

**NEWNHAM COLLEGE
CAMBRIDGE**



**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 2019**

Registered Charity No. 1137512

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INTRODUCTION

Newnham College is one of the 31 colleges in the University of Cambridge. It was founded in 1871, and received its Royal Charter in 1917. According to the College's Charter, Statutes and Ordinances, only women can be admitted as junior members (students) or elected as senior members (Fellows).

The College admits full-time undergraduates studying for the University's Tripos degree courses; and postgraduates (predominantly full-time, but some part-time) studying for Masters, PhD and other postgraduate degrees, diplomas and certificates. The total number of students as at 1 December 2018 was 628, comprising 402 undergraduates and 226 postgraduates. The College's Governing Body has 63 Fellows (as at 1 October 2019) who are active in teaching and research within the University.

The College occupies a 17-acre site close to the centre of Cambridge, consisting of buildings built between 1875 and 2019, offering residential accommodation to more than 500 students, set in landscaped gardens. The buildings also house a library, teaching rooms, offices for academic and non-academic staff, shared eating spaces (dining hall, buttery, café), meeting rooms, common rooms and a gym.

The College is a Registered Charity, regulated by the Charity Commission; and is registered with the Fundraising Regulator.

These accounts are presented in the format of the Recommended Cambridge College Accounts (RCCA), which comply with the Higher Education SORP (Statement of Recommended Practice: Accounting for Further and Higher Education).

SUMMARY FINANCIAL RESULTS

The financial statements consolidate the activities of the College and the College's subsidiaries: Newnham College Management Ltd, Newnham College Library Company Ltd, and Newnham College Ltd.

Total operational income for the year was £7.07m. Of this total, £2.85m was received in academic fees, and £3.78m was earned from accommodation, catering and conferences. In addition, £1.96m in donations and legacies was received, and £2.60m of investment gains (out of a total of £6.73m of investment gains) was transferred following the College's total return rule.

Total operational expenditure for the year before pension provisions and loan interest payments was £10.38m including depreciation, or £9.38m excluding depreciation. Of this £9.38m, more than half (52%; £4.87m) was on academic and non-academic staff costs. The Statement of Comprehensive Income and Expenditure shows total Expenditure of £12.71m, including a £1.27m movement to pension provisions and £1.04m in loan interest payments. In addition, a further £4.95m of capital expenditure is included in the balance sheet.

The most significant item in this year's accounts is the completion of the award-winning Dorothy Garrod Building, and its transfer in the balance sheet from 'assets in construction' to 'College buildings' at a cost of £34.02m.

The College's investment portfolio was valued at £96.59m as at 30 June 2019, and the cash flow statement shows £4.96m of cash as at the same date.

The Operating and Financial Review in this year's accounts sets out the detail of all of the above figures.

PROFESSIONAL ADVISERS**Auditors**

Prentis & Co LLP
115c Milton Road
Cambridge
CB4 1XE

Bankers

NatWest Bank
Cambridge Market Street Branch
23 Market Street
Cambridge
CB2 3PA

Investment Advisers

Stanhope Consulting (part of Stanhope Capital)
35 Portman Square
London
W1H 6LR

Property Managers

Carter Jonas LLP
One Station Square
Cambridge
CB1 2GA

Legal Advisers

Taylor Vinters LLP
Merlin Place
Milton Road
Cambridge
CB4 0DP

Mills & Reeve LLP
Botanic House
100 Hills Road
Cambridge
CB2 1PH

Newnham College
Sidgwick Avenue
Cambridge
CB3 9DF

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Charity registration no. 1137512

CHARITY TRUSTEES

The members of the College Council act as the Trustees of the charity. The College Council meets at least nine times in a year. In the financial year 2018-19 the following were members of the College Council:

Four College Officers ex officio

Professor Dame Carol Black	Principal; Chair of the Council
Professor Christine Watson	Vice-Principal (to 30 September 2018)
Dr Emma Mawdsley	Vice-Principal (from 1 October 2018)
Professor Liba Taub	Senior Tutor
Mr Donald Hearn	Bursar; Secretary of the Council (to 31 March 2019)
Mr Christopher Lawrence	Bursar; Secretary of the Council (from 1 April 2019)

Eight Fellows elected by the Governing Body

As at 1 July 2018:

Dr Helen Bao
 Dr Barbara Blacklaws
 Professor Kasia Jaszczolt
 Dr Emma Mawdsley
 Dr Rachael Padman
 Dr Judy Quinn
 Dr Elizabeth Watson
 Dr Sheila Watts

As at 30 June 2019:

Dr Helen Bao
 Dr Barbara Blacklaws
 Dr Laurie Friday
 Professor Kasia Jaszczolt
 Dr Jenny Mander
 Dr Delphine Mordey
 Dr Rachael Padman

Three Junior Members elected by the JCR and MCR

As at 1 July 2018:

Mobeen Hussain (MCR)
 Doris Mok (JCR)
 Gabby Sharp (JCR)

As at 30 June 2019:

Célia Depommier-Cotton (MCR)
 Rosie Stevenson (JCR)
 Jasmine Wells (JCR)

Governing Body

The Governing Body, comprising all Fellows of the College in Categories A to E, is required by the College Statutes to be responsible for the approval of the annual audited accounts. There were 63 Governing Body Fellows as at 1 October 2019. The Governing Body meets at least five times in a year. The Principal is the Chair of the Governing Body and a Fellow is the Secretary.

A full list of the Governing Body Fellows can be found on the College website at:
www.newn.cam.ac.uk/people

OBJECTS

The College's objects as they appear in the Royal Charter were revised in 2019 and now read (subject to Privy Council approval):

- (a) To further public benefit by providing a liberal education and promoting learning and research through the provision of a college for women within the University of Cambridge.
- (b) To do all such other things as are incidental or conducive to advancing education and learning among women in Cambridge and elsewhere.
- (c) For the purposes above to receive and apply donations from persons desiring to promote the objects of the College.
- (d) To invest the moneys of the College not immediately required in any securities or investments which may from time to time be authorized for the purpose by the Council.

PUBLIC BENEFIT

The Trustees on appointment are provided with a copy of 'Charities and Public Benefit: Summary Guidance for Charity Trustees', and are reminded at least annually of its recommendations and requirements. The College provided in 2018-19 an education for 628 undergraduate and postgraduate women students, in conjunction with the University of Cambridge, which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and 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 for undergraduates, as well as pastoral, administrative and academic support through its tutorial and graduate tutorial systems; and
- 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 advances research mainly by:

- 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 a permanent 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 both from other UK institutions and from abroad; and
- encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

The College maintains an extensive Library (including special collections), so providing a valuable resource for students and senior members of the College, members of other Colleges and the University of Cambridge more widely, external scholars and researchers.

