure.

FRS102 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 not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised as profit or loss. The trustees are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The College also operates a defined contribution pension scheme, mainly for permanent non-academic employees, which is contracted into the State Second Pension (S2P), and also uses the government established National Employment Savings Trust (NEST) scheme for temporary staff. The assets of both schemes are held in separate trustee-administered funds. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure Account represents the contributions payable to the schemes in respect of the accounting period.

**Statement of Principal Accounting Policies**

for the year ended 30 June 2019

**Employment benefits**

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

**Reserves**

Reserves are allocated between restricted and unrestricted reserves. Endowment reserves include balances which, in respect of endowment to the College, are held as permanent funds, which the College must hold to perpetuity.

Restricted reserves include balances in respect of which the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

## Consolidated Statement of Comprehensive Income and Expenditure

Notes	2019					2018					
	Unrestricted £'000	Restricted £'000	Endowment £'000	Inflation Swap £'000	Total £'000	Unrestricted £'000	Restricted £'000	Endowment £'000	Inflation Swap £'000	Total £'000	
<b>Income</b>											
Academic fees and charges	1	3,169	-	-	-	3,169	3,130	-	-	-	3,130
Residences, catering and conferences	2	7,899	-	-	-	7,899	7,701	-	-	-	7,701
Investment income	3a	-	-	3,943	-	3,943	-	-	3,798	-	3,798
Inflation swap income	3c	-	-	-	122	122	-	-	-	105	105
Endowment return transferred to I&E account	3a	1,501	2,052	(3,553)	-	-	1,061	2,238	(3,299)	-	-
Other income		572	56	-	-	629	366	-	-	-	366
<b>Total income before donations and endowments</b>		<b>13,142</b>	<b>2,109</b>	<b>390</b>	<b>122</b>	<b>15,763</b>	<b>12,259</b>	<b>2,238</b>	<b>499</b>	<b>105</b>	<b>15,100</b>
Donations	20	652	305	-	-	957	533	365	-	-	898
New endowments	19	-	-	1,665	-	1,665	-	-	602	-	602
Other capital grants for assets	20	-	1,852	-	-	1,852	-	5,123	-	-	5,123
<b>Total income</b>		<b>13,795</b>	<b>4,265</b>	<b>2,055</b>	<b>122</b>	<b>20,237</b>	<b>12,792</b>	<b>7,726</b>	<b>1,101</b>	<b>105</b>	<b>21,723</b>
<b>Expenditure</b>											
Education	4	5,463	1,224	-	-	6,686	5,311	1,217	-	-	6,527
Residences, catering and conferences	5	7,647	-	-	-	7,647	7,507	-	-	-	7,507
Other expenditure		1,423	143	355	980	2,901	813	43	182	927	1,965
Contribution under Statute G, II		86	-	-	-	86	78	-	-	-	78
<b>Total expenditure</b>		<b>14,618</b>	<b>1,367</b>	<b>355</b>	<b>980</b>	<b>17,320</b>	<b>13,709</b>	<b>1,259</b>	<b>182</b>	<b>927</b>	<b>16,077</b>
<b>Surplus/(deficit) before other gains and losses</b>		<b>(824)</b>	<b>2,898</b>	<b>1,700</b>	<b>(858)</b>	<b>2,917</b>	<b>(918)</b>	<b>6,467</b>	<b>919</b>	<b>(822)</b>	<b>5,646</b>
Gain/(loss) on disposal of fixed assets		15	-	-	-	15	-	-	-	-	-
Gain/(loss) on Inflation SWAP	3c	-	-	-	1,692	1,692	-	-	-	2,215	2,215
Gain/(loss) on investments	3	1,517	1,220	1,484	-	4,221	3,342	1,625	2,273	-	7,239
<b>Surplus/(deficit) for the year</b>		<b>709</b>	<b>4,118</b>	<b>3,184</b>	<b>834</b>	<b>8,845</b>	<b>2,424</b>	<b>8,091</b>	<b>3,192</b>	<b>1,392</b>	<b>15,100</b>
<b>Other comprehensive income</b>											
Derivatives MTM valuation	16	-	-	-	(3,017)	(3,017)	-	-	-	(10)	(10)
<b>Total comprehensive income for the year</b>		<b>709</b>	<b>4,118</b>	<b>3,184</b>	<b>(2,183)</b>	<b>5,828</b>	<b>2,424</b>	<b>8,091</b>	<b>3,192</b>	<b>1,382</b>	<b>15,090</b>

