

# Clare College, Cambridge

**Financial statements**  
for the year ended 30 June 2020

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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**

Ashtons Legal  
Chequers House  
77-81 Newmarket Road  
Cambridge CB5 8EU

**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 2020

## **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 2017. 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 2020 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	Professor W A Harris	Dr F Smith
Professor N H Andrews	Professor R D Hadley	The Rev'd Dr M S Smith
Professor A P Balmford	Professor D A Hodell	Professor M Sprik
Dr P D Bristowe	Dr N B Holdstock	Professor R Sterckx
Mr S J Buczacki	Professor D R Howarth	Dr A M Stillman
Dr I Budvytis	Dr K E Hughes	Dr S D Stranks
Dr I Burrows	Dr H F Jahn	Professor A G Thomason
Professor W J Byrne	Mr A L Johnson	Professor H E Thompson
Dr R G Cacho	Professor P H Jones	Dr F M O Toxvaerd
Professor J Carroll	Dr M Kenzie (until 30.9.19)	Dr E C Turner
Dr A P Carter	Dr P F Knewstubb	Dr H W van Veen
Dr A D Chambers	Dr J Krupic	Professor J E Vinuales
Dr T G Chesters	Professor M B M Lahr	Dr R I Watson
Professor C J Clarke	Dr H Laman	Dr M Weeks
Professor N S Clayton	Dr R Lawson	Dr C G Weiss
Dr L J Colwell (until 30.9.19)	Dr S M Lazar	Dr L R Weiss
Professor G Corsetti	Professor P F Leadlay	Dr G R Wilkes
Dr M Dunajski	Dr I C Lestas	Dr S Wimpenny
Dr M T Dunstan (until 30.9.19)	Professor T M Lewens	Dr J Wolf
Dr P A W Edwards (until 30.9.19)	Professor Dame H M O Leyser	Dr N H Woodcock (until 30.9.19)
Dr N J B Evans	Dr L Maniscalco	Professor J Woodhouse
Dr P B Faulkner	Dr T Moore	Ms J M Wyburd
Professor P C Fletcher	Dr J S O'Donoghue	Dr T Zhang
Dr T Follini	Mr W J O'Hearn	Mr D Barton (UCS Vice President from 1.5.20)
Dr W A Foster (until 30.9.19)	Professor G I Ogilvie	Mr D Whitaker (MCR Vice President until 30.4.20)
Dr E A Foyster	Dr G F Parker	Mr W Woodn (MCR President from 1.5.20)
Professor S C Franklin	Professor L C Paulson	Ms N Chapman (UCS Vice President until 30.4.20)
Mrs E M Freeman	Professor R T Phillips	Ms S Hodder (MCR Vice President from 1.5.20)
Dr A D Friend	Professor A Philpott	Mr J M Townson (MCR President until 30.4.20)
Professor M Frolova-Walker	Professor J C Prabhu	Ms R Martin (UCS President from 1.5.20)
Professor J S Gibson	Professor A M Preston	Mr D Wright (UCS President until 30.4.20)
Professor R C Glen	Professor W A Pullan	
Dr André Gonzalez Cabrera Serrenho	Dr K F Riley	
Professor J M Goodman	Professor J C Robertson (until 30.9.19)	
Professor N C Greenham	Mr G A C Ross	
Professor H Griffiths	Professor D H Rowitch	
Dr J A Guy	Professor H L Sanson	
Dr R M Harris	Dr O Shortle	

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 2020

**\*Council**

Lord A S Grabiner (Master)  
Dr J A Tasioulas (Senior Tutor) Professor N H Andrews (until 30.9.19)  
Professor J Carroll  
Dr T G Chesters  
Dr M Dunajski (from 1.10.19)  
Professor J S Gibson  
Professor J M Goodman  
Dr S M Lazar  
Dr J S O'Donoghue (until 30.9.19)  
Dr G F Parker  
Dr O Shorttle (from 1.10.19)  
The Rev'd Dr M S Smith (from 1.10.19)  
Mr P C Warren  
Mr D Wright (UCS President until 30.4.20)  
Mr J M Townson (MCR President until 30.4.20)  
Ms R E G Martin (from 1.5.20)  
Mr W A Wood (from 1.5.20)

*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  
Dr H Laman  
Professor A Philpott (until 30.9.19)  
Dr F M O Toxvaerd  
Dr H van Veen (from 1.10.19)  
Mr C M Farrell-Foster (UCS Treasurer until 30.4.20) Ms R Stewart (UCS Treasurer from 1.5.20)  
Mr H van Soest (MCR Treasurer)

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

**Salaries and Stipends Committee**

Professor R C Glen  
Dr A D Chambers  
Mr T Harvey-Samuel (Bursar from another college)  
Professor H M O Leyser

*In Attendance: Ms S Hewings (Secretary)  
Mr P C Warren (Bursar)*

**Audit Committee**

Professor J C Prabhu  
Dr A D Chambers  
Dr P B Faulkner  
Mr C Moulder (Clare alumnus until 30.9.19)  
Mr S Newman (Clare alumnus from 1.9.19)  
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  
Dr T G Chesters  
Dr N J B Evans  
Dr P B Faulkner  
Dr T Follini  
Professor H Griffiths  
Dr J A Tasioulas  
Mr P C Warren  
Ms E C A Trimmingham (UCS representative until 30.4.20)  
Ms A H Y Lee (MCR representative until 30.4.20)  
Mr A Hardy (UCS representative from 1.5.20)  
Mr D R Parle (MCR representative from 1.5.20)

*In Attendance: Dr J E Costin (Secretary)  
Miss E R Easterbrook (Assistant Bursar)  
Ms D S Hoy (Estates Director)  
Mr B E Morgan (Head Porter from 1.1.19)  
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 Q-A A Dang (UCS representative from 1.5.20)  
Professor R C Glen  
Ms Griffiths (alumna)  
Dr J A Guy  
Mr D Haynes (Clare alumnus)  
Mr H van Soest (MCR representative)  
Mr C Smout (Clare alumnus until 30.9.19)  
Mr J Spiers (Clare alumnus)  
Mr Riley (alumnus)  
Ms Z X Y Tan (UCS representative until 30.4.20)

*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 2020

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 2020

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.