The Trustees are satisfied that the College remains compliant with their duty in regard to public benefit. The primary beneficiaries are the resident members of the College, both students and academic staff, all of whom are directly engaged in education, learning or research. Other beneficiaries include: students and academic staff from other colleges in Cambridge and the

PUBLIC BENEFIT (continued)

University of Cambridge more widely, visiting academics from other higher education institutions and visiting schoolchildren and alumnae of the College who have an opportunity to attend educational events at the College or use its academic facilities. The general public are also able to attend various educational activities in the College (such as public lectures). As a College in the University of Cambridge the primary beneficiaries are academics and students of the University, all of whom need to meet high academic standards to be appointed or admitted and that requirement stands at the core of its nature. 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.

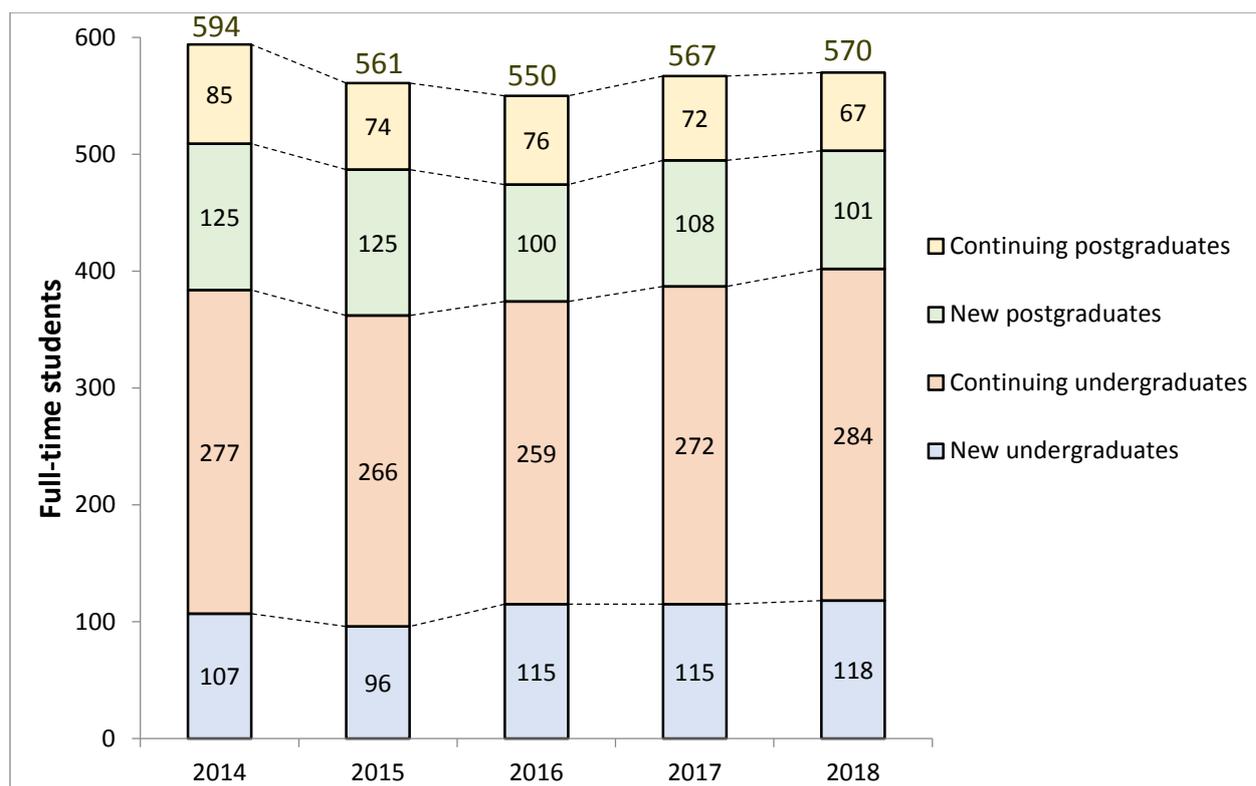
OPERATING AND FINANCIAL REVIEW

- 1. Student numbers**
- 2. SOCIE: Income**
- 3. SOCIE: Operating expenditure**
- 4. SOCIE: Other items**
- 5. Capital expenditure**
- 6. Balance sheet and Reserves**
- 7. Cash flow**
- 8. Principal risks and uncertainties**
- 9. Future plans**

[References in the text below to 'Notes' are to the 'Notes to the Accounts' on pages 33 to 46.]

OPERATING AND FINANCIAL REVIEW**1. STUDENT NUMBERS**

The biggest potential variable from one year to the next which affects both income and expenditure is the size of the student body. The College admits both undergraduate and postgraduate students, and the total number of full-time fee-paying students as at 1 December 2018 was 570, which represented a slight increase on the previous year (567 in 2017). This total comprised 402 undergraduates (387 in 2017) and 168 postgraduates (180 in 2017). The 168 postgraduates comprised 104 Doctoral students (109 in 2017), of whom 38 were new entrants (38 in 2017); and 64 non-Doctoral students (71 in 2017). In addition there were 58 postgraduate students either writing up/under examination or part-time (55 in 2017). The following chart shows the figures for full-time fee-paying students over the past five years as at 1 December each year, showing new entrants and continuing students separately:

OPERATING AND FINANCIAL REVIEW (continued)**2. SOCIE: INCOME**

The first of the four financial statements is the Statement of Comprehensive Income and Expenditure (SOCIE). All income appears in this statement. There are several categories of income as set out below:

2.1 Academic fees and charges

Of the total of £2.85m under this heading, £2.62m was derived from student fees. These are set out in Note 1 to the accounts.

UK/EU undergraduates who are eligible for fee loans from the government-owned Student Loans Company (SLC) pay a regulated fee, which is currently £9,250 per annum for students admitted since September 2017, and £9,000 per annum for students admitted in prior years. 50% of these fees are paid to the University, and the College retains the other 50%. The total income to the College from this source was £1.52m.

Non-UK/EU undergraduates – and UK/EU undergraduates who are not eligible for SLC loans (generally as a result of having a first degree already) – pay an unregulated College fee, set by the College, in addition to their University fee. For first-year undergraduates in 2018-19, this fee was £8,100 per annum, which remains unchanged for the duration of their course. The equivalent fees for undergraduates starting in prior years are £7,901 (2017-18 starters) and £7,823 (2016-17). The total income to the College from such students was £470k.

