



QUEENS' COLLEGE, CAMBRIDGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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QUEENS' COLLEGE, CAMBRIDGE

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 30 JUNE 2019

The full name of the College is "The Queen's College of St Margaret and St Bernard, commonly called Queens' College in the University of Cambridge". The College is a corporate body consisting of the President, Fellows and Scholars.

The Governing Body, which consists of the President and the Fellows, with four student observers, holds at least six meetings each year. The Governing Body met ten times in the year to which this report relates. The President, Professorial Fellows and Official Fellows are the voting members of the Governing Body and, since the Governing Body exercises general control and management of the College, its voting members are the trustees of the charity.

*President

The Rt Hon. Prof. Lord Eatwell

Life Fellows

Prof. A C Spearing

Dr B A Callingham

Prof. J E Carroll

Revd Dr B L Hebblethwaite

Dr J T Green

Dr T H Coaker⁺⁴

Dr W A Phillips

Prof. A. N. Hayhurst

Dr C J Pountain

Prof. Lord Oxburgh

Revd Canon J C Polkinghorne

Prof J Diggle

His Hon. Judge Bridge

Prof K F Priestley

Revd Dr J M Holmes

Dr H J Field

Dr C N Pitelis

Dr A D Cosh

Prof D R Ward

Prof J L Scott

Dr M J Milgate

Dr I K Patterson²

*Professorial Fellows

Prof. E A H Hall

Prof. A N Lasenby

Prof. D.K. Menon

Prof. R W Prager

*Official Fellows

Prof. R R Weber

Prof. J A Jackson

Prof. R G Fentiman

Prof. P H Haynes

Prof. D Cebon

Prof R L Jones

Dr E G Kahrs

Dr A H Gee

Dr J W F Allison

Prof B J Glover

Prof R A W Rex

Prof C E Bryant

Dr M P V Crowley

Prof J C Muldrew

Dr J W P Campbell

Dr H R N Jones

Prof M J Dixon

Dr A C Thompson

Prof J R Gog

Prof A A Seshia

Prof E M Terentjev

Dr I Sitaridou

Dr A Zurcher

Dr A M Rossi

Mr J Spence

Dr G J McShane

Dr H J Stone

Dr M Edmonds

Dr J J Maguire

Dr G M Fraser

Dr L S Tiley

Dr T S Butlin

Prof R Nickl

Dr J W Kelly

Dr A C Rice

Dr E Moyroud

Dr D J Butterfield

Dr A Paterson

Dr E Gallo

Mr R M C Kitt

Dr S Haggarty

Dr C J Bickerton

Dr C Brendon

Dr D J Parker

Dr G Denyer Willis

Dr E McPherson

Dr J Baxendine¹

Dr A Zaccone¹

Dr M E B Tait

Dr F I Paddeu

Revd T C Harling

Dr P Daly

Dr M Saxton¹

Dr C Warnick

Dr A Marsham

Dr J Blundell

Dr A Beresford

Dr G Atkins¹

Mr A D Bainbridge²

Dr P McMurray²

Dr T Denmead²

Bye-Fellows

Dr R D H Walker

Dr A D Challinor

Dr G H Treece

Mr S J Price

Dr M Williamson

Dr R M Faragher

Dr T S Cordiner¹

Dr I K Patterson¹

Dr T Forster

Dr M Steenhagen

Dr G Atkins²

Dr J Garrison²

Dr J R Bellis²

Dr C Hill²

Dr A C Bonner²

Revd M Bayliss³

Research Fellows

Dr M Polgovsky Ezcurra¹

Dr M S Keibek¹

Dr C Herresthal

Dr S Seita

Dr F Jephcott

Dr S Kissler

Dr C Penney³

Dr C Proudman³

Emeritus Fellows

Dr A M W Glass

Prof J Russell

Prof. A M Gamble

¹ To 30 September 2018

² From 1st October 2018

³ From 7th January 2019

⁴ Obit 15th February 2019

*Charity Trustees

QUEENS' COLLEGE, CAMBRIDGE

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Senior Officers

President	The Rt. Hon. Professor Lord Eatwell
Vice-President	Professor R R Weber
Senior Bursar	Mr J Spence
Senior Tutor	Dr J W Kelly

PRINCIPAL COMMITTEES

Bursarial Committee

The Rt Hon. Professor Lord Eatwell, President
Professor R R Weber, Vice President
Mr J Spence, Senior Bursar
Mr A D Bainbridge, Domestic Bursar
Dr R D H Walker, Estate Bursar
Dr J W Kelly, Senior Tutor
Mr R M C Kitt, Development Director
Dr D Butterfield
Dr M Edmonds
Prof E A H Hall
Prof R L Jones
Dr A D Marsham
Prof R A W Rex
Dr I Sitaridou

Fellowships Committee

The Rt Hon Professor Lord Eatwell, President
Dr J W Kelly, Senior Tutor
Mr J Spence, Senior Bursar
Dr C Bickerton
Professor B J Glover
Professor P Haynes
Professor R W Prager
Dr A M Rossi
Dr G Denyer Willis
Dr A Zurcher

Investments Committee

The Rt Hon. Professor Lord Eatwell, President
Professor R R Weber, Vice President
Mr J Spence, Senior Bursar
Professor M J Dixon, Dean of College
Dr A H Gee
Professor E A H Hall
Mr R R Foulkes (Queens' Alumnus)
Mrs A Koerling (Queens' Alumna)
Mr A Pomfret (Queens' Alumnus)
Dr R Ramaswamy (Queens' Alumnus)

Teaching and Learning Committee

Dr J W Kelly, Senior Tutor
Dr A C Thompson, Admissions Tutor
All Directors of Studies of the College
Tutors charged with Admissions
Admissions Co-ordinator
Graduate Administrator

Tutorial Committee

The Rt Hon. Professor Lord Eatwell, President
Dr J W Kelly, Senior Tutor
Professor M J Dixon, Dean of College
All Tutors of the College
Revd T C Harling, Dean of Chapel
Mr A D Bainbridge, Domestic Bursar

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REFERENCE AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2019

PROFESSIONAL ADVISORS

Auditors

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

Actuaries

Cartwright Group Ltd
Suite 7, 2nd Floor, The Hub, IQ Farnborough
Farnborough
Hampshire
GU14 7JP

Bankers

National Westminster Bank plc
23 Market Street
Cambridge
CB2 3PA

Investment Fund Managers

Heronbridge Investment Management LLP
1 Queen Street
Bath
BA1 1HE

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Property Advisors

Bidwells LLP
Trumpington Road
Cambridge
CB2 9LD

Carter Jonas LLP
6 – 8 Hills Road
Cambridge
CB2 1NH

Solicitors

Mills & Reeve LLP
Francis House
112 Hills Road
Cambridge
CB2 1PH

CHARITY INFORMATION

Charity Registration 1137495

Registered Address Silver Street, Cambridge CB3 9ET

Website www.queens.cam.ac.uk

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisation

Queens' College, Cambridge is a self-governing academic community and body corporate, comprising the President, Fellows and Scholars and is one of the thirty-one Colleges in the University of Cambridge. The provisions which regulate the purposes and administration of the College are to be found in its Royal Charter, dated 30th March 1448, and its Statutes, as made in 1955 and variously amended from time to time, most recently in 2017.

The Governing Body

The Charity Trustees of the College are the voting members of the Governing Body, being its President, Professorial Fellows and Official Fellows, appointed by the Governing Body in accordance with the Statutes of the College. The membership of the Governing Body is given on page 3.

The Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.