The notes on pages 24 to 36 form part of the financial statements

## Consolidated Statement of Changes in Reserves

Notes	Income and expenditure reserve			Inflation Swap £'000	Total £'000
	Unrestricted £'000	Restricted £'000	Endowment £'000		
<b>Balance at 1 July 2018</b>	<b>187,087</b>	<b>38,946</b>	<b>47,844</b>	<b>3,401</b>	<b>277,278</b>
Surplus/(deficit) from income and expenditure statement	709	4,118	3,184	834	8,845
Other comprehensive income	-	-	-	(3,017)	(3,017)
Release of restricted capital funds spent in year	2,093	(2,093)	-	-	-
Transfers between reserves	-	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>189,889</b>	<b>40,971</b>	<b>51,028</b>	<b>1,218</b>	<b>283,106</b>

Notes	Income and expenditure reserve			Inflation Swap £'000	Total £'000
	Unrestricted £'000	Restricted £'000	Endowment £'000		
<b>Balance at 1 July 2017</b>	<b>183,882</b>	<b>31,635</b>	<b>44,652</b>	<b>2,019</b>	<b>262,188</b>
Surplus/(deficit) from income and expenditure statement	2,424	8,091	3,192	1,392	15,100
Other comprehensive income	-	-	-	(10)	(10)
Release of restricted capital funds spent in year	780	(780)	-	-	-
Transfers between reserves	-	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>187,087</b>	<b>38,946</b>	<b>47,844</b>	<b>3,401</b>	<b>277,278</b>

The notes on pages 24 to 36 form part of the financial statements

## Balance Sheet

	Notes	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
<b>Non-current Assets</b>					
Fixed assets	8	136,707	136,811	134,157	134,130
Heritage assets	8a	62	62	62	62
Investments	9a	128,953	128,953	123,412	123,412
Inflation swap investments	9b	34,397	34,397	32,658	32,658
		<u>300,119</u>	<u>300,223</u>	<u>290,289</u>	<u>290,262</u>
<b>Current assets</b>					
Stock	10	221	221	237	237
Trade and other receivables	11	1,633	3,510	2,703	5,068
Short term investments	12	24,167	24,167	26,067	26,067
Cash and cash equivalents	13	9,917	7,139	5,425	2,113
		<u>35,938</u>	<u>35,037</u>	<u>34,430</u>	<u>33,485</u>
Creditors : amounts falling due within one year	14	(4,718)	(3,810)	(3,317)	(2,616)
<b>Net current assets</b>		<u>31,220</u>	<u>31,227</u>	<u>31,113</u>	<u>30,869</u>
<b>Total assets less current liabilities</b>		<u>331,339</u>	<u>331,451</u>	<u>321,402</u>	<u>321,131</u>
<b>Creditors : amounts falling due after more than one year</b>	15	(35,052)	(35,052)	(34,363)	(34,363)
<b>Provisions</b>					
Inflation swap provisions	16	(12,501)	(12,501)	(9,484)	(9,484)
Pension provisions	17	(680)	(680)	(277)	(277)
<b>TOTAL NET ASSETS</b>		<u><u>283,106</u></u>	<u><u>283,217</u></u>	<u><u>277,278</u></u>	<u><u>277,007</u></u>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	19	51,028	51,028	47,844	47,844
Income and expenditure reserve - restricted reserve	20	40,971	40,971	38,946	38,946
Income and expenditure reserve - inflation swap	15	1,218	1,218	3,401	3,401
		<u>93,217</u>	<u>93,218</u>	<u>90,191</u>	<u>90,191</u>
<b>Unrestricted reserves</b>		<u>189,889</u>	<u>189,999</u>	<u>187,087</u>	<u>132,538</u>
Income and expenditure reserve - unrestricted reserve					186,816
<b>TOTAL RESERVES</b>		<u><u>283,106</u></u>	<u><u>283,217</u></u>	<u><u>277,278</u></u>	<u><u>277,007</u></u>