Postgraduate students pay a variety of University fees, depending on fee status (UK/EU v. non-UK/EU) and on course choice. The 31 colleges collectively receive a share of the total postgraduate fees to the University (25%, up to a cap), which is redistributed on a per capita basis. This resulted in a fee of £3,700 per postgraduate student in 2018-19 (£3,490 in 2017-18), amounting to a total to the College of £634k.

OPERATING AND FINANCIAL REVIEW (continued)

As well as student fees as set out above, the College received £45k from other colleges in return for Newnham academics supervising undergraduates from those colleges and for shared academic appointments. £187k was received as the external contribution to total awards of £321k paid through the Cambridge Bursary Scheme and the associated Top-Up Bursary Scheme.

2.2 Residences, catering and conferences

The total of this source of income was £3.78m, as set out in Note 2 to the accounts. Of this total, £3.10m was derived from students and other College members; and £680k was derived from conference activity.

The £3.10m from College members is made up of £2.58m from accommodation charges and £528k from catering charges. Accommodation charges of £1.80m were paid by 361 undergraduates (excluding clinical Medics/Vets) at rates ranging from £145.65 to £155.85 per week; and charges of £0.77m were paid by 162 postgraduates and clinical Medics/Vets at rates ranging from £126.89 to £152.94 per week.

The £528k of catering income comprised £182k of kitchen fixed charges, £108k of pre-paid buttry meals, £112k of non-pre-paid buttry meals, £25k of formal halls, and £101k of Iris Café sales.

The £680k of conference income is made up of £295k from accommodation and £385k from catering. Of the total of £680k, £404k (59%) came from two summer schools, with the remaining income deriving from various events such as weddings, private dinners, receptions and conferences.

It should be noted that whereas the figure for Income under this heading (Residences, catering and conferences) is £3.78m, the corresponding figure under Expenditure is £4.53m.

2.3 Investment income and endowment return

The SOCIE has two lines for these sources of income, which are further set out in Note 3.

The first line 'Investment income' shows unrestricted income of £212k, made up of £196k of rental income from investment properties and £16k in bank interest.

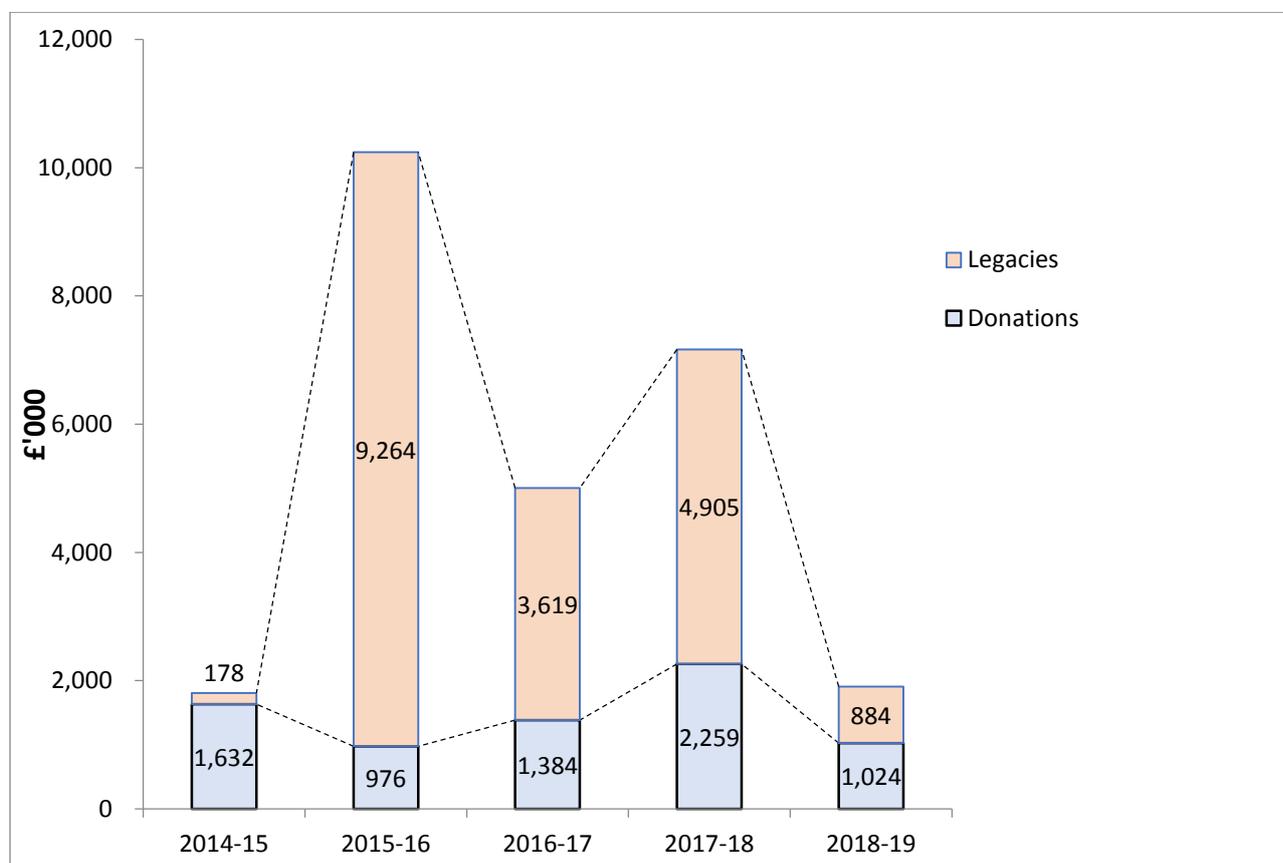
The second line 'Endowment return transferred' requires more explanation:

The total gain on investments in the year is shown lower down the SOCIE and comes to a total of £6.73m. Of this amount, £2.60m was taken as income, shown on the line 'Endowment return transferred' and divided between £1.21m as unrestricted income and £1.39m as restricted income. However, following an accounting requirement this £2.60m is excluded from the 'Total income before donations and endowments' (which would otherwise bring the total income of £7.07m to £9.67m), by including a negative matching figure of -£2.60m in the 'Endowment' column. Thus this 'Endowment return transferred' line is netted off to zero in the Income section of the SOCIE, but the £2.60m is included in the full amount of the gain on investments after the Expenditure section of the SOCIE.

The figure of £2.60m is derived from the College's total return policy, whereby it makes available for spending an amount based on the average value of the units in the investment portfolio (excluding directly held investment properties) over the preceding seven years, which allows for a smoothed approach to drawing down income. At 1 July 2018 there were 5,515,672 units held in the investment portfolio, with a unit value of £16.96 and a total value of £93.53m. The average value of the units over the preceding seven years was £13.49, so when the drawdown rate of 3.5% as stipulated in the policy was applied to this unit value and the number of units held, the result was a return of £2.60m.