Under the College Statutes, the Governing Body has the discretion to form committees to consider and to make recommendations to the Governing Body in accordance with the College's Statutes. The Governing Body also has the discretion to delegate powers to committees. The Governing Body has formed a number of committees, the principal ones being:-

- **Bursarial Committee** – to oversee the financial management of the College in accordance with the College Statutes, under the overall direction of the Governing Body. In accordance with the College Statutes, the Senior Bursar, advised by the Bursarial Committee, is responsible for the financial management of the College, subject to the overall direction of the Governing Body. The Bursarial Committee, without the Bursars, acts as an Audit Committee;
- **Investments Committee** – to keep under continual review the investments of the College, against agreed benchmarks, to recommend and implement the investment policy approved by the Governing Body, to maintain consultation with the College's financial advisors;
- **Fellowships Committee** – to consider and advise the Governing Body on the general needs of the College in relation to appointments to Fellowships, in all classes, in accordance with the Statutes of the College;
- **Teaching and Learning Committee** - to review all aspects of College teaching and its relationship to University teaching and to make recommendations accordingly to the Governing Body;
- **Tutorial Committee** – to review and consider general issues pertaining to the welfare of students of the College and to advise the Governing Body on all matters of policy pertaining to student welfare.

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These Committees are a key component of the College's system of internal control, which is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the extent and nature of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30th June 2019 and up to the date of approval of the financial statements. The Governing Body is responsible for ensuring the effectiveness of the systems of internal control: all the above Committees make regular reports to the Governing Body through the medium of detailed minutes, as well as dedicated reports.

The Governing Body's review of the effectiveness of the system of internal control is informed by the work of the various Committees, the Senior College Officers and other College Officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Induction and Training of Members of the Governing Body

Upon admission to the Fellowship, new members of the Governing Body receive, inter alia:-

- A copy of the College Statutes
- A copy of the most recent Annual Report and Accounts
- A copy of procedures and policies relating to the College
- An up-to-date list of College Officers, Committees and their membership
- A copy of the Charity Commission's guide to the responsibilities of a Charity Trustee (both the full and summary versions)
- A copy of Being a Trustee (the Charity Commission's easy read guidance, which explains the main things that a Trustee needs to know)
- Copies of minutes of previous meetings of the Governing Body and its principal committees
- A declaration of qualifications to be a Trustee (to be signed and held by the College)
- A list of all diary dates relevant to membership of the Governing Body
- Information about the management of conflicts of interest
- The latest circulars from the Charity Commission
- A copy of the latest Corporate Risk Register

Each new member has an induction meeting with the Senior Bursar, prior to attending a meeting of the Governing Body.

Risk Management

The Governing Body is committed to an ongoing policy of identifying, monitoring and managing the risks that might adversely affect the operations and reputation of the College. The Bursarial Committee, chaired by the President, reviews at least twice each year the operational, financial, regulatory and legal risks facing the College, (including reviewing the Corporate Risk Register) and reports accordingly to the Governing Body. The Governing Body keeps under review the structures to deal with risk and is satisfied that appropriate structures are in place to identify, manage and mitigate the risks faced by the College.

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Scope of Financial Statements

The financial statements are a consolidation of the results of Queens' College and its subsidiaries, QC Enterprises Limited and Q College Property Limited. Q College Property Limited has continued to be non-trading during the year. QC Enterprises is the corporate vehicle through which the College undertakes its commercial conference and catering activities.

AIMS AND OBJECTIVES OF THE COLLEGE

The College is an institution of higher education. Its purposes are the promotion of study and prayer.

The College has the following aims and objectives:

- to maintain the College's emphasis on the individual in academic and pastoral provision; to deliver an excellent undergraduate education by safeguarding the provision of small-group teaching through the College-based supervision system; and to achieve and maintain the highest standards in education at both undergraduate and postgraduate levels while maintaining welfare support through the dedicated student support team;
- to support a community of Fellows, students and staff, allowing the benefits of a large, internationally renowned University to be realised in a small and close-knit community;
- to promote academic research of the highest quality by Fellows and students;
- to maintain and enhance the endowments and benefactions, historic buildings and grounds of the College for the benefit of future generations.

Remaining an independent foundation, forming part of 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 contributing to the formulation of University policy.

In pursuit of its aims and objectives, as well as its charitable objects, the College admits (as junior members) undergraduate and graduate students matriculated in the University of Cambridge. It provides financial and other support to those of its members who require it in order to achieve its aims and objects and it supports teaching and research in the University. In furtherance of its objects, the College maintains and manages an endowment of property and financial assets. Besides financial and tutorial support, the College also supplies accommodation, catering and other services to its members and others.

Public benefit statement

In accordance with its Royal Charter of 1448, the College's charitable objects are the promotion of study and prayer through the provision of a College in the University of Cambridge.

The College provides, in conjunction with the University of Cambridge, an education for some 543 undergraduate and 358 full-time and 119 part-time graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and

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interpersonal skills, and so prepares 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.

The College additionally advances study through:

- providing Research Fellowships to outstanding academics at the early stages of their careers, which enables 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;
- supporting research work pursued by its other 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 outside the University of Cambridge; 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), so providing a valuable resource for students and Fellows of the College, members of other Colleges and the University of Cambridge more widely, as well as external scholars and researchers.

The College carries forward the tradition, continuous since its foundation, of being a place of prayer. In particular, the College:

- Maintains and supports the Chapel as a place of prayer and holds a variety of religious services on week days and at weekends during term, which are open to the general public and visitors.
- Supports, through the College Chaplaincy team, the emotional, mental and spiritual well-being of all members of the College community whatever their faith tradition, or none.

The resident members of the College, both students and academic staff, are the primary beneficiaries and are directly engaged in study.

However, beneficiaries also include: students and academic staff from other Colleges in Cambridge and the University of Cambridge more widely, visiting academics from other higher education institutions and visiting schoolchildren and alumni of the College who have an opportunity to attend educational events at the College or use its academic facilities. The services in the College Chapel are open to the public and are attended by local residents and visitors to Cambridge.

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The College admits as students those who have the highest potential for benefiting from the education provided by the College and the University and recruits as academic staff those who are able to contribute most to the academic excellence of the College, regardless of their financial, social, religious or ethnic background.

The College charges the following fees:

- a) College composition fees at externally regulated rates to undergraduates entitled to those rates and to graduate students (with those undergraduate fees being paid by grant funding through arrangements approved by the Government), and a fee determined by the College annually to Overseas undergraduates and any Home/EU undergraduates not entitled to the regulated rates; and
- b) Accommodation and meal charges at reasonable rates.

In order to assist undergraduates entitled to Student Support, the College provides through a scheme operated in common with the University and other Colleges bursary support for those of limited financial means. In 2018/2019, 100 undergraduates (out of our 482 Home/EU undergraduates) received such bursaries with a total value of £239,416. The scheme is approved by the Office for Students and provides benefits at a substantially higher level than the minimum OFS requirement. It is widely advertised, on the University website, on College websites and in the Admissions Prospectus. The College spent £110,011 on additional bursaries in 2018/2019.

The College also supports all students through a grant scheme to assist with attendance at conferences, and travel grants. In 2018/2019 the College spent £56,505 on this scheme.

In addition to its other programmes, the College operates a hardship scheme for all students in financial hardship. In 2018/2019 the College made hardship grants totalling £110,450.