The challenges and pressures facing students today are greater than ever. The College is acutely aware of the enormous increase in the number of students that suffer with mental health issues. It is for this reason that the College employs two College nurses who, with additional support from the team of College Tutors, provide support and guidance to undergraduate and graduate students throughout the academic year. The COVID pandemic has made pastoral care and mental health support even more important, as students are being forced to self-isolate and face-to-face social interaction is more constrained. We are extremely proud of the great work that our nurses and Tutors do.

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 2020 this meant the College spent £11,000 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 £5,124 on the education of each graduate student. The total cost of educating 475 undergraduates and supporting 186 graduate students was £6,316,000 (2019: £6,686,000), 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 £6,375 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 £820,602 (2019: £671,894) 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 2020 financial accounts. On page 22, the Statement of Comprehensive Income and Expenditure (SOCIE) shows a surplus of £1,883,000 (2019: £5,828,000). 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 22 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 surplus of £1,345,000 for 2020, compared to a deficit of £824,000 for 2019.

This operating surplus before other gains and losses was achieved after total unrestricted expenditure decreased by £1,623,000 to £12.995 million. The decrease in unrestricted expenditure was largely attributable to College closure in the 4<sup>th</sup> Quarter as a result of the COVID-19 pandemic. Total unrestricted income increased by £547,000 to £14.3 million, largely as a result of an increase in unrestricted donation income.

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 fund the refurbishment of 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 2020

### 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 £6,665,000 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 £1,163,033 in legacies, and 1408 alumni (16.29% of living, addressable alumni) made donations to the College. This is a dip of 152 alumni owing to the cancellation of our annual telethon due to the pandemic. We are pleased, however, that almost no pledges or regular gifts have been cancelled. Nevertheless we anticipate that our results will compare favourably to other Cambridge colleges for 2019-20 and there will be a rebound in 2020-21 by running a "remote" telethon.

Total donation income and fund raising costs over the last five years are shown in the table below:

Year ended 30 June	2020	2019	2018	2017	2016
	£m	£m	£m	£m	£m
Donations					
Old Court	3.5	1.9	5.1	3.9	0.5
Other	<u>3.2</u>	<u>2.6</u>	<u>1.5</u>	<u>1.7</u>	<u>1.3</u>
	6.7	4.5	6.6	5.6	1.8
Fundraising costs	0.5	0.6	0.5	0.4	0.5
Costs as % of donations	8%	14%	8%	8%	28%

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 £39 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 2020 was £128 million (note 9a), with 68% invested in global equities, 22.6% in commercial and agricultural property in the UK, 4.4% in cash deposits and short-dated bonds, and 5.0% in private equity. The College's global equity investments are mainly held in regional tracker funds with 23.1% invested in the UK, 28.5% in the US, 18.2% in Europe, 13.5% in Japan, 13.7% in Emerging Markets, and 3.0% in the Pacific Rim. Foreign currency exposures are not hedged.

The Endowment achieved a total return of 0.9% (2019: 6.6%) net of all investment management costs. Over the same time period the FTSE All Share index showed a negative total return of 13%, and the College's strategic benchmark, consisting of 75% global equity and 25% UK commercial property, showed a negative total return of 0.2% in sterling. The value of the endowment and total returns over the last five years were:

Year ended 30 June	2020	2019	2018	2017	2016
	£m	£m	£m	£m	£m
Investment assets	128.0	129.0	123.4	125.5	106.4
Actual Net Income	3.5	3.9	3.8	3.1	3.1
Gains/(losses)	<u>(2.2)</u>	<u>4.2</u>	<u>7.2</u>	<u>15.5</u>	<u>5.5</u>
Total return	1.2	8.1	11.0	18.6	8.6
Endowment drawdown	<u>3.8</u>	<u>3.6</u>	<u>3.3</u>	<u>2.9</u>	<u>2.8</u>
Drawdown as a % of Endowment	3.0%	3.0%	3.0%	3.0%	3.1%

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 £63.7 million on the main Endowment as at 30 June 2020. 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 £3,779,000 in 2020 compared to the net investment income actually received of £3,473,000. The realised and unrealised losses on the portfolio amounted to £2,232,000 resulting in a positive total return before investment management costs of £1,241,000 as set out in note 3a. The Endowment drawdown of £3,779,000 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 2020****Liquidity**

The College generated positive cash flow from its operating activities during the year after drawing down cash of £3,779,000 from the Endowment. The operational cash balances available at 30 June 2020 amounted to £31,495,000 (2019: £34,084,000). 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 2020 the 2048 Fund generated a total return of 0.4% gross and (1.5) % net of the decrease in inflation-linked liabilities and interest payments. The resulting deficit of £415,000 was subtracted from the Total Return reserves as set out in Note 21. The cumulative inflation swap investment net unapplied Total Return decreased to £13,302,000 at 30 June 2020 (note 21).

During the first 12 years of the 40 year inflation swap (from October 2008 to June 2020) the level of RPI has risen by 35.1%, with the result that the College's liability to Santander and HSBC at June 2020 has increased to £20.4 million. At June 2020 the market value of global equity tracker fund investments held in the 2048 Fund amounted to £33.4 million and the outstanding cash balance stood at £1.0 million. The total value of inflation swap investments amounted to £34.4 million at 30 June 2020.

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 2020 shows a break cost of £14.5 million. As at 30 June 2020 a provision for £14.5 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.

**Capital Expenditure and Buildings Refurbishment**

During the 2019-20 financial year the College continued the Old Court project and the redevelopment of St Regis. As a result capital expenditure relating to buildings amounted to £8,441,000, an increase of £3,071,000 compared to the prior year. In addition a further £156,000 of equipment capital expenditure was made. These figures include £3,372,000 of expenditure on design and construction work relating to the restoration of Old Court and a further £4,439,000 on feasibility, design and construction work related to the redevelopment of St Regis. The St Regis project started in August 2018, should be completed in 2021, 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 £205 million as of 30 June 2020 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.