OPERATING AND FINANCIAL REVIEW (continued)**2.4 Donations and new endowments**

Total donations and new endowments of £1.96m were received, as set out in Note 4. This was a reduction from recent years as shown in the following chart:



This chart shows the unpredictability of legacy income while also highlighting the importance of this source of income. The College has been very fortunate to benefit in this way from the generosity of alumnae, and remains very grateful for this support. Such philanthropic income underpins the College's continued ability to fulfil its mission: the advancement of education, learning and research.

3. SOCIE: OPERATING EXPENDITURE

The SOCIE shows operational expenditure, but excludes capital expenditure. The categories of expenditure are prescribed by the RCCA format. Total depreciation (a non-cash item) of £995k is spread across the first three lines of expenditure. Each line of expenditure includes a mix of direct and indirect costs, including overheads – for example, utility costs are spread across the first three lines.

3.1 Education (direct costs)

Notes 5 and 7a set out the different types of educational expenditure. Note 5 does not distinguish between staff and non-staff costs or between direct and indirect costs, so further detail is set out here:

OPERATING AND FINANCIAL REVIEW (continued)

	Direct Staff £k	Indirect Staff £k	Direct Operating £k	Indirect Operating £k	Depreciation £k	TOTAL £k
Teaching	839	621	75	477	171	2,183
Tutorial	103	325	68	163	97	756
Admissions	171	157	109	89	29	528
Research	190	110	55	57	24	436
Awards	-	-	1,182	-	-	1,182
Other	8	85	85	48	19	245
TOTAL	1,311	1,298	1,574	833	341	5,357

The total of £5.36m is made up of £2.61m of Staff Costs, £2.41m of Other Operating Expenses, and £341k of (non-cash) Depreciation. The £2.61m of Staff Costs is made up of £1.31m of direct staff costs and £1.30m of indirect staff costs. The £1.31m of direct staff costs is made up of:

£602k	Directors of Studies, College Lecturers, Supervisors
£124k	Library staff
£182k	Research Fellows
£153k	Senior Tutor, Admissions Tutors, Tutors
£219k	Tutorial & Admissions Office staff
£ 32k	Other (including Nurse)

The £1.30m of indirect staff costs are set out in 3.4 below.

The £2.41m of Other Operating Expenses is made up of £1.57m of direct operating costs and £0.83m of overheads (indirect costs). The £1.57m of direct costs includes £1.18m on student support which is made up of:

Solely for undergraduates:

£126k	Cambridge Bursary Scheme (funded by the College)
£176k	Cambridge Bursary Scheme (funded by the Collegiate University)
£ 8k	Top-up Bursary Scheme (funded by the College)
£ 11k	Top-up Bursary Scheme (funded by Trinity College)

and for both undergraduates and postgraduates:

£207k	Bursaries (mainly for undergraduates)
£552k	Studentships (mainly for postgraduates)
£ 90k	Travel and Book Grants
£ 12k	Prizes

51% of this student support is for undergraduates, and 49% for postgraduates.

The remaining £392k of direct costs is made up of:

OPERATING AND FINANCIAL REVIEW (continued)

£103k	Admissions, Widening Participation
£ 59k	Tutorial
£ 52k	Research
£ 57k	Library
£ 34k	Counselling
£ 82k	Sports and Societies
£ 4k	Other

The £0.83m of overheads (indirect operating expenses) are set out in 3.5 below.

3.2 Residences, catering and conferences (direct costs)

Notes 6 and 7a set out the different types of expenditure in this area. The total of £4.53m is made up of £2.08m of Staff Costs, £1.82m of Other Operating Expenses, and £630k of Depreciation.

The £2.08m of Staff Costs is made up of £754k of direct staff costs and £1.32m of indirect staff costs. The £754k is for staff in the Catering department (including the Iris Café) and the Conference office.

The £1.32m of indirect staff costs are set out in 3.4 below.

The £1.82m of Other Operating Expenses is made up of £685k of direct operating costs and £1.14m of overheads. The £685k of direct costs is made up of:

£620k	Catering
£ 51k	Conference & Events
£ 13k	Rent of a house for student accommodation

The £1.14m of overheads (indirect operating expenses) are set out in 3.5 below.

3.3 Other expenditure (direct costs)

Notes 7a and 7c set out the different types of expenditure in this area. The total of £492k is made up of £187k of Staff Costs, £281k of Other Operating Expenses, and £24k of Depreciation.

The £187k of Staff Costs is made up of £131k of direct staff costs and £56k of indirect staff costs. The £131k of direct staff costs includes £94k for the two research centres (the Skilliter Centre for Ottoman Studies and the Margaret Anstee Centre for Global Studies).

The £56k of indirect staff costs are set out in 3.4 below.

The £281k of Other Operating Expenses includes £79k expenditure on investment properties and £42k on investment advice, and a variety of other items.

The £1.97m of overheads (indirect operating expenses) are set out in 3.5 below.

3.4 Staff costs

Staff costs include salaries, National Insurance, and pension costs. The total of the direct staff costs as set out in 3.1, 3.2 and 3.3 above comes to £2.19m. The total of the indirect staff costs above comes to £2.68m, bringing the total staff costs to £4.87m, as shown here:

OPERATING AND FINANCIAL REVIEW (continued)

	Direct staff costs £m	Indirect staff costs £m	Total £m
Education	1.31	1.30	2.61
Residences etc	0.75	1.32	2.07
Other	0.13	0.06	0.19
Total	2.19	2.68	4.87

The indirect staff costs break down as follows:

£638k	Housekeeping
£180k	Gardens
£370k	Maintenance
£318k	Porters' Lodge
£238k	Principal, Vice-Principal, Bursars
£394k	Bursary, HR, Principal's Secretary
£169k	IT
£311k	Development, Communications
£ 33k	Archive, Collections
£ 24k	CCFPS deficit recovery payment

Note 8 gives an analysis of staff costs, differentiating between College Fellows and others. This shows that in addition to salaries (£4.05m) and National Insurance (£279k), the College made pension contributions of £544k.