The sole condition for admission as an undergraduate to Queens' is academic potential. The College will use its best endeavours to ensure that no student is prevented from studying here because of disability or any other social or financial consideration. We are particularly keen to receive applications from schools with no previous tradition of sending students to Cambridge. To further this aim, and to fulfil our desire to widen access to the University in general, we have developed an extensive programme of activities to support potential applicants. We run several open days each year, allowing applicants to experience a Cambridge College for themselves. We receive visits from schools in College and also go out and visit schools ourselves. We run seminars for teachers and allow teachers to observe our interviews to give them a real sense of how our admission process works from the inside. Our outreach and widening participation activity, as part of a University-wide agreement to link areas to Colleges, is particularly focused on Bradford, Kent and Havering but we are happy to engage with any school that contacts us. All this activity is coordinated through the Admissions Office and is the responsibility of our Admissions Tutor. The College has two Schools Liaison Officers, one of whom is based in our linked area of Bradford, to enhance further the effectiveness of our access work.

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In order to fulfil its charitable purposes, the College employs College Lecturers, Tutors, Clergy and senior academic and administrative officers. These posts are qualifying offices under the College Statutes. The appointment of Fellows is a result of their employment in a qualifying office which office is undertaken with the intention of furthering the College's aims and their employment directly contributes to the fulfilment of those aims. The private benefit accruing to the President and Fellows occurs solely through their employment in a relevant qualifying office by means of salaries, stipends and employment related benefits and is objectively reasonable, measured against academic stipends generally; moreover, annual pay increases normally follow national settlements applying to the university sector, as implemented by the University of Cambridge. Without the employment through qualifying offices of Fellows, the College could not fulfil its charitable aims as a College in the University of Cambridge.

The President and Fellows of the College also receive benefits as beneficiaries. These comprise research grants, conference grants, book grants etc. These benefits are provided with the intention of furthering the College's aims. The amounts of the benefits provided are objectively reasonable, measured against the academic benefits made available to other beneficiaries of the College.

Academic Performance

In 2018/2019, 477 (500 2017/2018) undergraduates sat University classed examinations with 85.75% (85.8% 2017/2018) obtaining grades in the First Class or the upper division of the Second Class (or in the undivided Second Class).

Provision of Welfare

The Welfare Department provides specialist and professional care for students of the College. This consists of (although is not restricted to) general pastoral provision, professional counselling, Cognitive Behavioural Therapy, mental and physical health support, bereavement counselling, eating disorder interventions and a raft of transition related management (transition being the transition from home/school to University and also from dependence to independence).

It is the case that mental health issues are more reported in today's culture. This may be due to the problem increasing, the reduced stigma in articulating problems, feelings and medical conditions, or a raised expectation that institutions have a responsibility to act and support its members with the conditions they have. Welfare provision that individual Colleges provide are widely compared by students and applicants and is seen as a key indicator of the "student experience".

Students from disadvantaged backgrounds may have additional concerns or issues that require support. Welfare, in this way, is part of the Colleges commitment to increase access for all.

The Welfare department work alongside the Tutors of the College in providing pastoral support to students. Ultimately the Welfare department is managed by the Senior Tutor, however the day to day running is managed by the Head of Welfare (operationally) and the Head of Academic and Tutorial Services (administratively).

At present (in addition to the above roles) the College employs a full time Welfare Officer/Physical Health Nurse, a part time Mental Health Nurse/Welfare Officer/CBT Counsellor, a part time Welfare Officer and Counsellor, and a Chaplain (part of whose job is as a Welfare Officer).

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Where more specialist treatment is needed this is organised with professionals on a contracted basis by the Head of Welfare. This, in the past, has included Psychiatric Services, Psychological practitioners, Scientific Coaching, Essay writing guidance, physical trainers, legal advice and physiotherapists.

The Head of Welfare also acts as the College Safeguarding Officer, Sexual Assault and Harassment contact, Police Liaison Officer and deputy head of Prevent.

Funding of the College

Queens' College is funded from several sources as follows:

	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Academic Fees	25.0%	26.4%	26.5%	24.9%	27.5%
College Accommodation	23.9%	23.7%	23.8%	24.2%	25.1%
College Catering	6.6%	6.8%	7.2%	6.9%	7.4%
Conference Activities (including Catering)	10.8%	11.0%	9.9%	9.8%	9.1%
Investment Income	13.6%	16.5%	18.0%	19.5%	20.8%
Donations	18.5%	14.4%	13.0%	13.3%	8.8%
Other	1.6%	1.2%	1.6%	1.4%	1.3%

The above table excludes new endowments and restricted donations in respect of future building projects from the calculations. Future income from the new endowments will appear as Investment Income.

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Financial Review

In common with other organisations, the financial year to 30th June 2019 has been a challenging one in somewhat uncertain economic circumstances. The College has continued to pursue its principal goals of providing a first class educational and research environment to undergraduates, graduate students and Fellows alike, whilst striving to live within its means.

The College's principal objective to provide a world class education to its undergraduates and graduate students places a heavy burden on its resources. Last year this meant spending, on a full-cost basis c£11,400 on each undergraduate student, mainly through the intensive support provided by the individual's Director of Studies, Supervisors and Tutors. The College also spends, again on a full-cost basis, an average of c£2,400 on each member of its graduate community with Tutorial and other support for the work of the graduates. The total cost of educating 543 undergraduates, 358 full-time and 119 part-time graduate students, together with funding research came to £7,912,000 (2018: £6,824,000). Our academic fee income, including Cambridge Bursaries money, was £3,767,000, 72% of which related to undergraduates, leaving the balance of £4,145,000 to be found from the College's own resources, including from the generosity of its old members.

In respect of undergraduates, the total income per undergraduate is £4,993 while the cost of providing all the attributes of a Cambridge education at Queens', as already mentioned is £11,400 per undergraduate, meaning c£6,400 or 56% is met from the College's own resources. In respect of graduate students the total income per graduate, whether full-time or part-time, is £2,216 while the spend per graduate in support of their studies is £2,400. It should be noted that the costs of research undertaken by Fellows and the extensive expenditure on admissions have been excluded from these calculations, not being directly related to the activities of undergraduates and graduates.

The balance funded from the College's own resources has steadily increased over recent years and presents a significant, continuing challenge to the College. Undergraduates admitted since Michaelmas 2013 now pay higher University fees for themselves, with a likely commensurate need for increased bursary provision. Increased levels of debt are likely to put heavy pressure on Queens' hardship funds.

Financial Results

The College had an Operating Deficit, before New Endowments and donations where there are restrictions on the use of the capital in support of particular building projects, of £680,000 and included £2,775,000 of donations of a revenue nature, or unrestricted in respect of their capital, principally in support of education compared to similar donations in the previous year of £2,094,000.

The surplus after new endowments, but again excluding the above mentioned restricted donations for building projects, but before other gains and losses, amounted to £7,215,000 with new endowments totalling £7,895,000 in support of various of the College's activities, including funds for fellowships and teaching, studentships, bursaries and hardship funds, this is £6,271,000 greater than the amount received last year. The College is very grateful to those of its old members who continue to support it so generously. The surplus with the restricted donations amounts to £9,596,000.

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Year ended 30 th June	2019 £m	2018 £m	2017 £m	2017 £m	2016 £m
Operating Income	15.04	14.54	14.03	14.03	13.91
Expenditure	<u>15.72</u>	<u>14.36</u>	<u>13.21</u>	<u>13.21</u>	<u>12.68</u>
Operating (Deficit) Surplus	(0.68)	0.18	0.82	0.82	1.23
New Endowments	<u>7.90</u>	<u>1.63</u>	<u>1.27</u>	<u>1.27</u>	<u>3.08</u>
Restricted Donations	2.45	-	-	-	-
Total Surplus before Other Gains and Losses	9.67	1.81	2.09	2.09	4.31

The Operating Deficit includes investment income from the Endowment of £2,040,000, (2017/2018: £2,396,000) while any realised gains or losses for the Endowment are included in the Other Gains and Losses.