The financial statements on pages 20 to 36 were approved by the Trustees of the College, the members of Council and Finance Committee excluding student members, on 18 November 2019 and signed on their behalf by:

Lord A S Grabiner, Master

Mr P Warren, Bursar

The notes on pages 24 to 36 form part of the financial statements

**Consolidated Cash Flow Statement**

	<b>Notes</b>	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
<b>Net cash inflow from operating activities</b>	22	6,523	5,239
<b>Cash flows from investing activities</b>	23	(3,027)	9,472
<b>Cash flows from financing activities</b>	24	995	(13,572)
<b>Increase/(decrease) in cash in the year</b>		<u>4,492</u>	<u>1,138</u>
Cash at beginning of the year		<u>5,425</u>	<u>4,286</u>
<b>Cash at end of the year</b>	25	<u><u>9,917</u></u>	<u><u>5,425</u></u>

The notes on pages 24 to 36 form part of the financial statements



## Notes to the financial statements

## 1 Academic fees and charges

	2019 £'000	2018 £'000
Fee income received at the Regulated Undergraduate rate	2,106	1,972
Fee income received at the Unregulated Undergraduate rate	351	333
Fee income received at the Graduate rate	616	695
Cambridge Bursary Scheme	96	130
	<u>3,169</u>	<u>3,130</u>

## 2 Income from residences, catering and conferences

	2019 £'000	2018 £'000
Accommodation College members	2,958	2,961
Conferences	1,691	1,681
Catering College members	966	963
Conferences	2,283	2,095
	<u>7,899</u>	<u>7,701</u>

## 3 Endowment return and investment income

	2019 £'000	2018 £'000
<b>3a Analysis</b>		
Actual income from:		
Land and buildings	1,318	1,121
Quoted equity securities	2,201	2,199
Fixed interest securities	389	463
Other interest receivable	36	14
	<u>3,943</u>	<u>3,798</u>
Gains on endowment assets:		
Land and buildings	1,235	1,895
Quoted and other securities and cash	2,986	5,344
Investment management costs (note 3b)	(355)	(182)
<b>Total return on investments</b>	<u>7,810</u>	<u>10,855</u>
Total return transferred to income and expenditure reserve	3,553	3,299
Unapplied total return for the year included within Statement of Comprehensive Income and Expenditure (note 21)	4,257	7,556
<b>Total return on investments</b>	<u>7,810</u>	<u>10,855</u>

The endowment and fixed assets investments are accounted for on a total return basis. The total actual income and gains in the year are taken to a reserve, from which the planned endowment drawdown is released to the income and expenditure account. The remaining balance of the total return, after deducting the drawdown, is accumulated within the reserves, as set out in note 21.

## 3b Investment management costs

Land and buildings	281	58
Quoted securities	26	27
Other investments	47	97
Total	<u>354</u>	<u>182</u>

## Notes to the financial statements

	2019 £'000	2018 £'000
<b>3c Total return on inflation swap contracts</b>		
Actual income from:		
Quoted securities	122	105
Other interest receivable	-	-
	<u>122</u>	<u>105</u>
Gains on inflation swap asset:	1,692	2,215
Inflation-linked amount due to HSBC (note 15)	(689)	(630)
Interest and fees (note 3d)	(292)	(297)
<b>Total return on inflation swap contracts (note 21)</b>	<b><u>833</u></b>	<b><u>1,392</u></b>

The inflation swap contracts are accounted for on a total return basis. The total actual income and gains/losses in the year is accumulated within the reserves, as set out in note 21. There is no drawdown permitted under the terms of the inflation swap.