3.5 Overheads

The total of the direct non-staff costs as set out in 3.1, 3.2 and 3.3 above comes to £2.49m. The total of the indirect non-staff costs above comes to £1.97m, bringing the total non-staff costs to just over £4.46m, as shown here:

	Direct costs £m	Indirect costs £m	Total £m
Education	1.57	0.83	2.41
Residences etc	0.69	1.14	1.82
Other	0.28	-	0.28
Total	2.54	1.97	4.51

The indirect non-staff costs of £1.97m break down as follows:

£454k	Maintenance
£399k	Utilities
£232k	IT & software
£191k	Housekeeping
£179k	Development office
£116k	Legal & professional
£ 71k	Insurance
£ 58k	College entertaining
£ 43k	Printing & stationery
£ 36k	Gardens
£ 29k	Rates
£162k	Other

OPERATING AND FINANCIAL REVIEW (continued)

3.6 Movement to pension provisions

The College participates in two defined benefit pension schemes, the Cambridge Colleges Federated Pension Scheme (CCFPS), the Universities Superannuation Scheme (USS), with the majority of employees being in the USS. The funding position of these two schemes are set out in detail in notes 25a (CCFPS) and 25b (USS). Pensions represent a significant cost to the College: employer contributions of £544k were made in the year (see Note 8).

The total figure for the movement to pension provisions included under Expenditure in the SOCIE is £1.27m. This comprises £43k for the CCFPS scheme and £1.23m for the USS scheme. Given the materiality of the movement in the USS provision, a decision was taken to show this separately in the SOCIE.

In relation to CCFPS, the actuarial consultants Cartwright Group Ltd are engaged to report on the financial position of the scheme at the year end. They have calculated a total liability of £1.32m as at 30 June 2019, which is a £263k increase on the liability shown at the start of the year (£1.06m). Of this £263k, £43k is recognised as expenditure (within the £1.27m as above) and £220k is recognised under 'Other comprehensive income'.

In relation to USS, the provision in the College's 2017-18 accounts was based on the 31 March 2014 actuarial valuation, resulting in a provision of £640k. The provision in this year's accounts is based on the last formal completed actuarial valuation (31 March 2017), resulting in an increased provision of £1.87m, a movement of £1.23m, which is recognised as expenditure (within the £1.27m as above).

The combined CCFPS and USS pension provision as shown on the balance sheet and in Note 16 was £3.19m as at 30 June 2019.

3.7 Loan interest payable

This is now one of the most important lines in the whole accounts. The College needs to repay loan interest in excess of £1m every year for a number of years. The figure of £1.04m for 2018-19 represents a significant increase on the prior year's figure of £229k. The £1.04m comprises £219k for the Buttery/Kitchen loan and £824k for the two private placement bonds as described below.

The College took out a 25-year bank loan in 2007 to fund the Buttery/Kitchen project, repayable in 2032. In addition to the interest costs of £219k, capital repayments of £211k were made. The remaining balance on the loan at the end of the year was £4.10m.

The College issued two private placement bonds, one for £11.58m in 2013 and one for £7.00m in 2014, with three repayment dates in 2043, 2044 and 2053, and the combined coupon (interest) payments come to £824k per year. These are set out in Note 15.

The proceeds of these private placements were used to part-fund the new Dorothy Garrod Building and its associated fixtures and fittings, which cost a combined total of £34.87m (see 6.1 below). The coupon payments on these two private placements will therefore remain £824k per year until 2043 (when the first £6.43m of capital has to be repaid). Reduced coupon payments will continue until 2053 (when the final £5.15m of capital has to be repaid).

The initial coupon payments on the bonds have been capitalised in the cost of the Dorothy Garrod Building, but from this financial year they are charged to the Income and Expenditure account, hence the big increase seen this year.

OPERATING AND FINANCIAL REVIEW (continued)**3.8 Contribution to the Colleges Fund**

The Colleges Fund is a scheme whereby the wealth of all 31 colleges is assessed each year. The richer colleges pay into a central fund, which is then disbursed to the poorer colleges. Newnham College's contribution to this fund was £17k.

4. SOCIE: OTHER ITEMS**4.1 Gain on investments**

The gain on investments was £6.73m, as shown in Note 3. Investments are considered in more detail in 6.2 below.

4.2 Unrealised surplus on the revaluation of fixed assets

The unrealised surplus on the revaluation of fixed assets was £8.47m, following the revaluation exercise carried out by Gerald Eve, Chartered Surveyors. This total comprises three elements: (i) an increase in Land value of £4.91m; (ii) an increase in Buildings value of £1.12m; and (iii) £2.44m for writing back the buildings depreciation charged since the previous such valuation.

5. CAPITAL EXPENDITURE

The Statement of Comprehensive Income and Expenditure (SOCIE) is not in fact comprehensive in terms of expenditure, since capital expenditure is excluded. It is to the first line of the Balance Sheet, and its related Note 9 (Fixed Assets), that one turns to see the capital expenditure in the year. This shows Additions of £4.95m, of which £2.85m relates to the construction costs of the new Dorothy Garrod Building, which is discussed in more detail in section 6.1 below.

The remaining £2.10m of Additions includes £1.21m for the purchase of 8 Clare Road, and £857k for furniture for the Dorothy Garrod Building.

6. BALANCE SHEET AND RESERVES

After the SOCIE, the next two statements in the accounts are the Statement of Changes in Reserves and the Balance Sheet. Starting with the Balance Sheet:

6.1 Fixed assets

Note 9 sets out the movements in this asset class in some detail. Of particular note is the near completion of the Dorothy Garrod Building and its transfer from 'Assets in Construction' to 'College Buildings' at a cost of £34.02m. Including the furniture costs, the total comes to £34.87m. This has been a significant project for the College, and it has been funded from the following sources:

£18.58m	Private placement proceeds
£ 2.52m	Investment return
£ 5.35m	Reserves
£ 8.42m	Donations and legacies

The resulting building provides the College with a welcoming new frontage on Sidgwick Avenue, a popular Café open to all members of the University and the public, 86 high quality ensuite bedrooms

OPERATING AND FINANCIAL REVIEW (continued)

and associated kitchens, a number of conference/meeting rooms and supervisions rooms, and staff offices. The building, designed by Walters & Cohen Architects, has been widely praised, and won a RIBA National Award in 2019.

As seen in section 3.6 above, the interest payments on this building are fixed at £843k per year until 2043, decreasing thereafter until 2053. In terms of the capital repayment of the two private placement bonds, £3.00m was transferred from the Benefactors' Fund into a separate bond repayment fund and invested within the College's investment portfolio. It is anticipated that the combination of the capital growth and the retained investment income will enable full repayment of both bonds at the appropriate dates.

The capital expenditure in the Additions line has been explained in section 5 above.

At the end of the year, four properties (Grange Gardens Flats, 27 Grange Road, 2 Clare Road, 3 Clare Road) were reclassified as operational properties, rather than as investment properties, to reflect their actual use. This resulted in an increase of £11.28m in fixed assets, and a corresponding decrease in investments. In addition, all of the College's Land and Buildings were revalued by Gerald Eve, Chartered Surveyors, increasing their value by £8.47m (of which £4.91m was an increase in land values).