The Operating Deficit of £680,000 is realised after charging depreciation of £2,310,000. The depreciation charge has more than tripled in the last ten years, and now almost reflects the true annual cost to the College of maintaining and enhancing its operational properties, including the main College site.

This year the College shows as part of its comprehensive Income and Expenditure account other gains and losses relating to investments assets of £1,022,000 (2017/2018: £3,420,000), gains on disposal of fixed assets of £182,000 and pension liabilities of -£1,273,000 (2017/2018: £940,000), including the previously mentioned restricted donations of £2,450,000, the total surplus is £9,596,000 (2017/2018: £6,147,000).

There are a number of financial matters to draw to your attention:

- overall income before new endowments increased compared with the previous year, by 3.4%;
- the investment income was 15% lower than last year as dividend income reduced slightly and income from other assets, particularly from maturing private equity investments, declined;
- total donations and new endowments totalled £13.12million (2017/2018: £3.7million) as a long term joint donation to the College and University was completed and donations in respect of a future building projects started to be received. It is inevitable that the level of donations will fluctuate year on year and this year has been a truly exceptional year;
- the contribution to the College's overhead of its conference activities was significant at £1.63 million, this was some 2% higher than in 2017/2018. This is a good result in a trading environment which remains challenging;
- overall expenditure increased by 9.2% over the previous year;
- the deficit on the Education Account was £4,145,000, an increase of 39% on the previous year reflecting higher expenditure on teaching, tutorial support, access initiatives, scholarships and bursaries, as well as the impact of FRS102 on academic staff pensions of £500,000, as the consequences of the latest available valuation became manifest;
- there was a significant extra cost within the Income and Expenditure account under FRS102 in respect of the pensions for the non-academic staff of £174,000;
- the College's Residence and Catering activity showed a deficit of £631,000. This is £58,000 worse than last year;

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- the net assets of the College stand at £123.44 million (2017/2018: £113.87 million), following the increase in investment assets' capital values, the effect of new endowments and a 27% increase in the pension liability under FRS102;
- The College's total long-term unsecured borrowing remained at £23 million, details of which are given below, and represent a gearing ratio of 18.6%.

The College is not immune from the effects of an economic downturn and it took several years after the financial crisis for Endowment Income to recover. This year Endowment Income has declined by 14% from last year's level and is now 23% lower than the all-time high achieved in 2015/2016.

Main Endowment and Investment Assets

The College, as a long term investor, has a medium risk appetite for the management of its investments. While risk parameters are agreed with the College's Fund Managers, there are no ethical restrictions placed on the investments that may be made, save that the Managers are required to have due regard to a company's environmental, social and governance record. The market value of the main Endowment and Investment Assets at 30th June 2019 stood at £108.68 million. This figure includes both the £15 million proceeds of a 40 year unsecured private placement issue, and £2.45 million of cash donations for operational property investment; when this is excluded the investment assets stand at £91.23 million (2017/2018: £89.46 million) this sum was invested in Global Equities, including our Custom Index Carbon Free holdings, (56%), residential property and agricultural estates (28.9%), cash, (5%), a charity Multi-Asset Fund (2.5%) and the balance in the recognised alternative asset classes of private equity and absolute return funds. It should be noted that the private equity investments are unquoted and shown at managers' estimated value on a "marked to market" basis.

The College's direct investment property assets have been re-valued during the year.

	2019	2018	2017	2016	2015
	£mn	£mn	£mn	£mn	£mn
Year ended 30th June					
Endowment & Investments Assets	91.23	89.46	86.17	75.93	69.09
Actual Income	2.04	2.39	2.53	2.68	2.57
Gains (Losses)	<u>1.02</u>	<u>3.42</u>	<u>10.16</u>	<u>2.73</u>	<u>3.01</u>
Total Return	3.06	5.81	12.69	5.41	5.58

The total recorded return on the investment assets in the year was 3.42% (6.74% 2018). This reflects a challenging year in many of the markets in which the College invests. It should be noted that Queens' only uses its Actual Income in its day to day operations. The College does not drawdown any of its investment gains but accumulates them within reserves as it is, relatively speaking, an under-endowed College.

QUEENS' COLLEGE, CAMBRIDGE

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Capital Expenditure and Building Renewals

During the year the College spent £1.3 million on maintaining, improving and enhancing its buildings and their environs, including replacing the roof, renewing the parapet and other stone work of the Main Gate in Old Court, which has not been renewed in nearly 100 years. The College has continued with its ongoing programme of refurbishing the College's main site accommodation, as well as its houses within the city, to improve the quality of the accommodation it provides its undergraduates and graduates. This is part of a long term programme.

Future Capital Projects

In 2019/2020, the College will continue with its expenditure programme to improve and enhance the College Estate, including the provision of improved insulation and double glazed windows in its older buildings.

Long Term Debt Issue

The significant projects in 2014 and 2015 were funded, as previously reported, using the proceeds of an unsecured long-term debt issue in which the College participated with 18 other Colleges. The College's share of the issue was £8 million, with an average life of 34 years, at an effective rate of 4.42% per annum fixed for the duration of the loan. Although issued through a funding vehicle, the College has no responsibility for the obligations of any other of the issuing Colleges. This issue was a good example of the Cambridge Colleges working well together for a common purpose.

In January 2018, the College raised a further £15million through a private placement. This is unsecured, at a fixed rate of interest of 2.62% per annum with repayment in one amount after 40 years. This fixed rate funding will be used to invest in further operational assets for the College to house more of its graduate students and to eradicate some historic anomalies in the provision of undergraduate accommodation. At present, the College, together with one other College and the University of Cambridge, is working on plans to develop the north side of Mill Lane. These plans are now moving from the Master Planning stage to a more detailed design stage and, while it is still not yet certain the development will ultimately proceed and this may not be clear until 2021 or 2022, the College believes the raising of long-term debt finance has given a degree of certainty for funding part of such a development. Should Mill Lane not proceed for any reason, then the College would seek to develop other operational assets within the City of Cambridge for the same purposes.

Staff Costs

Approximately 50% of the College's total expenditure is represented by staff costs, both academic and non-academic. It is likely that pay settlements will continue to be subdued for the foreseeable future. There is, however, a high, additional cost associated with pension contributions.

The College's academic staff are members of the Universities Superannuation Scheme and the issues and challenges facing this Scheme, and the College's staff who are members of it, have been well publicised. The effect of the FRS102 adjustment in respect of this Scheme, following completion of the latest valuations, in the Income and Expenditure Account this year is £500,000, rather greater than last year's cost of £24,000. This arises from a revised model introduced by USS.

The Cambridge Colleges Federated Pension Scheme (CCFPS), a pension scheme exclusively for non-academic staff, has its full liability recorded in the balance sheet under FRS102. The deficit shown this year has increased by £1,273,000. There is, as already mentioned, an additional impact in the staff costs

QUEENS' COLLEGE, CAMBRIDGE

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shown in the Income and Expenditure account of £174,000 arising from FRS102. The College is reducing its pension liability under the scheme with additional contributions over an eleven year period.

The effect of the above changes in respect of both Schemes is a negative balance sheet movement of nearly £2 million.

Since the year-end, the University of Cambridge has introduced a University of Cambridge Living Wage (UCLW), equal to £10 per hour for its employees and casual workers; this excludes the value of any benefits which are additional to the UCLW. The College has, with the full support of its student body, agreed to follow the UCLW with effect from 1st August 2019. Again, any benefits, holiday pay etc will be additional to the UCLW prevailing from time to time.