**3d Interest and fees on inflation swap investments**

Interest paid to HSBC	(217)	(211)
Interest paid to Santander	<u>(664)</u>	<u>(664)</u>
	(881)	(876)
Interest received from HSBC	<u>664</u>	<u>670</u>
	(217)	(206)
Fees on inflation swap investments	<u>(75)</u>	<u>(91)</u>
	<u>(292)</u>	<u>(297)</u>

Interest paid to Santander and to/from HSBC is calculated on the £15 million loan and inflation swap repayable in 2048 (note 15).

## Notes to the financial statements

	2019 £'000	2018 £'000
<b>4 Education expenditure</b>		
Teaching	3,129	3,206
Tutorial	1,132	964
Admissions	838	839
Research	780	542
Scholarships and awards	332	559
Other educational facilities	476	236
	<u>6,686</u>	<u>6,346</u>

**5 Residences,catering and conferences expenditure**

Accommodation	College members	3,186	3,128
	Conferences	1,842	1,808
Catering	College members	1,003	985
	Conferences	1,615	1,586
		<u>7,647</u>	<u>7,507</u>

**6a Analysis of 2019 expenditure by activity**

	Staff costs (note 7) £'000	Other expenses £'000	Depreciation £'000	2019 £'000
Education	2,862	2,769	1,054	6,686
Residences,catering and conferences	3,510	2,497	1,640	7,647
Other	792	2,043	66	2,901
Contribution under statute G, II	-	86	-	86
	<u>7,165</u>	<u>7,395</u>	<u>2,760</u>	<u>17,320</u>

**6b Analysis of 2018 expenditure by activity**

	Staff costs (note 7) £'000	Other expenses £'000	Depreciation £'000	2018 £'000
Education	3,063	2,410	1,055	6,527
Residences,catering and conferences	3,259	2,607	1,642	7,507
Other	158	1,741	66	1,965
Contribution under statute G, II	-	78	-	78
	<u>6,480</u>	<u>6,835</u>	<u>2,763</u>	<u>16,077</u>

## Notes to the financial statements

## 6c Auditors' remuneration

	2019 £'000	2018 £'000
Other operating expenses include:		
Audit fees payable to the College's external auditors (inclusive of VAT)	27	26
Other fees payable to the College's external auditors (inclusive of VAT)	13	25
	<u>40</u>	<u>51</u>

## 7 Staff costs

	College Fellows £'000	Other academic	Non- academic £'000	2019 £'000	2018 £'000
Emoluments	1,164	347	4,253	5,765	5,521
Social security costs	103	-	355	458	447
Other pension costs (see note 27)	595	-	347	942	511
	<u>1,862</u>	<u>347</u>	<u>4,955</u>	<u>7,165</u>	<u>6,480</u>

## Average numbers:

College Fellows who are also members of the Governing Body, of whom 86 were remunerated (2018: 74)	104	99
Non-academic staff : full time equivalents	141	140
Total	<u>245</u>	<u>239</u>

No College officer or employee, including the Head of House, received emoluments of over £100,000.

	2019 £'000	2018 £'000
<b>Key management personnel</b>		
Key management personnel being the Master, Bursar and Senior Tutor	<u>189</u>	<u>187</u>

During the year, emoluments paid to Trustees in their capacity as College Officers were:

	2019 £'000	2018 £'000
Aggregate Emoluments	<u>359</u>	<u>411</u>

## Notes to the financial statements

## 8 Tangible Fixed Assets

Group	Land & Buildings £'000	Assets in construction £'000	Equipment £'000	2019 £'000	2018 £'000
<b>Cost</b>					
At start of year	140,686	3,300	3,141	147,127	143,661
Additions and improvements at cost	341	4,899	139	5,379	3,466
Disposals at cost	(75)	-	-	(75)	-
Transferred from Assets under Constructions	76	(76)	-	-	-
At end of year	141,028	8,123	3,280	152,431	147,127
<b>Depreciation</b>					
At start of year	10,221	-	2,750	12,971	10,208
Charge for the year	2,631	-	129	2,760	2,763
Eliminated on disposals	(7)	-	-	(7)	-
At end of year	12,845	-	2,879	15,724	12,971
<b>Net book value</b>					
At end of year	<u>128,183</u>	<u>8,123</u>	<u>401</u>	<u>136,707</u>	<u>134,157</u>
At start of year	<u>130,465</u>	<u>3,300</u>	<u>391</u>	<u>134,155</u>	<u>133,453</u>
<b>College</b>					
	Land & buildings £'000	Assets in construction £'000	Equipment £'000	2019 £'000	2018 £'000
<b>Cost</b>					
At start of year	140,660	3,300	3,141	147,101	143,635
Additions and improvements at cost	341	5,029	139	5,509	3,466
Disposals at cost	(75)	-	-	(75)	-
Transferred from Assets under Constructions	76	(76)	-	-	-
At end of year	141,002	8,253	3,280	152,535	147,101
<b>Depreciation</b>					
At start of year	10,221	-	2,750	12,971	10,208
Charge for the year	2,631	-	129	2,760	2,763
Eliminated on disposals	(7)	-	-	(7)	-
At end of year	12,845	-	2,879	15,724	12,971
<b>Net book value</b>					
At end of year	<u>128,157</u>	<u>8,253</u>	<u>401</u>	<u>136,811</u>	<u>134,130</u>
At start of year	<u>130,439</u>	<u>3,300</u>	<u>391</u>	<u>134,130</u>	<u>133,427</u>

The insured value of all the College's operational buildings as at 30 June 2019 was £202 million (2018 : £202 million).

The Santander loan, as set out in note 17, is secured against certain outlying properties with a market value of £24 million as at October 2008.

## Notes to the financial statements

## 8a Heritage Assets

The College holds and conserves certain collections, artifacts and other assets of historical, artistic or scientific importance. As stated in the statement of principal accounting policies, heritage assets acquired since 1999 have been capitalised. However, the assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result the total included in the balance sheet is partial.

Amounts for the current and previous years were as follows:

	2019 £'000	2018 £'000
Acquisitions purchased with specific donations	-	-
Acquisitions purchased with College funds	-	-
Total cost of acquisitions purchased	<u>-</u>	<u>-</u>
Value of acquisitions by donation	-	-
Total acquisitions capitalised	<u>62</u>	<u>62</u>

## 9a Investments

	Securities and cash £'000	Property £'000	2019 £'000	2018 £'000
Market value at start of year	95,440	27,972	123,412	125,495
Additions	9,841	15	9,856	2,640
Disposal proceeds	(10,438)	-	(10,438)	(9,898)
Gain/(loss)	2,986	1,235	4,221	7,240
Increase in cash balances held at fund managers	1,902	-	1,902	(2,065)
Market value at end of year	<u>99,731</u>	<u>29,222</u>	<u>128,953</u>	<u>123,412</u>
Represented by:				
Property investment			29,223	27,972
Quoted securities - equities			85,597	78,605
Quoted securities - fixed interest			424	496
Quoted - CUEF			-	6,572
Unquoted securities - equities			5,907	3,714
Alternative assets			2,256	2,408
Cash held for reinvestment			<u>5,547</u>	<u>3,645</u>
Total			<u>128,953</u>	<u>123,412</u>

## Notes to the financial statements

## 9b Inflation swap investments

	Securities £'000	Cash £'000	2019 £'000	2018 £'000
Market value at start of year	31,534	1,124	32,658	30,430
Additions	109	-	109	90
Disposal	-	-	-	-
Gain/(loss)	1,695	(3)	1,692	2,214
Increase in cash balances held at fund managers	-	(62)	(62)	(76)
	<u>33,338</u>	<u>1,059</u>	<u>34,397</u>	<u>32,658</u>
Represented by:				
Quoted securities - equities			33,338	31,534
Cash held for reinvestment			<u>1,059</u>	<u>1,124</u>
Market value at end of year			<u>34,397</u>	<u>32,658</u>

The inflation swap investments are secured against the inflation-linked liability payable to HSBC in 2048, as set out in note 15.