**Operating and Financial Review**  
for the year ended 30 June 2020**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 2020 the College had £91.3 million in restricted reserves and unrestricted reserves of £193.6 million of which £142.2 million is represented by fixed assets. Included in the £51.4 million of reserves that are not accounted for within fixed assets, £51.3 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.

The College annually reviews the level of free reserves (£51.4 million as at 30 June 2020). In doing this, the College takes into account the guidance offered by the Charity Commission in its publication Charity reserves: building resilience (CC19). The College considers the main considerations to be

- (1) the free reserves are regarded as a source of income to support operating expenditure and the annual operational deficit;
- (2) large amounts of money are required to preserve the fabric of its historic buildings;
- (3) the financial risks of its operations, including potential loss of annual income (due to the economic environment and funding of higher education), investment risks associated with the management of the endowment, the pension scheme and possible disasters that may befall the College.

Many of these items are difficult to quantify, but the College is content with the current level of reserves and would ideally like to increase the level of reserves over time in order to provide additional permanent income for the support of its charitable objectives.

**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 Investment 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:

- In the near term, the College is attempting to identify, assess, record and manage the risks associated with the COVID-19 pandemic. The College has followed Government and University guidelines in terms of this risk assessment exercise; ensuring that all financial controls are at least as robust as they were before the changed working environment. The College has prepared a forecast for the period to 2025 which has been stress tested based on a number of scenarios and have considered the impact upon the College and its cash resources and unrestricted reserves. The College has reviewed its cost base in order to minimise the reduction in net revenues and to extend financial headroom.
- 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. To mitigate this risk the College is monitoring investment performance and diversifying its portfolio.
- The economic situation may also adversely affect the College's conference activities which are a significant contributor to the College's overheads. However, the College has significant investments which could be realised if required.
- 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. To mitigate this risk the College will ensure that all major building projects have robust plans and budgets which are carefully monitored over the project life.
- The failure of academic fees to keep up with the rise in academic costs, as well as the inevitable uncertainties due to the significant change in funding of Universities in England, it means that the funding and costs associated with the College's core activity will need to be kept under constant review. To mitigate this risk the College will continue to work with the University and other organisations to achieve the fairest allocation of resources.
- The restoration of Old Court and redevelopment of St Regis may have a significant impact on College finances, through the substantial building costs involved. To reduce this risk the College is monitoring these major building projects carefully in line with the agreed budgets.

**Operating and Financial Review  
for the year ended 30 June 2020****Future Developments**

In September 2018 the College commenced the redevelopment of its main graduate accommodation site which is due to complete in January 2021. The project aims to provide an environmentally friendly and high quality standard of accommodation. The development also contains 14 new student rooms and 14 new externally let flats which will generate long term rental income for the college.

The College had previously identified the need to repair large sections of the roof and undertake rewiring in Old Court in order to maintain its main building. In addition to undertaking necessary maintenance, this project also sought to improve the College's dining facilities so it could continue to provide outstanding catering to the College community including a river side café.

Both major capital projects were already well underway in terms of construction and planning prior to the impact of COVID-19. A reduction of income for the College in terms of conferencing and student rental income was experienced as a result of COVID-19, however the College is forecasting revenue streams to return gradually as the situation improves. Despite the challenges faced, the College continued with both projects as they will improve College facilities in the long term and Old Court in particular is being funded through an ongoing fundraising campaign.

**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 661 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.

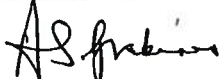
The College is committed to reducing its carbon, water and environmental footprint. The College is actively promoting environmental awareness among Fellows, students and staff. In 2019 Clare was one of only four colleges in Cambridge to receive a Platinum award in the University Green Impact Award scheme.

**COVID-19**

The Novel Coronavirus (COVID-19) pandemic has had a far-reaching impact on the College community and the Higher Education section

**Operating and Financial Review**  
for the year ended 30 June 2020

in general. In March 2020, all students were advised to leave Cambridge if possible and teaching, welfare support and examinations were delivered online for the rest of the academic year. The Collegiate University, under the guidance of the COVID-19 Gold Team, mobilised existing structures such as the Office for Intercollegiate Services and committees including representatives from all Colleges to ensure a consistent and co-ordinated response. A wide range of matters including teaching, assessment, graduation, admissions, buildings, accommodation and catering provision were dealt with through these channels. A recovery taskforce with representatives from the University and the Colleges identified a range of scenarios for the coming year depending on whether the pandemic subsided, continued at the same intensity or returned in repeated waves. The implications of each scenario on the student experience, research, our people, our buildings, our digital infrastructure and our finances were considered. Care was taken to capture both lessons learned from earlier in the year and opportunities for the future.



Lord A S Grabiner, Master



Mr P Warren, Bursar

23 November 2020

**Statement of Corporate Governance**  
for the year ended 30 June 2020

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, Investment Committee, Salaries and Stipends 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 Investment 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 2020 are set out on page 3.

**Statement of Internal Control**  
for the year ended 30 June 2020

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 2020, 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 2020**

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 2020 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 2020 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.*

**PETERS ELWORTHY & MOORE**

Chartered Accountants and Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date: 17 December 2020

**Statement of Principal Accounting Policies**

for the year ended 30 June 2020

**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, using the Recommended Cambridge College Accounts (RCCA) format; and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019.

**Going concern**

The global health crisis caused by COVID-19 has had a significant impact on all businesses. Virtually all College activities ceased as the majority of students returned home in March 2020. Students have returned to the College at the start of the new academic year in October 2020, therefore the majority of College activities have resumed. However, it is unlikely that any Conference activities will be able to resume in the near future.

The Trustees have prepared forecasts for the period to 2021 which have been stress tested based on a number of scenarios and have considered the impact upon the College and its cash resources and unrestricted reserves. The College has reviewed its cost base in order to combat the reduction in revenues and to extend financial headroom. The College has made use of the Government Job Retention Scheme. The College also has significant investments which could be realised if required.

Based upon their review the Trustees believe that the College will have sufficient resources to meet its liabilities as they fall due for the near future and therefore have continued to adopt the going concern basis in preparing the financial statements

**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.

**Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income and Expenditure at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income. Grants of a revenue nature are recognised in the Statement of Comprehensive Income and Expenditure in the same period as the related expenditure.