Reserves Policy

Following extensive analysis of the College's existing funds, many of these have been reclassified resulting in a larger movement from Restricted to Unrestricted Reserves as many of the funds have been classified as Designated Funds. Restricted Reserves have reduced by £11.72 million with a corresponding increase in Unrestricted Reserves. There has been no underlying change to the Total Reserves as a result of this reclassification, simply movements within the balances of the reserves.

The College's unrestricted funds amount to £63.38 million, before any pension asset or liability, and are represented in the balance sheet by the College's operational buildings, which are used for teaching and residential purposes, and by part of the investment portfolio. The College needs to maintain and enhance its unrestricted reserves as it is one of the measures of its relative financial strength in terms of its pension obligations as well as for its external funders.

The Endowment Assets and restricted funds amount to £69.29 million and are represented by part of the investment portfolio.

The College takes a long term view of the investment portfolio and attempts to protect its value in real terms and, as a result, to strike an equitable balance between the interests of the present members of the College and future generations. 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 particular project.

Principal Risks and Uncertainties

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

- the current global economic uncertainties, as well as the effects of the referendum in the United Kingdom on membership of the European Union, may have a significant effect on the markets in which the College invests and it is possible that capital values will be highly volatile and investment income may again be adversely affected;
- the economic situation may adversely affect the College's conference activities which are a significant contributor to the College's overheads;
- although the College has a long term programme of building renewal and improvement, it is always possible with buildings of the age of the College's estate that there will be unexpected issues that may arise;
- the volatility in investment markets could be one of the factors that may give rise to a deterioration in the pension liability;

QUEENS' COLLEGE, CAMBRIDGE

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- a continuing low interest rate environment may also adversely affect both investment markets and pension obligations;
- the failure of academic fees to keep up with the rise in academic costs, as well as the inevitable uncertainties with a potential significant change to the funding of Universities in England, mean that the funding and costs associated with the College's core activity will need to be kept under constant review.

Future Plans

During the course of the coming year the College intends to pursue a number of developments in its pursuit of academic excellence. It will continue to work on encouraging applications from applicants with high academic potential from all parts of society.

The College will also continue to develop plans for raising funds to enhance significantly the College's endowment to enable it to continue achieving its objectives following agreed strategic priorities for fundraising approved by the Governing Body in 2010. It will focus principally on raising permanent capital funds for fellowships and teaching, the core activity of the College and unrestricted funds, so the College may continue to invest in the future and strengthen its financial position. There are no plans for the College to undertake a telephone fund raising campaign in 2019/2020.

The major building plans have been mentioned earlier in this report as has the work in respect of the possible development at Mill Lane.

Conclusion

The College's financial provision can be described as adequate, although by no means comfortable, but there is a great deal to be done to secure properly the long term future of the College especially for the provision of teaching and research excellence, providing for graduate students and refurbishing and enhancing the historic and other operational buildings. The College will also need to ensure it is maximising its revenues from other sources as well as endeavouring to work as efficiently as possible within the context of being an academic community.

In the medium term, the College needs to increase its endowment from all sources by at least £50 to £75 million from its current position. The College will also continue to control costs and manage resources to best effect to support its principal objective of providing a first class education. It is not at all certain that academic fees will be increased adequately to meet the full costs of educating our undergraduates and, indeed, there is a possibility they may be reduced and the College needs to plan and act accordingly.

There is no doubt that the challenging environment in which the College has operated in the last year will continue for the foreseeable future and the College will strive to use its resources wisely and efficiently in these difficult circumstances.

The Rt. Hon. Professor Lord Eatwell
Mr J Spence, Senior Bursar
Dr R D H Walker, Estates Bursar
Mr R M C Kitt, Development Director
Professor R L Jones
Dr D J Butterfield
Dr A D Marsham

Professor R R Weber, Vice-President
Mr A D Bainbridge, Domestic Bursar
Dr J W Kelly, Senior Tutor
Professor E A H Hall
Professor R A W Rex
Dr M Edmonds
Dr I Sitaridou

QUEENS' COLLEGE, CAMBRIDGE

RESPONSIBILITIES OF THE GOVERNING BODY

FOR THE YEAR ENDED 30 JUNE 2019

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

The Bursarial Committee has day to day responsibility, under the overall direction of the Governing Body, for ensuring that there is an effective system of internal control and that accounting records are properly kept in accordance with the College's Statutes. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University, for approval by the Governing Body which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period.

In preparing these financial statements, the Governing Body is required to:

- select suitable accounting policies and then apply these consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Governing Body is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Governing Body has taken reasonable steps to ensure that there are appropriate financial and management controls in place to achieve policy, aims and objectives and to safeguard the assets of the College and prevent and detect fraud and other irregularities.

Any system of internal control, however, is designed to manage rather than eliminate risk and can only provide reasonable, not absolute, assurance against failure to achieve policy aims and objectives and material misstatement or loss.

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

QUEENS' COLLEGE, CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY

FOR THE YEAR ENDED 30 JUNE 2019

We have audited the financial statements of Queens' College (the 'College') for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

QUEENS' COLLEGE, CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY

FOR THE YEAR ENDED 30 JUNE 2019

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

Responsibilities of the Governing Body

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

QUEENS' COLLEGE, CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY

FOR THE YEAR ENDED 30 JUNE 2019

Use of our report

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

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date:

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

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019

Basis of preparation

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

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary undertakings included are set out in note 16. Intra-group balances are eliminated on consolidation.

A separate balance sheet and related notes for the College are not included in the accounts because the College's subsidiary company is a conference and banqueting trading company which donates its profits to the College each year. The balance sheet for the College alone would not be materially different to the one included in the accounts.

Recognition of income

Academic fees

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

Grant income

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

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

Donations and endowments

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

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019

Donations and endowments (continued)

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

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

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

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

Investment income and change in value of investment assets

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

Other income

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

Cambridge Bursary Scheme

In 2018-19, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence, Cambridge University reimbursed the SLC for the full amount and each College paid their portion (based on their own eligible students) to the University.

The net payment of £120,521 is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£118,895
Expenditure	£239,416

Foreign currency translation

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

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Fixed assets

Land and buildings

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful economic lives of 50 years.

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

The cost of additions to operational property shown in the balance sheet includes the cost of land. All other assets are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% per annum
Motor vehicles and general equipment	20% per annum
Computer equipment	33.33% per annum

Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 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

Fixed asset investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation.

Stocks

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

Provisions

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

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Contingent liabilities and assets

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

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

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

Taxation

The College is a registered charity (number 1137495) and also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G, II

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

Pension costs

The College participates in two funded defined benefit pension schemes, Cambridge Colleges Federated Pension Scheme (CCFPS) and the Universities Superannuation Scheme (USS)

Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the Fellows' or employees' services.

Universities Superannuation Scheme (USS)

Throughout the current and preceding periods, the Universities Superannuation 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 institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer.

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Pension costs (continued)

within the scheme will fund the overall deficit), the College also 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 income and expenditure account.

Cambridge Colleges Federated Pension Scheme (CCFPS)

The College participates in the Cambridge Colleges Federated Pension Scheme (CCFPS), a defined benefit scheme which is externally funded and until 31 March 2016 was contracted out of the State Second Pension (S2P). As CCFPS is a federated scheme and the College is able to identify its share of the underlying assets and liabilities, the College values the fund as required by Section 28 Employee Benefits of FRS102 'Retirement Benefits'. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the amount calculated under FRS102 guidelines.

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 material 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.