6.2 Investments

Note 10 shows investments of £96.59m. In the course of 2018-19, following advice from its investment advisers (Stanhope Consulting) and the external members of the College's Investments Committee, the College started a restructuring of its investment portfolio, including withdrawing £71.00m from the Cambridge University Endowment Fund and £5.36m from other investment managers. These funds were reinvested in a variety of active and passive funds with State Street Global Advisors and Baillie Gifford & Co. Note 10 shows that £82.49m (85%) was held in quoted equities. The unit value in the investment portfolio (see 2.3 above) at 30 June 2019 was £17.72, an increase of 4.5% on the opening unit value of £16.96%.

6.3 Statement of Changes in Reserves

The Balance Sheet and the Statement of Changes in Reserves show total reserves increasing from £207.59m (at 30 June 2018) to £218.93m (at 30 June 2019). This increase is mainly attributed to the revaluation of the College land and buildings (£8.47m), the unapplied total return from investments (£4.34m), and donations and new endowments (£1.96m); offset by the increase in the pension provisions (£1.49m) and the loan interest payable (£1.04m).

7. CASH FLOW

The fourth and final statement in the accounts is the Cash Flow Statement. This shows a decrease of £1.84m in cash over the year from £6.80m to £4.96m. The cash flow is explained in detail in Notes 19 to 21.

8. PRINCIPAL RISKS AND UNCERTAINTIES

This Operating and Financial Review started with a section on Student Numbers, highlighting the important relationship between the size of the student population and the College's economy. In terms of undergraduates, the number of direct applications to Newnham College has increased markedly in recent years, and this has had a positive impact on the size of the undergraduate

OPERATING AND FINANCIAL REVIEW (continued)

population, which had decreased from its peak in the last decade of 401 in 2011 to 362 in 2015, rising to 402 in 2018 (figures as at 1 December in each year). The College has a clearly stated undergraduate admissions target of 120 per year, which would naturally result in an undergraduate population of 420 across the six years (120 1st-years, 120 2nd-years, 120 3rd-years, 40 4th-years, 10 5th-years, and 10 6th-years), if there were no withdrawals or intermissions.

Brexit, however it plays out, has the potential to impact on student numbers. The undergraduate population as at 1 December 2018 was 77% UK, 8% EU and 14% International (beyond the EU). The postgraduate population was 28% UK, 32% EU and 40% International. While the risk to undergraduate numbers is not negligible, the risk to postgraduate numbers is somewhat higher. There are two aspects to this: one is the risk of EU students being charged the higher International fees and applications reducing as a result; the other is the risk of all EU and International applications reducing, as a result of possible perceptions of the UK being less welcoming to non-UK students than it has been in the past. These, of course, are risks to the UK University sector as a whole, and Cambridge and its constituent Colleges would not be immune from such a change in environment.

An area of uncertainty in the College's financial model is the income from donations and legacies. The chart in section 2.4 above illustrates the unpredictability of this source of income, while also acknowledging its very great importance to the College's ability to carry out its mission of advancing education, learning and research. The College relies heavily on the generosity of its alumnae, but changes in society at large and Government legislation (e.g. relating to the provision of care for the elderly, and the tax treatment of charitable donations) could have an impact on this source of income in the future.

The College needs to make interest payments of over £1m each year, as shown in section 3.7 above. To meet these interest payments, there is a need to increase significantly the income from a wide variety of commercial bookings (and to do so profitably) including conferences, meetings, private dinners/receptions, weddings, and summer schools; as well as building a thriving bed-and-breakfast trade in the Dorothy Garrod Building out of term-time. This represents a significant challenge for the College, and its success in this market will have a bearing on the College's financial position.

The costs of defined-benefit pension schemes continue to be a major issue in the higher education sector, with the College bearing liabilities in both the USS and CCFPS schemes. Large provisions have been made in this year's accounts, which ought not to be a recurrent theme, although the cost of employer contributions is set only to increase, and will become a greater proportion of the total employment costs of the College.

Lastly in this section, the College is currently being prosecuted by the Health & Safety Executive (HSE) and is very likely to receive a fine in the course of the 2019-20 financial year. In April 2018, the College reported itself to the HSE under the RIDDOR regulations (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) following an incident where asbestos was unexpectedly discovered in an area where routine maintenance was being carried out by College staff. The College has made a provision in these 2018-19 accounts for such a fine.

9. FUTURE PLANS

The College has a new Principal (Miss Alison Rose), who started in September 2019; and a new Bursar (Mr Christopher Lawrence), who started in April 2019. Such changes in the senior personnel of the College inevitably bring about new ideas and new initiatives. The College undertook a strategic planning exercise in 2018-19, which is now being developed further in the current year under the leadership of the new Principal.

OPERATING AND FINANCIAL REVIEW (continued)

Following the completion of the Dorothy Garrod Building, the College's attention now turns to its various listed buildings by the architect Basil Champneys. A condition survey has been undertaken which shows that in the region of £20m needs to be spent on these buildings over the next ten years to maintain and improve them. The initial planning for this work will take place in 2019-20.

In 2021 the College marks the 150th anniversary of its founding in 1871. This major anniversary will be marked by: (i) a programme of events; and (ii) a major fundraising campaign. Planning for both is underway.



Mr Christopher Lawrence
Bursar

22 November 2019

CORPORATE GOVERNANCE

The following statement is provided by the Trustees to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.

The College is a registered charity (registered number 1137512) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.

The Trustees are advised in carrying out their duties by a number of Committees, including: Academic Planning, Buildings Estate, Development Strategy, Environmental & Sustainability, Finance, IT, Library, Loans & Grants, Safety, Stipends & Benefits.

The principal College officers are the Principal, Vice-Principal, Senior Tutor and Bursar.

It is the duty of the Finance Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Trustees on the appointment of the external Auditor; to consider reports submitted by the Auditor; to monitor the implementation of recommendations made by the Auditor; to monitor risk management and control arrangements; and to make regular reports to the Trustees by way of minutes of its meetings. Membership of the Finance Committee includes all the principal College officers, the Domestic Bursar, and other members of the Governing Body.

There is a Register of Interests of Trustees. Declarations of interest are made systematically at all Governing Body, Council and Committee meetings. The College's Trustees during the year ended 30 June 2019 are set out on page 5.

STATEMENT OF INTERNAL CONTROL

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

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance against material misstatement or loss.

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2019 and up to the date of approval of the financial statements.

The Trustees are responsible for reviewing the effectiveness of the system of internal control.

The Trustees' review of the effectiveness of the system of internal control is informed by the work of the various Committees, the Bursar, and the College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external Auditor in their management letter and other reports.