Government grants received during the year represent amounts receivable under the Coronavirus Job Retention Scheme (CJRS) to cover salaries of furloughed staff.

**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.

## Statement of Principal Accounting Policies

### for the year ended 30 June 2020

Donations with no restrictions are recorded within the Statement of Comprehensive Income and Expenditure when the College is entitled to the income. All income is recognised once the College has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the College is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the College, or the College is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

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

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated Statement of Financial Activities.

Investment property is carried at fair value determined annually by the Trustees based on professional advice received. Fair values are derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Investments in subsidiaries are valued at cost less provision for impairment.

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 accommodation, catering, and conferences. Income is recognised on the exchange of the relevant services.

#### Cambridge Bursary Scheme

In 2019-20, 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)	£141,055
Expenditure	£141,055

#### 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.

**Statement of Principal Accounting Policies**

for the year ended 30 June 2020

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:

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.

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

**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.

**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.

**Financial instruments**

The College has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement and disclosure of financial instruments. Financial assets and liabilities are recognised when the College becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Financial assets**

Basic financial assets include trade and other receivables, cash and cash equivalents and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

**Statement of Principal Accounting Policies**  
for the year ended 30 June 2020

Other financial assets, including investments in equity instruments, which are not subsidiaries or joint ventures, are initially measured at fair value which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the Statement of Comprehensive Income. Where the investment in equity instruments is not publicly traded and where the fair value cannot be reliably measured, the assets are measured at cost less impairment. Investments in property or other physical assets do not constitute a financial instrument and are not included.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of ownership are transferred to another party.

**Financial liabilities**

Basic financial liabilities include trade and other payables, bank loans and intergroup loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income. The College does not apply any hedge accounting in respect of interest rate swap derivatives held to manage cash flow exposures.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

**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



**Statement of Principal Accounting Policies**  
for the year ended 30 June 2020

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.

**Employment benefits**

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

**Reserves**

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

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

**Critical Accounting Estimates and Judgements**

The preparation of the College's accounts requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities.

**Income recognition** – Judgement is applied in determining the value and timing of certain income items to be recognised in the accounts. This includes determining the appropriate recognition timing for donations, bequests and legacies. In general, the later are recognised when at the probate stage.

**Useful lives of property, plant and equipment** – Property, plant and equipment represent a significant proportion of the College's total assets. Therefore the estimated useful lives can have a significant impact on the depreciation charged and the College's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experiences with similar assets, professional advice and anticipation of future events. Details of the carrying values of property, plant and equipment are shown in page 30.

**Investment property** – Properties are revalued to their fair value at the reporting date by Bidwells. The valuation is based on the assumptions and judgements which are impacted by a variety of factors including market and other economic conditions.

**Retirement benefit obligations** – The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in pages 39-40.

Management are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the accounts.

As the College is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2018 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2021. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing rate of discount. Further details are set out in pages 39-40.

Consolidated Statement of Comprehensive Income and Expenditure

	Notes	2020					2019				
		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	3,469	-	-	-	3,469	3,169	-	-	-	3,169
Accommodation, catering and conferences	2	6,486	-	-	-	6,486	7,899	-	-	-	7,899
Investment income	3a	-	-	3,473	-	3,473	-	-	3,943	-	3,943
Inflation swap income	3c	-	-	-	145	145	-	-	-	122	122
Endowment return transferred to I&E account	3a	1,512	2,267	(3,779)	-	-	1,501	2,052	(3,553)	-	-
Other income		1,220	227	-	-	1,447	572	56	-	-	629
<b>Total income before donations and endowments</b>		<b>12,687</b>	<b>2,494</b>	<b>(306)</b>	<b>145</b>	<b>15,021</b>	<b>13,142</b>	<b>2,109</b>	<b>390</b>	<b>122</b>	<b>15,763</b>
Donations	20	1,652	430	-	-	2,082	652	305	-	-	957
New endowments	19	-	-	1,100	-	1,100	-	-	1,665	-	1,665
Other capital grants for assets	20	-	3,483	-	-	3,483	-	1,852	-	-	1,852
<b>Total income</b>		<b>14,342</b>	<b>6,406</b>	<b>795</b>	<b>145</b>	<b>21,686</b>	<b>13,795</b>	<b>4,265</b>	<b>2,055</b>	<b>122</b>	<b>20,237</b>
<b>Expenditure</b>											
Education	4	4,909	1,407	-	-	6,316	5,463	1,224	-	-	6,686
Accommodation, catering and conferences	5	7,284	-	-	-	7,284	7,647	-	-	-	7,647
Other expenditure		715	275	332	514	1,836	1,423	143	355	980	2,901
Contribution under Statute G, II		88	-	-	-	88	86	-	-	-	86
<b>Total expenditure</b>		<b>12,995</b>	<b>1,682</b>	<b>332</b>	<b>514</b>	<b>15,524</b>	<b>14,618</b>	<b>1,367</b>	<b>355</b>	<b>980</b>	<b>17,320</b>
<b>Surplus/(deficit) before other gains and losses</b>		<b>1,345</b>	<b>4,724</b>	<b>461</b>	<b>(370)</b>	<b>6,163</b>	<b>(824)</b>	<b>2,898</b>	<b>1,700</b>	<b>(858)</b>	<b>2,917</b>
Gain/(loss) on disposal of fixed assets	16	18	-	-	-	18	15	-	-	-	15
Gain/(loss) on financial instruments	3c	-	-	-	(2,020)	(2,020)	-	-	-	(3,017)	(3,017)
Gain/(loss) on Inflation Swap Investments		-	-	-	(45)	(45)	-	-	-	1,692	1,692
Gain/(loss) on investments	3	(1,169)	(719)	(344)	-	(2,232)	1,517	1,220	1,484	-	4,221
<b>Surplus/(deficit) for the year</b>		<b>196</b>	<b>4,005</b>	<b>118</b>	<b>(2,435)</b>	<b>1,883</b>	<b>709</b>	<b>4,118</b>	<b>3,184</b>	<b>(2,183)</b>	<b>5,828</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>196</b>	<b>4,005</b>	<b>118</b>	<b>(2,435)</b>	<b>1,883</b>	<b>709</b>	<b>4,118</b>	<b>3,184</b>	<b>(2,183)</b>	<b>5,828</b>