QUEENS' COLLEGE, CAMBRIDGE

Consolidated Statement of Comprehensive Income and Expenditure

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018-19				2017-18			
		Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
INCOME									
Academic fees & charges	1	3,767			3,767	3,846			3,846
Residences, catering and conferences	2	6,222			6,222	6,028			6,028
Endowment and investment income	3	949	638	453	2,040	832	1,034	530	2,396
Other income		233			233	182			182
Total income before donations and endowments		11,171	638	453	12,262	10,887	1,034	530	12,451
Donations		2,775	2,450		5,225	2,094			2,094
Deferred Capital write back					0	0			0
New endowments			8	7,887	7,895		34	1,590	1,624
Capital grants from colleges fund					0				0
Other capital grants for assets			0		0		7		7
Total income		13,946	3,096	8,340	25,382	12,981	1,075	2,121	16,176
EXPENDITURE									
Education	4	6,856	603	453	7,912	5,341	953	530	6,824
Residences, catering and conferences	5	6,853			6,853	6,601			6,601
Other expenditure		924			924	941			941
Contribution under Statute G, II		28			28	23			23
Total expenditure	6	14,661	603	453	15,717	12,906	953	530	14,389
Surplus (deficit) before other gains and losses		(715)	2,493	7,887	9,665	74	122	1,590	1,787
Gains(loss) on revaluation of fixed assets	8				0	0			0
Gains(loss) on investments	9	259	87	676	1,022	963	789	1,668	3,420
Surplus (deficit) for the year		(456)	2,580	8,563	10,687	1,038	911	3,258	5,207
Other comprehensive income									
Unrealised surplus on revaluation of fixed assets		182			182				0
Actuarial gain(loss) in respect of pension schemes	15	(1,273)			(1,273)	940			940
Total comprehensive income for the year		(1,547)	2,580	8,563	9,596	1,978	911	3,258	6,147

The notes on pages 31 to 44 form part of these accounts

QUEENS' COLLEGE, CAMBRIDGE

Statement of Changes in Reserves Year Ended 30th June 2019

	Income and expenditure reserve			Total
	Unrestricted	Restricted	Endowment	
Balance at 30th June 2018	£'000	£'000	£'000	£'000
Opening balance	41,421	21,225	51,222	113,868
Change of Fund Classification	14,296	(14,296)	0	0
Surplus/(Deficit) from income and expenditure statement	(274)	2,580	8,563	10,869
Other comprehensive income	(1,273)	0	0	(1,273)
Release of restricted capital funds spent in year	0	0	0	0
Balance at 30th June 2019	54,170	9,509	59,785	123,464

	Income and expenditure reserve			Total
	Unrestricted	Restricted	Endowment	
Balance at 1 July 2017	£'000	£'000	£'000	£'000
Opening balance	39,436	20,321	47,964	107,722
Surplus/(Deficit) from income and expenditure statement	1,038	911	3,258	5,207
Other comprehensive income	940	0	0	940
Release of restricted capital funds spent in year	7	(7)	0	0
Balance at 30th June 2018	41,421	21,225	51,222	113,868

The notes on pages 31 to 44 form part of these accounts

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2019

	Note	2019 Group £'000	2018 Group £'000
NON CURRENT ASSETS			
Fixed assets	8	38,267	38,604
Heritage Assets	8	103	15
Investments	9	108,688	104,466
		<u>147,058</u>	<u>143,085</u>
CURRENT ASSETS			
Stocks	10	467	401
Trade and other receivables	11	10,515	3,144
Cash and cash equivalents	12	310	202
		<u>11,292</u>	<u>3,746</u>
Creditors: amounts falling due within one year	13	2,682	2,725
Total Assets less current liabilities		155,668	144,106
Creditors: amounts falling due after more than one year	14	(23,000)	(23,000)
Provisions			
Pension provisions	15	(9,204)	(7,238)
Other provisions		0	0
Total net assets		<u>123,464</u>	<u>113,869</u>
Restricted reserves			
Income and expenditure reserve-endowment reserve	17	59,785	51,222
Income and expenditure reserve-restricted reserve	18	9,509	21,225
Unrestricted Reserves			
Income and expenditure reserve-Unrestricted		54,170	41,421
TOTAL RESERVES		<u>123,464</u>	<u>113,869</u>

The notes on pages 31 to 44 form part of these accounts

These accounts were approved by the Governing Body on 4th October 2019 and signed on their behalf by

Lord Eatwell
President

Jonathan Spence
Senior Bursar

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Note	£'000	£'000
Net cash inflow from operating activities	19	3,502	2,059
Cash flows from investing activities	20	(3,040)	(16,603)
Cash flows from financing activities	21	<u>(354)</u>	<u>14,646</u>
Increase/(decrease) in cash equivalents in the year		108	103
Cash and cash equivalents at beginning of the year		202	99
Cash and cash equivalents at end of the year	12	<u><u>310</u></u>	<u><u>202</u></u>

The notes on pages 31 to 44 form part of these accounts

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2018

1 Academic fees and charges		2019	2018
		£000	£000
Fee income received at the Regulated undergraduate rate		2,109	2,164
Fee income received at the unregulated undergraduate rate		482	471
Fee income received at the Graduate rate		1,057	1,069
Other Income		119	142
		<u>3,767</u>	<u>3,846</u>
2 Income from residences, catering and conferences			
Accommodation:	College members	3,605	3,441
	Conferences and banquets	565	587
Catering:	College members	989	991
	Conferences and banquets	1,063	1,009
Total		<u>6,222</u>	<u>6,028</u>
3 Endowment and investment income		2019	2018
3a Analysis		£000	£000
Income from:			
Land and buildings		580	206
Quoted securities		963	2,014
Fixed interest securities		15	0
Income from short-term investments		38	0
Other interest receivable		444	175
Total		<u>2,040</u>	<u>2,396</u>
3b Investment management costs		2019	2018
		£000	£000
Land and buildings		64	28
Quoted securities - equities		75	47
Fixed interest securities		0	0
Other investments		0	0
Cash		0	0
Total		<u>139</u>	<u>75</u>
4 Education expenditure		2019	2018
		£000	£000
Teaching		3,926	3,215
Tutorial		1,730	1,298
Admissions		504	615
Research		344	362
Scholarships and awards		714	694
Other educational facilities		694	640
Total		<u>7,912</u>	<u>6,824</u>
5 Residences, catering and conferences expenditure		2019	2018
		£000	£000
Accommodation:	College members	4,270	3,824
	Conferences and banquets	654	634
Catering:	College members	1,029	1,278
	Conferences and banquets	901	865
Total		<u>6,853</u>	<u>6,601</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

6a Analysis of 2018/2019 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
Education	4,522	2,589	801	7,912
Residences, catering and conferences	3,139	2,205	1,509	6,853
Other	340	612	0	952
	<u>8,001</u>	<u>5,406</u>	<u>2,311</u>	<u>15,717</u>

Expenditure includes fundraising costs of £345,644 and £208,166 on alumni relations.

6b Analysis of 2017/2018 expenditure by activity

	Staff costs (note 7)	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
Education	3,771	2,357	697	6,824
Residences, catering and conferences	3,116	2,084	1,401	6,601
Other	324	640	0	964
	<u>7,210</u>	<u>5,081</u>	<u>2,098</u>	<u>14,389</u>

Expenditure includes fundraising costs of £502,461. This expenditure includes the costs of alumni relations

6c Auditors' remuneration

	2019 £000	2018 £000
Other operating expenses include:		
Audit fees payable to the College's external auditors	31	30
Other fees payable to the College's external auditors	0	0

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019
7 Staff costs

Consolidated	College Fellows	Other academic	Non- academic	Total	Total
				2019	2018
	£000	£000	£000	£000	£000
Staff Costs:					
Emoluments	1,486	268	4,193	5,946	6,082
Social security	144	0	347	491	477
Pension	756	0	807	1,563	652
	<u>2,386</u>	<u>268</u>	<u>5,347</u>	<u>8,001</u>	<u>7,210</u>

Average staff numbers (full-time equivalents)	37.0	n.a.	151.0	188.0	188.2
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The Governing Body comprises 66 Fellows, of which 63 are stipendary.