RESPONSIBILITIES OF THE COLLEGE COUNCIL AND THE GOVERNING BODY

The College Council is responsible for preparing the financial statements each year in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Statement of Recommended Practice 'Accounting for Further and Higher Education Institutions', as interpreted by Recommended Cambridge College Accounts. The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period.

In accordance with the College's Statutes, the College Council is responsible for the administration and management of the College's affairs. It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept which disclose with reasonable accuracy at any time the financial position of the College.

Statute XIX ('Accounts and Audit') in the College's Statutes sets out the Governing Body's responsibilities in relation to the accounts, including the appointment of the auditors. Clause 5 of Statute XIX states: "A meeting of the Governing Body shall be called to pass the accounts as soon as may be convenient in the Michaelmas Term."

In causing the financial statements to be prepared, the College Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The College Council 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 College Council has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud and other irregularities. Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

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

INDEPENDENT AUDITOR'S REPORT TO THE COLLEGE COUNCIL AND GOVERNING BODY**Opinion**

We have audited the financial statements of Newnham College for the year ended 30 June 2019, which comprise the Statement of Principal Accounting Policies, the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement, and the related Notes. 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) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The College Council and Governing Body are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

INDEPENDENT AUDITOR'S REPORT TO THE COLLEGE COUNCIL AND GOVERNING BODY (continued)

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 where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the College's 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 and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the College Council and Governing Body

As explained more fully in the Responsibilities of the College Council and Governing Body, set out in the College's Report, the Governing Body are responsible for the preparation of financial statements which 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 is 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 Governing Body either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Charities Act 2011 Section 144 and report in accordance with regulations made under Section 154 of that Act, in accordance with the College's Statutes and the Statutes of the University of Cambridge. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report is made solely to the College's Council and Governing Body, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the College's Council and Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Council and Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITOR'S REPORT TO THE COLLEGE COUNCIL AND GOVERNING BODY (continued)

PRENTIS & CO LLP
CHARTERED ACCOUNTANTS
& STATUTORY AUDITORS
115c Milton Road
Cambridge CB4 1XE

A handwritten signature in black ink that reads "Prentis & Co LLP". The signature is written in a cursive, flowing style.

4 December 2019

Prentis & Co LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These 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 Consolidated 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 7.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Inter-group balances are eliminated on consolidation. The activities of student societies have not been consolidated.

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

Grant income received 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 conditions have been met.

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

Donations and Endowments

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

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

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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

Investment income and change in value of investment assets

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

Total return

A total return policy is applied to the College's investment in securities. A unitised approach is taken with the investment portfolio, and the units are revalued each quarter taking account of investment performance. Under this total return policy, the average of the unit values at the end of each quarter for the preceding seven years is calculated. 3.5% of this average unit value is applied to the number of units held at 1 July, and this is the amount of endowment return transferred shown as income in the Statement of Comprehensive Income and Expenditure. The whole total return is shown in the same statement as the gain/(loss) on investments.

Other income

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

Pension schemes

The College participates in the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). The schemes are both defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities of individual institutions due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

The assets and liabilities of the CCFPS are held separately. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

Tangible fixed assets**a. Land and buildings**

The buildings on the College's main site have been treated as tangible fixed assets and valued on the basis of their depreciated replacement cost. A valuation on 30 June 2019 was carried out by Gerald Eve LLP. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 100 years. Properties are re-lifed on revaluation. Freehold land is not depreciated and the value of the land comprising the College's main site is included in the balance sheet.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

b. Maintenance of properties

The cost of routine maintenance is charged to the Consolidated Statement of Comprehensive Income and Expenditure as it is incurred. The College also sets aside sums to meet major maintenance costs which occur on an irregular basis.

c. Furniture and equipment

Furniture and equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Books, equipment, furniture and fittings	5%, 10% and 25% per annum
Catering heating and ventilation equipment	5% per annum
Major computer software	10% per annum
Computer equipment	25% per annum

d. Heritage Assets

The College holds and conserves a number of collections, artefacts and other assets of historical, artistic or scientific interest. 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, to the extent to which they are material. Heritage assets have not been depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Investments

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

Stocks

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

Provisions

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**Taxation**

The College is a registered charity (number 1135712) 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 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.

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 of otherwise of uncertain future events not wholly within the control of the College.

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

Employment benefits

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

Reserves

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

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

NEWNHAM COLLEGE

Consolidated Statement of Comprehensive Income and Expenditure

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 and charges	1	2,851	-	-	2,851	2,689	-	-	2,689
Residences, catering, and conferences	2	3,784	-	-	3,784	3,231	-	-	3,231
Investment income	3	212	-	-	212	229	-	-	229
Endowment return transferred	3	1,213	1,391	(2,603)	-	1,389	1,159	(2,548)	-
Other income		223	-	-	223	217	-	-	217
Total Income before donations and endowments		8,282	1,391	(2,603)	7,070	7,755	1,159	(2,548)	6,366
Donations	4	1,213	386	-	1,599	800	1,145	-	1,945
New endowments	4	-	-	360	360	-	-	5,270	5,270
Total income		9,496	1,776	(2,243)	9,029	8,555	2,304	2,722	13,581
Expenditure									
Education	5	3,867	1,491	-	5,357	3,755	1,189	-	4,944
Residences, catering, and conferences	6	4,526	-	-	4,526	3,234	-	-	3,234
Other expenditure	7	492	-	-	492	219	-	-	219
Movement to pension provisions	16	1,273	-	-	1,273	(4)	-	-	(4)
Loan interest payable		1,043	-	-	1,043	229	-	-	229
Contribution to Colleges Fund Under Statute G,II		17	-	-	17	31	-	-	31
Total Expenditure		11,217	1,491	-	12,708	7,464	1,189	-	8,652
Surplus/(deficit) before other gains and losses		(1,722)	286	(2,243)	(3,679)	1,091	1,115	2,722	4,928
Gain on investments	3	1,787	536	4,404	6,726	2,394	545	4,558	7,497
Surplus before tax		65	821	2,161	3,047	3,485	1,660	7,280	12,425
Taxation		(1)	-	-	(1)	-	-	-	-
Surplus for the year		64	821	2,161	3,046	3,485	1,660	7,280	12,425
Other comprehensive income									
Unrealised surplus on revaluation of fixed assets		8,468	-	-	8,468	-	-	-	-
Actuarial gain/(loss) in respect of pension schemes	16	(220)	-	-	(220)	200	-	-	200
Total comprehensive income for the year		8,312	821	2,161	11,294	3,685	1,660	7,280	12,625

All items of income and expenditure relate to continuing operations.

The notes on pages 33 to 46 form part of these accounts.