The notes on pages 26 to 40 form part of the financial statements

## Consolidated Statement of Changes in Reserves

Notes	Income and expenditure reserve			Inflation Swap	Total
	Unrestricted £'000	Restricted £'000	Endowment £'000	£'000	£'000
Balance at 1 July 2019	189,889	40,971	51,028	1,218	283,106
Surplus/(deficit) from income and expenditure statement	196	4,005	118	(2,435)	1,883
Other comprehensive income	-	-	-	-	-
Release of restricted capital funds spent in year	3,372	(3,372)	-	-	-
Transfers between reserves	93	(198)	106	-	-
Balance at 30 June 2020	<u>193,550</u>	<u>41,408</u>	<u>51,251</u>	<u>(1,217)</u>	<u>284,992</u>
Notes	Income and expenditure reserve			Inflation Swap	Total
	Unrestricted £'000	Restricted £'000	Endowment £'000	£'000	£'000
Balance at 1 July 2018	187,087	38,946	47,844	3,401	277,278
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	-	-	-	-	-
Balance at 30 June 2019	<u>189,889</u>	<u>40,971</u>	<u>51,028</u>	<u>1,218</u>	<u>283,106</u>

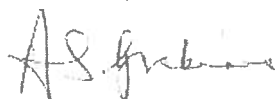
The notes on pages 26 to 40 form part of the financial statements



## Balance Sheet

	Notes	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
<b>Non-current Assets</b>					
Fixed assets	8	142,417	142,522	136,707	136,811
Heritage assets	8a	62	62	62	62
Investments	9a	127,980	127,980	128,953	128,953
Inflation swap investments	9b	34,415	34,415	34,397	34,397
		<u>304,874</u>	<u>304,978</u>	<u>300,119</u>	<u>300,223</u>
<b>Current assets</b>					
Stock	10	266	266	221	221
Trade and other receivables	11	1,223	3,057	1,633	3,510
Short term investments	12	26,013	26,013	24,167	24,167
Cash and cash equivalents	13	5,481	3,310	9,917	7,139
		<u>32,984</u>	<u>32,646</u>	<u>35,938</u>	<u>35,037</u>
Creditors : amounts falling due within one year	14	(2,730)	(2,604)	(4,718)	(3,810)
<b>Net current assets</b>		<u>30,254</u>	<u>30,042</u>	<u>31,220</u>	<u>31,227</u>
<b>Total assets less current liabilities</b>		<u>335,128</u>	<u>335,022</u>	<u>331,339</u>	<u>331,451</u>
<b>Creditors : amounts falling due after more than one year</b>	15	(35,260)	(35,260)	(35,052)	(35,052)
Inflation swap financial instruments	16	(14,527)	(14,527)	(12,501)	(12,501)
Pension provisions	17	(348)	(348)	(680)	(680)
<b>TOTAL NET ASSETS</b>		<u><u>284,992</u></u>	<u><u>284,886</u></u>	<u><u>283,106</u></u>	<u><u>283,217</u></u>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	19	51,251	51,251	51,028	51,028
Income and expenditure reserve - restricted reserve	20	41,408	41,408	40,971	40,971
Income and expenditure reserve - inflation swap	15	(1,217)	(1,217)	1,218	1,218
		<u>91,442</u>	<u>91,442</u>	<u>93,217</u>	<u>93,218</u>
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted reserve		193,550	193,444	189,889	189,999
<b>TOTAL RESERVES</b>		<u><u>284,992</u></u>	<u><u>284,886</u></u>	<u><u>283,106</u></u>	<u><u>283,217</u></u>

The financial statements were approved by the Trustees of the College, the members of Council and Finance Committee excluding student members, on 23rd November 2020 and signed on their behalf by:



Lord A S Grabiner, Master



Mr P Warren, Bursar

The notes on pages 26 to 40 form part of the financial statements

**Consolidated Cash Flow Statement**

	<b>Notes</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Net cash inflow from operating activities</b>	22	4,389	6,523
<b>Cash flows from investing activities</b>	23	(6,547)	(3,027)
<b>Cash flows from financing activities</b>	24	(2,279)	995
<b>(Decrease)/increase in cash in the year</b>		(4,437)	4,492
Cash at beginning of the year		9,917	5,425
<b>Cash at end of the year</b>	13	<b>5,481</b>	<b>9,917</b>

The notes on pages 26 to 40 form part of the financial statements

## Notes to the financial statements

## 1 Academic fees and charges

	2020 £'000	2019 £'000
Fee income received at the Regulated Undergraduate rate	2,156	2,106
Fee income received at the Unregulated Undergraduate rate	388	351
Fee income received at the Graduate rate	783	616
Cambridge Bursary Scheme	141	96
	<u>3,469</u>	<u>3,169</u>

## 2 Income from accommodation, catering and conferences

	2020 £'000	2019 £'000
Accommodation College members	2,115	2,958
Conferences	1,635	1,691
Catering College members	690	966
Conferences	2,046	2,283
	<u>6,486</u>	<u>7,899</u>

## 3 Endowment return and investment income

	2020 £'000	2019 £'000
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## 3a Analysis

Actual income from:		
Land and buildings	1,215	1,318
Quoted equity securities	2,060	2,201
Fixed interest securities	164	389
Other interest receivable	34	36
	<u>3,473</u>	<u>3,943</u>

## (Losses)/Gains on endowment assets:

Land and buildings	(288)	1,235
Quoted and other securities and cash	(1,945)	2,986

## Investment management costs (note 3b)

	(332)	(355)
<b>Total return on investments</b>	<u>908</u>	<u>7,810</u>

## Total return transferred to income and expenditure reserve

	3,779	3,553
Unapplied total return for the year included within Statement of Comprehensive Income and Expenditure (note 21)	(2,871)	4,257

<b>Total return on investments</b>	<u>908</u>	<u>7,810</u>
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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	304	281
Quoted securities	28	26
Other investments	0	47
<b>Total</b>	<u>332</u>	<u>354</u>