The number of officers and employees of the College, including Head of House, who received emoluments in the following ranges was

	2019	2018
£100,001 - £110,000	1	0
£110,001 - £120,000	0	1

No Fellow received any remuneration in respect of their role as a charity Trustee.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. The President, Senior Bursar, and Senior Tutor are the College's key management personnel.

	Total 2019 £'000	Total 2018 £'000
Key management personnel aggregated emoluments	315	305

8 Fixed assets

	Land and buildings £000	Assets in construction £000	Equipment £000	Heritage Assets £000	2019	2018
					Total £000	Total £000
Cost or valuation						
At beginning of year	51,552	2,716	1,865	15	56,148	52,387
Additions at cost	1,251	289	1,071	88	2,700	4,124
Revaluation of asset	182	0	0	0	182	0
Transfer to investment property	(907)	0	0	0	(907)	0
Transfer	574	(574)	0	0	0	0
Disposals	0	0	(355)	0	(355)	364
At end of year	<u>52,652</u>	<u>2,431</u>	<u>2,581</u>	<u>103</u>	<u>57,767</u>	<u>56,148</u>
Depreciation						
At beginning of year	16,615	0	914	0	17,529	15,795
Charge for the year	1,814	0	497	0	2,311	2,098
Eliminated on transfer	(87)	0	(355)	0	(442)	364
Written back on revaluation	0	0	0	0	0	0
At end of year	<u>18,342</u>	<u>0</u>	<u>1,056</u>	<u>0</u>	<u>19,398</u>	<u>17,529</u>
NET BOOK VALUE						
At end of year	<u>34,310</u>	<u>2,431</u>	<u>1,525</u>	<u>103</u>	<u>38,370</u>	<u>38,619</u>
At beginning of year	<u>34,937</u>	<u>2,716</u>	<u>951</u>	<u>15</u>	<u>38,619</u>	<u>36,592</u>

The insured value of freehold land and buildings as at 30 June 2019 was £157m (2018: £153m).

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

8 Tangible fixed assets (continued)

Heritage assets

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

As stated in the statement of principal accounting policies, heritage assets acquired since July 2005 have been capitalised. However the majority of assets held in the College's collections were acquired prior to this date. As reliable estimates of the cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result the total included in the balance sheet is partial.

Amounts for the current and previous years were as follows:

	2019	2018	2017	2016	2015
	£000	£000	£000	£000	£000
Acquisitions purchased with specific donations	0	0	0	0	0
Acquisitions purchased with College funds	88	0	0	0	0
Total cost of acquisitions purchased	<u>88</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Value of acquisitions by donation	0	0	0	0	0
Total acquisitions capitalised	<u><u>88</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

9 Fixed asset investments

	2019	2018
	Total	Total
	£000	£000
Balance at beginning of year	104,466	86,171
Additions	22,806	23,221
Tranfered from fixed assets	820	0
Disposals	20,426	8,346
Less: impairment on unquoted securities	0	0
Gain/(loss)	1,022	3,420
Increase/(decrease) in cash balances held at fund managers	0	0
Balance at end of year	<u><u>108,688</u></u>	<u><u>104,466</u></u>
Represented by:		
Property	24,393	13,947
Quoted securities – equities	48,741	53,146
Fixed interest securities	17,706	17,584
Other investments	12,664	10,569
Cash in hand & at investment managers	5,184	9,221
Total	<u><u>108,688</u></u>	<u><u>104,466</u></u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

10 Stocks and work in progress

	2019	2018
	£000	£000
Goods for resale	467	401
Work in progress	0	0
Other Stocks	1	0
	<u>467</u>	<u>401</u>

11 Trade and other receivables

	2019	2018
	£000	£000
Members of the College	27	34
Amounts due from subsidiary undertakings	0	0
Other receivables	10,437	3,060
Prepayments and accrued income	51	50
	<u>10,515</u>	<u>3,144</u>

12 Cash and cash equivalents

	2019	2018
	£000	£000
Short-term money market investments		
Bank deposits		
Current accounts	300	193
Cash in hand	10	9
	<u>310</u>	<u>202</u>

13 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	1,629	1,789
Members of the College	345	303
Amounts due to subsidiary undertakings	0	0
Receipts in advance	611	539
University Fees	71	71
Contribution to Colleges Fund	25	23
Accruals and deferred income		
Other creditors		
	<u>2,682</u>	<u>2,725</u>

14 Long term loans

During 2013-14, the College borrowed from institutional investors, collectively with other Colleges, the College's share being £8 million. The Loans are unsecured and repayable during the period 2043-2053, and are at fixed interest rates of approximately 4.42%. The College has agreed a financial covenant of the ratio of Borrowings to Net Assets, and has been in compliance with the covenant at all times since incurring the debt.

During the course of 2017-2018, the College raised a further £15 million of unsecured debt from institutional investors at a fixed rate of interest of 2.62% per annum. Repayment is due in one amount at the end of 40 years. There is an agreed covenant in respect of the borrowings which the College has been in compliance with.

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

15 Pension provisions	2019	2018
CCFPS	£000	£000
Balance at beginning of year	6,880	7,333
Movement in year:		
Current service costs including life assurance	1,085	1,093
Contributions	(910)	(605)
Other finance cost	0	0
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	1,273	(940)
Balance at end of year	8,328	6,880
USS		
Balance at beginning of year	357	382
Current service costs including life assurance	750	213
Contributions	(239)	(245)
Other finance cost	8	8
Balance at end of year	876	357

16 Principal subsidiary undertakings

The College owns 100% of the ordinary share capital of QC Enterprises Limited, a company incorporated in England. The principal activity of the company is the provision of conference and banqueting services at the College.

17 Endowment funds

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	2019 Total	2018 Total
	£000	£000	£000	£000
Balance at beginning of year				
Capital	23,405	27,817	51,222	47,964
New Donations and endowments	7,887	0	7,887	1,590
Increase/(decrease) in market value of investments	337	339	676	1,668
Balance at end of year	31,629	28,156	59,785	51,222

Analysis by type of purpose

Fellowship funds	21,884	0	21,884	13,821
Scholarship funds	3,242	0	3,242	3,191
Prize Funds	0	0	0	0
Hardship funds	121	0	121	119
Bursary funds	4,404	0	4,404	4,326
Travel grant funds	288	0	288	283
Other funds	135	0	135	133
General	1,556	29,180	30,737	29,349
	31,629	29,180	60,809	51,222

Analysis by asset

Property	5,041	4,651	9,692	8,164
Investments	24,786	22,868	47,654	40,141
Cash	1,801	1,662	3,463	2,917

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019
18 Restricted Reserves

Reserves with restrictions are as follows:

	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	2019 Total £000	2018 Total £000
Balance at beginning of year	0	1,052	20,173	21,225	20,321
Capital	0	0	20,287	20,287	19,464
Accumulated income	0	1,052	(114)	938	857
Change of Fund Classification	0	0	(14,296)	(14,296)	0
New grants	0	0	0	0	0
New donations	0	0	2,458	2,458	41
Endowment return transferred	0	481	116	597	1,013
Other investment income	0	41	0	41	21
Increase/(decrease) in market value of investments	0	0	87	87	789
Expenditure	0	(456)	(146)	(602)	953
Capital grants utilised	0	0	0	0	7
Balance at end of year	<u>0</u>	<u>1,118</u>	<u>8,391</u>	<u>9,509</u>	<u>21,225</u>
capital	0	0	8,049	8,049	20,287
Accumulated income	0	1,118	342	1,460	938
Analysis of other restricted funds/donations by type of purpose					
Fellowship funds	0	869	967	1,836	15,898
Scholarship funds	0	83	568	651	770
Prize Funds	0	0	0	0	0
Hardship funds	0	(10)	1,399	1,389	1,380
Bursary funds	0	119	546	665	681
Travel grant funds	0	29	33	62	61
Other funds	0	29	2,189	2,217	2,203
General	0	0	240	240	233