## 9c Principal Subsidiary Undertakings

	Country of Incorporation and Operation	Cost £	Class of shares	Proportion of shares held
Clare College Ltd	United Kingdom	20,001	Ordinary	100%
Clare College Conferences Ltd	United Kingdom	1	Ordinary	100%

Clare College Ltd was incorporated in 1994. The principal activity of the company is that of design and construction of buildings.

Clare College Conferences Ltd was incorporated on 29 February 2012. The principal activity of the company is that of conference accommodation and catering for non-educational clients.

10 Stocks Group and college	2019 £'000	2018 £'000
Goods for resale	219	235
Other stocks	<u>3</u>	<u>2</u>
Total	<u>222</u>	<u>237</u>

## Notes to the financial statements

## 11 Trade and other receivables

	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
Members of the College	725	725	114	114
Other receivables	663	520	1,501	1,289
Amounts due from subsidiary undertakings	-	2,020	-	2,578
Prepayments and accrued income	245	245	1,087	1,087
	<u>1,633</u>	<u>3,510</u>	<u>2,703</u>	<u>5,068</u>

## 12 Short term investments

	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
Bank deposits	24,167	24,167	26,067	26,067
	<u>24,167</u>	<u>24,167</u>	<u>26,067</u>	<u>26,067</u>

## 13 Cash at bank and in hand

	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
Current accounts	9,916	7,138	5,422	2,110
Cash in hand	1	1	3	3
	<u>9,917</u>	<u>7,139</u>	<u>5,425</u>	<u>2,113</u>

## 14 Creditors: amounts falling due within one year

	Group 2019 £'000	College 2019	Group 2018 £'000	College 2018 0
Trade creditors	968	630	682	596
Members of the College	41	41	163	163
University fees	915	915	-	-
College student societies	176	176	173	173
Contribution to Colleges' fund	86	86	78	78
Other creditors	164	164	77	16
Amounts due to subsidiary undertakings	-	194	-	-
Accruals and deferred income	2,369	1,604	2,143	1,590
	<u>4,718</u>	<u>3,810</u>	<u>3,317</u>	<u>2,616</u>



## Notes to the financial statements

<b>15 Creditors: amounts falling due after more than one year</b>	<b>2019</b>	<b>2018</b>
<b>Group and college</b>	<b>£'000</b>	<b>£'000</b>
Loan repayable in 2048 to Santander	15,000	15,000
Inflation-linked amount due to HSBC	5,052	4,363
Other loans	15,000	15,000
	<u>35,052</u>	<u>34,363</u>

On October 2008 the College entered into a contract with Santander to borrow £15 million at 4.4% repayable in full in October 2048 and with HSBC for an inflation swap to turn the conventional loan into an index-linked loan at a real interest rate of 1.1%. This inflation swap includes a 7% inflation cap. The Santander loan of £15 million is secured against outlying operational properties with a market value of £24 million (net book value £7.5 million). The HSBC inflation swap is secured on the £15 million investment fund over which HSBC has a lien. The College is investing the £15 million in global equity tracker funds, accumulating income over the next 40 years to meet the RPI index-linked liability to HSBC and the £15 million liability to Santander.

At 30 June 2019 the value of the investments was £34,397,000 (2018: £32,658,000) and the liabilities to Santander and HSBC totalled £20,052,000 (2018: £19,363,000). The increase of £689,000 in the inflation-linked liability during the year is shown as a reduction on total return as set out in note 3c and the liability is included in creditors as set out above.

In January 2017 the College entered into a private unsecured bond placement to borrow £15m at 2.93% repayable in full in 2045. Interest is paid semi-annually.