## Notes to the financial statements

	2020 £'000	2019 £'000
<b>3c Total return on inflation swap contracts</b>		
Actual income from:		
Quoted securities	145	122
Other interest receivable	-	-
	<u>145</u>	<u>122</u>
(Loss)/Gain on inflation swap asset:	(45)	1,692
Inflation-linked amount due to HSBC (note 15)	(208)	(689)
Interest and fees (note 3d)	(306)	(292)
<b>Total return on inflation swap contracts (note 21)</b>	<u><b>(415)</b></u>	<u><b>833</b></u>

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	(221)	(217)
Interest paid to Santander	<u>(671)</u>	<u>(664)</u>
	(891)	(881)
Interest received from HSBC	<u>666</u>	<u>664</u>
	(226)	(217)
Fees on inflation swap investments	<u>(81)</u>	<u>(75)</u>
	<u><b>(306)</b></u>	<u><b>(292)</b></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

	2020 £'000	2019 £'000
<b>4 Education expenditure</b>		
Teaching	2,666	3,129
Tutorial	1,231	1,132
Admissions	970	838
Research	665	780
Scholarships and awards	379	332
Other educational facilities	405	476
	<u>6,316</u>	<u>6,686</u>

**5 Accommodation, catering and conferences expenditure**

Accommodation	College members	3,035	3,186
	Conferences	1,755	1,842
Catering	College members	955	1,003
	Conferences	1,539	1,615
		<u>7,284</u>	<u>7,647</u>

**6a Analysis of 2020 expenditure by activity**

	Staff costs (note 7) £'000	Other expenses £'000	Depreciation £'000	2020 £'000
Education	2,858	2,411	1,046	6,316
Accommodation, catering and conferences	3,682	1,975	1,627	7,284
Other	86	629	66	781
Contribution under statute G, II	-	88	-	88
	<u>6,627</u>	<u>5,104</u>	<u>2,738</u>	<u>14,469</u>

**6b 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
Accommodation, 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>

## Notes to the financial statements

## 6c Auditors' remuneration

	2020 £'000	2019 £'000
Other operating expenses include:		
Audit fees payable to the College's external auditors (inclusive of VAT)	28	27
Other fees payable to the College's external auditors (inclusive of VAT)	12	13
	<u>40</u>	<u>40</u>

## 7 Staff costs

	College Fellows £'000	Other academic	Non- academic £'000	2020 £'000	2019 £'000
Staff costs:					
Salaries	1,257	342	4,325	5,924	5,765
National Insurance	118	-	364	483	458
Pension costs (see note 28)	(171)	-	392	220	942
	<u>1,203</u>	<u>342</u>	<u>5,081</u>	<u>6,627</u>	<u>7,165</u>

## Average numbers:

	Average staff numbers 2020		Average staff numbers 2019	
	Number	Full-time equivalents	Number	Full-time equivalent
Academic	80	-	86	-
Non-academic	-	141	-	141

At the Balance Sheet date there were 95 (2019: 104) members of the Governing Body. During the year the average number receiving remuneration was the 80 shown above.

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

Key management personnel	2020 £'000	2019 £'000
Key management personnel being the Master, Bursar and Senior Tutor	<u>192</u>	<u>189</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. The aggregated remuneration paid to key management personnel consists of salary, employer's national insurance contributions, employer's pension contributions, plus any taxable benefits either paid, payable or provided, gross of any salary sacrifice arrangements.

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

## Notes to the financial statements

## 8 Tangible Fixed Assets

Group	Land & Buildings £'000	Assets in construction £'000	Equipment £'000	2020 £'000	2019 £'000
<b>Cost</b>					
At start of year	141,028	8,123	3,280	152,431	147,127
Additions and improvements at cost	25	8,416	156	8,597	5,379
Disposals at cost	(160)	-	-	(160)	(75)
At end of year	140,893	16,538	3,435	160,868	152,431
<b>Depreciation</b>					
At start of year	12,845	-	2,879	15,724	12,971
Charge for the year	2,642	-	96	2,738	2,760
Eliminated on disposals	(13)	-	-	(13)	(7)
At end of year	15,474	-	2,975	18,450	15,724
<b>Net book value</b>					
At end of year	125,419	16,538	460	142,417	136,707
At start of year	128,183	8,123	401	136,707	134,155
<b>College</b>					
<b>Cost</b>					
At start of year	141,002	8,253	3,280	152,535	147,101
Additions and improvements at cost	25	8,416	156	8,597	5,509
Disposals at cost	(160)	-	-	(160)	(75)
At end of year	140,867	16,669	3,436	160,972	152,535
<b>Depreciation</b>					
At start of year	12,845	-	2,879	15,724	12,971
Charge for the year	2,642	-	96	2,738	2,760
Eliminated on disposals	(13)	-	-	(13)	(7)
At end of year	15,474	-	2,975	18,449	15,724
<b>Net book value</b>					
At end of year	125,393	16,669	461	142,522	136,811
At start of year	128,157	8,253	401	136,811	134,130

The insured value of all the College's operational buildings as at 30 June 2020 was £205 million (2019 : £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:

	2020 £'000	2019 £'000
Acquisitions purchased with specific donations	-	-
Acquisitions purchased with College funds	-	-
Total cost of acquisitions purchased	-	-
Value of acquisitions by donation	-	-
Total acquisitions capitalised	62	62

## 9a Investments

	Securities and cash £'000	Property £'000	2020 £'000	2019 £'000
Market value at start of year	99,731	29,223	128,954	123,412
Additions	3,809	15	3,824	9,856
Disposal proceeds	(2,242)	-	(2,242)	(10,438)
Gain/(loss)	(1,945)	(288)	(2,233)	4,221
Increase in cash balances held at fund managers	(323)	-	(323)	1,902
Market value at end of year	99,030	28,950	127,980	128,953
Represented by:				
Property investment			28,950	29,223
Quoted securities - equities			86,783	85,597
Quoted securities - fixed interest			394	424
Unquoted securities - equities			6,630	5,907
Alternative assets			-	2,256
Cash held for reinvestment			5,224	5,546
Total			127,980	128,953