19 Reconciliation of consolidated surplus for the year to net cash inflow from operating activities

	2019 £000	2018 £000
Surplus/(deficit) for the year	10,687	5,207
Adjustment for non-cash items		
Depreciation	8	2,098
Loss/(gain) on endowments, donations and investment property	17	(3,420)
Decrease/(increase) in stocks	10	34
Decrease/(increase) in trade and other receivables	11	(1,076)
Increase/(decrease) in creditors	13	794
Increase/(decrease) in provisions		0
Pension costs less contributions payable	15	464
Adjustment for investing or financing activities		
Investment income	(2,040)	(2,396)
Interest payable	354	354
Net cash inflow from operating activities	<u>3,502</u>	<u>2,059</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

20 Cash flows from investing activities

	2019	2018
	£000	£000
Proceeds from the sales of non-current fixed assets	820	0
Non-current investment disposal	20,426	8,346
Investment income	2,040	2,396
Endowment funds invested	0	0
Withdrawal of deposits	0	0
Payments made to acquire non-current assets	(26,326)	(27,344)
Total cash flows from investing activities	(3,040)	(16,603)

21 Cash flows from financing activities

	2019	2018
	£000	£000
Interest paid	(354)	(354)
Interest element of finance rental payment	0	0
New unsecured loans	0	15,000
Repayments of amounts borrowed	0	0
Capital element of finance lease rental payment	0	0
Total cash flows from financing activities	(354)	14,646

22 Capital commitments

	2019	2018
	£000	£000
Capital commitments at 30 June 2018 are as follows:		
Authorised and contracted	0	50
Authorised but not yet contracted for	1,500	0

23 RELATED PARTIES

The College maintains a Register of Interest for all Fellows and College employees with spending authority. It is updated every six months and during the year to 30th June 2019 it reveals that no material events occurred: The College continues its investment in joint equity properties with 1 College Fellow (3 Fellows in 2018). The total investment by the College amounted to £147,655 (2018 £334,425).

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

UNIVERSITIES SUPERANNUATION SCHEME

Significant accounting policies

The institution participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Critical accounting judgements

FRS102 makes the distinction between a group plan and multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with Section 28 of FRS102. The directors are satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

PENSION COSTS

The total cost charged to the profit and loss account is £728,751 (2018: £221,083).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2018 is underway, but not yet completed.

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

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

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The key financial assumptions used in the 2017 valuation are described below. More details 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% pa.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI - 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21+: CPI + 1.7%

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

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

The current life expectations on retirement at age 65 are:

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

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

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

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

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

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

The principal actuarial assumptions at the balance sheet date were as follows:

	<u>30 June</u> <u>2019</u>	<u>30 June</u> <u>2018</u>
Discount rate	2.25%	2.7%
Increase in salaries	2.90%	2.75%
RPI assumption	3.40%	3.25%
CPI assumption	2.40%	2.25%
Pension increased in payment (RPI Max 5% pa)	3.30%	3.15%
Pension increases in payment (CPI Max 2.5% pa)	1.90%	1.80%

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

- Male age 65 now has a life expectancy of 21.8 years (previously 21.9 years).
- Female age 65 now has a life expectancy of 24 years (previously 23.8 years).

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

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

PENSION SCHEMES (CONTINUED)

The assets in the Scheme and the expected rates of return were:

	<i>Long-term rate of return expected at 30/06/2019</i>	<i>Value at 30/06/2019</i>	<i>Long-term rate of return expected at 30/06/2018</i>	<i>Value at 30/06/2018</i>	<i>Long-term rate of return expected at 30/06/2017</i>	<i>Value at 30/06/2017</i>
Equities and Hedge Funds		10,211,737		10,110,515		9,939,418
Cash, Bonds & Net Current Assets		6,091,212		4,739,304		4,005,437
Property		<u>1,612,379</u>		<u>947,861</u>		<u>8,900,97</u>
Total		<u>17,915,328</u>		<u>15,797,680</u>	3.4%	<u>14,834,952</u>

The following results were measured in accordance with the requirements of FRS17:

	2019	2018	2017
	£	£	£
Total market value of assets	17,915,328	15,797,680	14,834,952
Present value of Scheme liabilities	<u>(26,243,731)</u>	<u>(22,678,045)</u>	<u>(22,167,697)</u>
Surplus/(deficit) in the Scheme	<u>(8,328,403)</u>	<u>(6,880,7365)</u>	<u>(7,332,745)</u>

The amounts recognised in income and expenditure are as follows:

	30 June 2019	30 June 2018
	£	£
In staff costs: Current service cost (net of employee contributions)	<u>865,659</u>	<u>900,793</u>
In endowment and investment income:		
Interest cost	618,966	585,830
Expected return on pension scheme assets	<u>(431,588)</u>	<u>(393,909)</u>
Net return	<u>187,378</u>	<u>191,921</u>
Actual return on pension scheme assets	<u>1,597,741</u>	<u>576,854</u>

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

PENSION SCHEMES (CONTINUED)

Changes in the present value of the plan liabilities are as follows:

	30 June 2019	30 June 2018
	£	£
Present value of plan liabilities at beginning of period	22,678,045	22,167,697
Current service cost (including employee's contributions)	1,086,847	1,096,945
Interest on plan liabilities	618,966	585,830
Actuarial (gains) losses	2,424,948	(776,365)
(Gain)/loss on plan changes	31,426	0
Curtailment (gain)/loss	0	0
Benefits paid	<u>(596,501)</u>	<u>(396,062)</u>
Present value of plan liabilities at end of period	<u>26,243,731</u>	<u>22,678,045</u>

Changes in the fair value of scheme assets are as follows:

	30 June 2019	30 June 2018
	£	£
Market value of plan assets at beginning of year	15,797,680	14,834,952
Contributions by the College	909,736	604,705
Additional contributions by members (including AVCs)	256,859	222,302
Benefits (and expenses) paid	(646,688)	(441,133)
Interest on plan assets	431,588	393,909
Return on assets, less interest included in Profit & Loss	<u>1,166,153</u>	<u>182,945</u>
Market value of plan assets at end of year	<u>17,915,328</u>	<u>15,797,680</u>

Amounts for the current and previous four periods are as follows:

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
	£	£	£	£	£
Present value of plan liabilities	(26,243,731)	(22,678,045)	(22,167,697)	(18,815,463)	(16,221,268)
Market value of plan assets	<u>17,915,328</u>	<u>15,797,680</u>	<u>14,834,952</u>	<u>12,921,188</u>	<u>10,839,674</u>
Surplus/(deficit)	<u>(8,328,403)</u>	<u>(6,880,365)</u>	<u>(7,332,745)</u>	<u>(5,894,275)</u>	<u>(5,381,594)</u>
Experience adjustments on plan liabilities	439,114	(297,285)	1,793	50,242	305,907
Change in assumptions underlying present value of plan liabilities	(2,878,488)	(1,063,729)	(2,586,076)	(1,750,786)	(657,649)

QUEENS' COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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

Funding policy

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

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

These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 28 June 2018 and are as follows:

- Annual contributions of not less than £274,247 pa payable for the period from 1 July 2018 to 31 March 2029.

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