## 16 Inflation swap provisions

<b>Group and college</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Balance at beginning of year	9,484	9,474
Charge to comprehensive income	3,017	10
Balance at end of year	<u>12,501</u>	<u>9,484</u>

Derivatives mark to market valuation on inflation linked swap.

## 17 Pension provisions - USS

<b>Group and college</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Balance at beginning of year	277	261
Movement in year:		
Contributions	(15)	(20)
Change in expected contributions	412	30
Other finance cost	6	6
Balance at end of year	<u>680</u>	<u>277</u>

## 18 Capital and other commitments

<b>Group and College</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Authorised and contracted	14,025	2,452
Authorised and but not yet contracted for	90	3,783
	<u>14,115</u>	<u>6,235</u>

## Notes to the financial statements

## 19 Endowment Funds

Restricted net assets relating to endowments are as follows:

	Restricted Permanent £'000	Unrestricted Permanent £'000	2019 £'000	2018 £'000
Balance at start of year:				
Capital	47,844	-	47,844	44,652
New donations and endowments	1,665	-	1,665	602
Transfer from restricted reserves	-	-	-	-
Increase in market value of investments	1,520	-	1,520	2,590
Balance at end of year	<u>51,028</u>	<u>-</u>	<u>51,028</u>	<u>47,844</u>
Analysis by type of purpose				
Fellowship funds	3,836	-	3,836	3,464
Scholarship funds	10,406	-	10,406	8,730
Prize funds	722	-	722	692
Hardship funds	2,898	-	2,898	2,783
Bursary funds	7,099	-	7,099	7,263
Travel grant funds	664	-	664	638
Building renewals fund	7,843	-	7,843	7,532
Other funds	10,083	-	10,083	9,568
General funds	7,478	-	7,478	7,173
	<u>51,029</u>	<u>-</u>	<u>51,028</u>	<u>47,844</u>
Analysis by asset				
Property	11,565	-	11,565	10,844
Investments	37,269	-	37,269	35,586
Cash	2,195	-	2,195	1,413
	<u>51,028</u>	<u>-</u>	<u>51,028</u>	<u>47,844</u>

## 20 Restricted Reserves

Reserves with restrictions are as follows:

	Capital grants unspent £'000	Permanent unspent and other restricted income £'000	Restricted expendable endowment £'000	2019 £'000	2018 £'000
Balance at start of year:					
Accumulated income	9,388	28,501	1,057	38,946	31,635
New grants	1,852	-	-	1,852	5,123
New donations	-	23	282	305	365
Other income	56	-	-	56	-
Endowment return transferred	-	2,027	25	2,053	2,238
Transfer	212	(212)	-	-	-
Increase in market value of investments	-	1,181	40	1,220	1,626
Expenditure	-	(1,089)	(278)	(1,367)	(1,259)
Capital grants utilised	(2,094)	-	-	(2,094)	(781)
Balance at end of year	<u>9,414</u>	<u>30,431</u>	<u>1,126</u>	<u>40,971</u>	<u>38,946</u>
Analysis by type of purpose					
Fellowship funds	-	7,974	68	8,042	7,552
Scholarship funds	-	10,953	94	11,047	10,377
Prize funds	-	1,541	10	1,551	1,452
Hardship funds	-	3,752	25	3,777	3,575
Bursary funds	-	810	150	960	812
Travel grant funds	-	513	5	518	476
Building renewals fund	9,414	173	1	9,588	9,571
Other funds	-	4,715	773	5,488	5,131
	<u>9,414</u>	<u>30,431</u>	<u>1,126</u>	<u>40,971</u>	<u>38,946</u>

## 21 Memorandum of Unapplied Total Return

Within the reserves representing investments held by the College, the following are the cumulative surpluses of total return on the main investment portfolio and on the inflation swap investments and liabilities (after deducting the drawdowns) since 1 July 1999 :

	Main endowment £'000	Inflation swap investments £'000	2019 £'000	2018 £'000
Unapplied Total Return at start of year	62,293	12,884	75,177	66,228
Surplus of total return for year (note 3)	4,257	833	5,090	8,949
Unapplied total Return at end of year	<u>66,550</u>	<u>13,717</u>	<u>80,267</u>	<u>75,177</u>