## Notes to the financial statements

## 9b Inflation swap investments

	Securities £'000	Cash £'000	2020 £'000	2019 £'000
Market value at start of year	33,338	1,059	34,397	32,658
Additions	141	-	141	109
Disposal	-	-	-	-
Gain/(loss)	(43)	-	(43)	1,692
Increase in cash balances held at fund managers	-	(80)	(80)	(62)
Market value at end of year	33,436	979	34,415	34,397
Represented by:				
Quoted securities - equities			33,436	33,338
Cash held for reinvestment			979	1,059
Market value at end of year			34,415	34,397

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	2020 £'000	2019 £'000
Group and college		
Goods for resale	264	218
Other stocks	2	3
Total	266	221

## Notes to the financial statements

## 11 Trade and other receivables

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Members of the College	707	707	725	725
Other receivables	334	345	663	520
Amounts due from subsidiary undertakings	-	1,823	-	2,020
Prepayments and accrued income	183	183	245	245
	<u>1,223</u>	<u>3,057</u>	<u>1,633</u>	<u>3,510</u>

## 12 Short term investments

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank deposits	24,421	24,421	24,167	24,167
Properties held for sale	1,592	1,592	-	-
	<u>26,013</u>	<u>26,013</u>	<u>24,167</u>	<u>24,167</u>

## 13 Cash at bank and in hand

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Current accounts	5,480	3,309	9,916	7,138
Cash in hand	1	1	1	1
	<u>5,481</u>	<u>3,310</u>	<u>9,917</u>	<u>7,139</u>

## 14 Creditors: amounts falling due within one year

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Trade creditors	1,212	594	968	630
Members of the College	103	103	41	41
University fees	414	414	915	915
College student societies	148	148	176	176
Contribution to Colleges' fund	131	131	86	86
Other creditors	235	234	164	164
Amounts due to subsidiary undertakings	-	580	-	194
Accruals and deferred income	487	400	2,369	1,604
	<u>2,730</u>	<u>2,604</u>	<u>4,718</u>	<u>3,810</u>

## Notes to the financial statements

**15 Creditors: amounts falling due after more than one year**  
**Group and college**

	2020 £'000	2019 £'000
Loan repayable in 2048 to Santander	15,000	15,000
Inflation-linked amount due to HSBC	5,260	5,052
Other loans	15,000	15,000
	<u>35,260</u>	<u>35,052</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 financial instrument to turn the conventional loan into an index-linked loan at a real interest rate of 1.1%. This inflation swap financial instrument 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 financial instrument 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 2020 the value of the investments was £34,415,000 (2019: £34,397,000) and the liabilities to Santander and HSBC totalled £20,357,000 (2019: £20,052,000). The increase of £208,000 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 financial instruments****Group and college**

	2020 £'000	2019 £'000
Balance at beginning of year	12,501	9,484
Charge to comprehensive income	2,026	3,017
Balance at end of year	<u>14,527</u>	<u>12,501</u>

Derivatives mark to market valuation on inflation linked swap. For further explanation regarding the Inflation swap financial instruments please see note 15

**17 Pension provisions - USS****Group and college**

	2020 £'000	2019 £'000
Balance at beginning of year	680	277
Movement in year:		
Contributions	(12)	(15)
Change in expected contributions	(330)	412
Other finance cost	10	6
Balance at end of year	<u>348</u>	<u>680</u>

**18 Capital and other commitments****Group and College**

	2020 £'000	2019 £'000
Authorised and contracted	22,485	14,025
Authorised and but not yet contracted for	29	90
	<u>22,514</u>	<u>22,514</u>

## Notes to the financial statements

## 19 Endowment Funds

Restricted net assets relating to endowments are as follows:

	Restricted Permanent £'000	Unrestricted Permanent £'000	2020 £'000	2019 £'000
Balance at start of year:				
Capital	51,028	-	51,028	47,843
New donations and endowments	1,100	-	1,100	1,665
Transfer from restricted reserves	106	-	106	-
(Decrease)/Increase in market value of investments	(983)	-	(983)	1,520
Balance at end of year	51,252	-	51,251	51,028
Analysis by type of purpose				
Fellowship funds	3,907	-	3,907	3,835
Scholarship funds	10,826	-	10,826	10,406
Prize funds	706	-	706	722
Hardship funds	2,830	-	2,830	2,898
Bursary funds	7,368	-	7,368	7,099
Travel grant funds	649	-	649	664
Building renewals fund	7,658	-	7,658	7,843
Other funds	10,006	-	10,006	10,083
General funds	7,302	-	7,302	7,478
	51,252	-	51,252	51,028
Analysis by asset				
Property	11,594	-	11,594	11,564
Investments	37,567	-	37,567	37,269
Cash	2,092	-	2,092	2,195
	51,252	-	51,252	51,028

## 20 Restricted Reserves

Reserves with restrictions are as follows:

	Capital grants unspent £'000	Permanent unspent and other restricted income £'000	Restricted expendable endowment £'000	2020 £'000	2019 £'000
Balance at start of year:					
Accumulated income	9,415	30,431	1,126	40,972	38,946
New grants	3,483	-	-	3,483	1,852
New donations	-	17	413	430	305
Other income	216	11	-	227	56
Endowment return transferred	-	2,267	-	2,267	2,053
Transfer	210	(5)	(403)	(198)	-
(Decrease)/Increase in market value of investments	-	(719)	-	(719)	1,220
Management Fees	-	(203)	-	(203)	-
Expenditure	-	(1,223)	(256)	(1,479)	(1,367)
Capital grants utilised	(3,372)	-	-	(3,372)	(2,094)
Balance at end of year	9,952	30,576	880	41,408	40,972
Analysis by type of purpose					
Fellowship funds	-	7,888	58	7,946	8,042
Scholarship funds	-	10,985	27	11,012	11,047
Prize funds	-	1,553	8	1,560	1,551
Hardship funds	-	3,733	136	3,869	3,777
Bursary funds	-	775	73	848	960
Travel grant funds	-	530	5	535	518
Building renewals fund	9,952	169	1	10,122	9,588
Other funds	-	4,943	571	5,517	5,489
	9,952	30,576	880	41,408	40,972

## 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	2020 £'000	2019 £'000
Unapplied Total Return at start of year	66,550	13,717	80,267	75,177
Surplus of total return for year (note 3)	(2,871)	(415)	(3,285)	5,090
Unapplied total Return at end of year	63,679	13,302	76,982	80,267

## Notes to the financial statements

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

	2020 £'000	2019 £'000
Surplus for the year	1,883	5,828
<b>Adjustment for non-cash items</b>		
Depreciation	2,738	2,760
(Gain)/Loss on disposal of non-current assets	(18)	(15)
(Gain)/loss on endowments, donations and investment property	2,277	(5,913)
(Increase)/Decrease in stocks	(45)	16
Decrease/(Increase) in debtors	410	1,070
(Decrease)/Increase in creditors	(1,780)	2,088
Pension costs less contributions payable	(332)	403
Movement in provisions	2,026	3,017
<b>Adjustment for investing or financing activities</b>		
Investment income	(3,473)	(3,943)
Inflation swap income	(145)	(122)
Interest payable	1,099	1,569
Interest receivable	(666)	(664)
Management fees	413	430
<b>Net cash inflow from operating activities</b>	<u>4,389</u>	<u>6,523</u>

## 23 Cash flows from investing activities

	2020 £'000	2019 £'000
Proceeds on disposal of investments	2,242	10,438
Proceeds on disposal of inflation swap investments	-	-
Investment income	3,618	4,065
Investment costs	(413)	(430)
Endowment funds invested	(3,501)	(11,758)
Inflation swap invested	(61)	(47)
Proceeds on disposals on non-current assets	166	83
Payments made to acquire non-current assets	(8,597)	(5,379)
<b>Total cash flows from investing activities</b>	<u>(6,547)</u>	<u>(3,027)</u>

## 24 Cash flows from financing activities

	2020 £'000	2019 £'000
Interest paid	(1,099)	(1,569)
Interest received	666	664
New loans	-	-
Cash held on short term deposit	(1,846)	1,900
<b>Total cash flows from financing activities</b>	<u>(2,279)</u>	<u>995</u>

## Notes to the financial statements

## 25 Consolidated reconciliation and analysis of net debt

	At 1 July 2019 £000	Changes in Market value £000	At 30 June 2020 £000
<b>Cash and Cash Equivalents</b>	9,917	(4,436)	5,481
<b>Borrowings:</b>			
<b>amounts falling due after more than one year</b>			
Secured Loan (repayable in 2048 to Santander)	15,000	-	15,000
Unsecured loans	15,000	-	15,000
Derivatives (Inflation-linked amount due to HSBC)	5,052	208	5,260
<b>Total</b>	<b>35,052</b>	<b>208</b>	<b>35,260</b>

## 26 Financial Instruments

	2020 £000	2019 £000
<b>Financial assets</b>		
<i>Financial assets at fair value through Statement of Comprehensive Income</i>		
Quoted equity and fixed interest investments	120,613	119,359
<i>Financial assets that are equity instruments measured at cost less impairment</i>		
Unquoted equity investments	6,630	5,907
Alternative assets	-	2,256
	<b>127,242</b>	<b>127,522</b>
<b>Financial liabilities</b>		
<i>Financial liabilities at fair value through Statement of Comprehensive Income</i>		
Inflation-linked amount due to HSBC	5,260	5,052
Inflation swap financial instruments	14,527	12,501
	<b>19,787</b>	<b>17,553</b>
<b>Net Total</b>	<b>107,455</b>	<b>109,969</b>

The fair values of the assets and liabilities held at fair value through profit and loss at the balance sheet date are determined using quoted prices.

**Notes to the financial statements****27 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.

The College maintains a register of interests for all College Council members and where any member of the College Council has a material interest in a College matter they are required to declare that fact.

During the year no fees or expenses were paid to Fellows in respect of their duties as Trustees.

Fellows are remunerated for teaching, research and other duties within the College. Fellows are billed for any private catering. The Trustees remuneration is overseen by the Stipends and Salaries Committee.

The salaries paid to Trustees in the year are summarised in the table below:

From	To	2020 Number	2019 Number
£0	£10,000	8	4
£10,001	£20,000	1	2
£20,001	£30,000	2	3
£30,001	£40,000	-	-
£40,001	£50,000	2	1
£50,001	£60,000	1	1
£60,001	£70,000	1	-
£70,001	£80,000	-	-
£80,001	£90,000	-	-
£90,001	£100,000	1	1
	<b>Total</b>	<b>16</b>	<b>12</b>

The total Trustee salaries were £403,527 for the year (2019: £304,842)

The trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £83,144 for the year (2019: £54,413)

The College has a number of trading and dormant subsidiary undertakings which are consolidated into these accounts. All subsidiary undertakings are 100% owned by the College and are registered and operating in England and Wales.

The College has taken advantage of the exemption within section 33 of FRS 102 not to disclose transactions with wholly owned group companies that are related parties.

## Notes to the financial statements

## 28 Pension Schemes (continued)

## (a) Universities Superannuation Scheme

The total cost charged to the Statement of Comprehensive Income and Expenditure is £(171,000) (2019: £595,000) as shown in note 28c.

At the financial year end the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2018 (the valuation date). This was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete. Since the College cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 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%

Discount rate (forward rates) Years 1-10: CPI + 0.14% reducing linearly to CPI –  
Years 11-20: CPI + 2.52% reducing linearly to CPI +  
1.55% by year 21 Years 21 +: CPI + 1.55%

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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

	<b>2018 valuation</b>
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.  <u>Post retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI 2017 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:

	<b>2020</b>	<b>2019</b>
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	<b>2020</b>	<b>2019</b>
Discount rate	1.45%	2.24%
Pensionable salary growth	2.7%	3.0%



## Notes to the financial statements

## 28 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 officially wound up.

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

	2020	2019
	£'000	£'000
Universities Superrannuation Scheme	(171)	595
Clare Contributory Pension Scheme	392	347
NEST	-	-
Total pension costs (note 7)	<u>220</u>	<u>942</u>