## Notes to the financial statements

## 22 Reconciliation of consolidated surplus for the year to net cash inflow/(outflow) from operating activities

	2019 £'000	2018 £'000
Surplus for the year	5,828	15,090
<b>Adjustment for non-cash items</b>		
Depreciation	2,760	2,763
(Gain)/Loss on disposal of non-current assets	(15)	-
(Gain)/loss on endowments, donations and investment property	(5,913)	(9,454)
(Increase)/Decrease in stocks	16.00	(5)
Decrease/(Increase) in debtors	1,070	(1,168)
(Decrease)/Increase in creditors	2,088	781
Pension costs less contributions payable	403	16
Movement in provisions	3,017	10
<b>Adjustment for investing or financing activities</b>		
Investment income	(3,943)	(3,798)
Inflation swap income	(122)	(105)
Interest payable	1,569	1,505
Interest receivable	(664)	(670)
Management fees	430	273
<b>Net cash inflow from operating activities</b>	<u>6,523</u>	<u>5,239</u>

## 23 Cash flows from investing activities

	2019 £'000	2018 £'000
Proceeds on disposal of investments	10,438	9,898
Proceeds on disposal of inflation swap investments	-	-
Investment income	4,065	3,902
Investment costs	(430)	(273)
Endowment funds invested	(11,758)	(576)
Inflation swap invested	(47)	(14)
Proceeds on disposals on non-current assets	83	-
Payments made to acquire non-current assets	(5,379)	(3,466)
<b>Total cash flows from investing activities</b>	<u>(3,027)</u>	<u>9,472</u>

## 24 Cash flows from financing activities

	2019 £'000	2018 £'000
Interest paid	(1,569)	(1,505)
Interest received	664	-
New loans	-	-
Cash held on short term deposit	1,900	(12,067)
<b>Total cash flows from financing activities</b>	<u>995</u>	<u>(13,572)</u>

## 25 Analysis of cash and cash equivalents

	At beginning of year £'000	Cash flows £'000	At end of year £'000
Cash at bank and in hand	5,425	4,492	9,917
<b>Net funds</b>	<u>5,425</u>	<u>4,492</u>	<u>9,917</u>

## Notes to the financial statements

## 26 Related Party Transactions

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

The Bursar represents the College as a member of the Investment Advisory Board of the Diversified Property Fund for Charities. No compensation is received for acting in this capacity. There are no transactions outstanding at the balance sheet date.

## 27 Pension Schemes

## (a) Universities Superannuation Scheme

The total cost charged to the Statement of Comprehensive Income and Expenditure is £156,000 (2018: £168,000) as shown in note 27c. At the financial year end the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2017 (the valuation date). This was carried out using the projected unit method. The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. The new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 30 June 2019, and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £396,848 a decrease of £283,426 from the current year end provision and a lower charge through the Statement of Comprehensive Income of £283,426.

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

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

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

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

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	<b>2017 valuation</b>
	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	<u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

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

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

**Notes to the financial statements****27 Pension Schemes (continued)****(b) Clare College Contributory Pension Scheme and NEST**

The College operates a defined contribution pension scheme, mainly for permanent contracted non-academic employees which complies with the requirements of the Pensions Act 2008 and Auto Enrolment. This scheme is provided by Prudential and has been in operation since July 2016. The previous Occupational Pension Scheme is being officially wound up; the process is anticipated to be completed by the end of 2019.

Temporary employees are offered the National Employment Savings Trust (NEST) scheme, a defined contribution scheme set up by the Government. The assets of both schemes are held in separate trustee-administered funds. The amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the respective schemes in respect of the accounting year.

**(c) Summary of pension costs**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Universities Superranuation Scheme	595	168
Clare Contributory Pension Scheme	347	343
NEST	-	-
Total pension costs (note 7)	<u>942</u>	<u>511</u>