NEWNHAM COLLEGE

Statement of Changes in Reserves

Year Ended 30 June 2019

Consolidated	Income and expenditure reserve			Revaluation reserve £000	Total £000
	Unrestricted	Restricted	Endowment		
	£000	£000	£000		
At 30 June 2018	57,530	11,852	57,011	81,194	207,587
Surplus from income and expenditure statement	64	821	2,161	-	3,046
Other comprehensive income/(expenditure)	(220)	-	-	-	(220)
Revaluation of fixed assets	-	-	-	8,468	8,468
Movement between Funds	17	(17)	-	-	-
At 30 June 2019	57,391	12,657	59,172	89,662	218,882
At 30 June 2017	51,923	10,070	51,775	81,194	194,962
Surplus from income and expenditure statement	3,485	1,660	7,280	-	12,425
Other comprehensive income/(expenditure)	200	-	-	-	200
Revaluation of fixed assets	-	-	-	-	-
Movement between Funds	1,922	122	(2,044)	-	-
At 30 June 2018	57,530	11,852	57,011	81,194	207,587
College	Income and expenditure reserve			Revaluation	Total
	Unrestricted	Restricted	Endowment	reserve	
	£000	£000	£000	£000	£000
At 30 June 2018	57,314	11,852	57,011	81,194	207,371
Surplus from income and expenditure statement	259	821	2,161	-	3,241
Other comprehensive income/(expenditure)	(220)	-	-	-	(220)
Revaluation of fixed assets	-	-	-	8,468	8,468
Movement between Funds	17	(17)	-	-	-
At 30 June 2019	57,369	12,657	59,172	89,662	218,860
At 30 June 2017	51,727	10,070	51,775	81,194	194,767
Surplus from income and expenditure statement	3,465	1,660	7,280	-	12,405
Other comprehensive income/(expenditure)	200	-	-	-	200
Revaluation of fixed assets	-	-	-	-	-
Movement between Funds	1,922	122	(2,044)	-	-
At 30 June 2018	57,314	11,852	57,011	81,194	207,371

NEWNHAM COLLEGE

Consolidated and College Balance Sheets

At 30 June 2019

	Note	2019 Consolidated £000	2019 College £000	2018 Consolidated £000	2018 College £000
Non-current assets					
Fixed assets	9	144,599	144,599	120,903	120,680
Investments	10	96,585	96,585	105,676	106,056
		<u>241,184</u>	<u>241,184</u>	<u>226,579</u>	<u>226,736</u>
Current assets					
Stocks	11	92	92	111	111
Trade and other receivables	12	458	457	1,226	564
Cash and cash equivalents	13	4,959	4,896	6,798	6,746
		<u>5,509</u>	<u>5,445</u>	<u>8,135</u>	<u>7,421</u>
Creditors: amounts falling due within one year	14	(2,168)	(2,126)	(2,754)	(2,413)
Net current assets		<u>3,341</u>	<u>3,319</u>	<u>5,381</u>	<u>5,008</u>
Total assets less current liabilities		<u>244,525</u>	<u>244,503</u>	<u>231,960</u>	<u>231,744</u>
Creditors: amounts falling due in more than one year	15	(22,453)	(22,453)	(22,676)	(22,676)
Provisions					
Pension provisions	16	(3,190)	(3,190)	(1,697)	(1,697)
Total net assets		<u><u>218,882</u></u>	<u><u>218,860</u></u>	<u><u>207,587</u></u>	<u><u>207,371</u></u>
Restricted reserves					
Income and expenditure reserve - endowment reserve	17	59,172	59,172	57,011	57,011
Income and expenditure reserve - restricted reserve	18	12,657	12,657	11,852	11,852
		<u>71,829</u>	<u>71,829</u>	<u>68,863</u>	<u>68,863</u>
Unrestricted reserves					
Income and expenditure reserve - unrestricted		57,391	57,369	57,530	57,314
Revaluation reserve		89,662	89,662	81,194	81,194
		<u>147,053</u>	<u>147,031</u>	<u>138,724</u>	<u>138,508</u>
Total Reserves		<u><u>218,882</u></u>	<u><u>218,860</u></u>	<u><u>207,587</u></u>	<u><u>207,371</u></u>

These financial statements were approved by Newnham College Governing Body on 22 November 2019 and were signed on its behalf on that date by:

Miss Alison Rose (Principal)

AJ Rose

Mr Christopher Lawrence (Bursar)

Christopher Lawrence

NEWNHAM COLLEGE**Consolidated Cash Flow Statement**

Year Ended 30 June 2019

		2018-19	2017-18
	Note	£000	£000
Net cash inflow from operating activities	19	1,049	7,564
Total cash flows from investing activities	20	(1,634)	(5,120)
Total cash flows from financing activities	21	(1,253)	(381)
Increase/(decrease) in cash and cash equivalents in the year		<u>(1,839)</u>	<u>2,063</u>
Cash and cash equivalents at beginning of the year		6,798	4,735
Cash and cash equivalents at end of the year		4,959	6,798

NEWNHAM COLLEGE

Notes to the Accounts (consolidated)

Year Ended 30 June 2019

1. ACADEMIC FEES AND CHARGES	2018-19	2017-18
	£000	£000
College fees:		
Fee Income received at the Regulated Undergraduate rate	1,515	1,457
Fee Income received at the Unregulated Undergraduate rate	470	417
Fee Income received at the Postgraduate rate	634	602
	<hr/>	<hr/>
	2,619	2,476
Teaching Grants	-	16
Recoveries from other Colleges	45	35
Other Fees and Charges including Cambridge Bursary Scheme	187	162
	<hr/>	<hr/>
Total	2,851	2,689
	<hr/> <hr/>	<hr/> <hr/>
2. INCOME FROM RESIDENCES, CATERING, AND CONFERENCES	2018-19	2017-18
	£000	£000
Accommodation		
College Members	2,576	2,185
Conferences	295	296
Catering		
College Members	528	465
Conferences	385	285
	<hr/>	<hr/>
Total	3,784	3,231
	<hr/> <hr/>	<hr/> <hr/>
3. INVESTMENT INCOME AND ENDOWMENT RETURN	2018-19	2017-18
	£000	£000
Investment Income		
Income from:		
Freehold Land and Buildings	196	221
Cash	16	8
	<hr/>	<hr/>
	212	229
	<hr/> <hr/>	<hr/> <hr/>
Gains / (Losses) on Investment Assets		
Freehold Land and Buildings	(100)	-
Non-current assets investments	6,827	7,496
Short-term investments	-	1
Total Gains on Investment Assets	<hr/>	<hr/>
	6,727	7,497
	<hr/> <hr/>	<hr/> <hr/>
Total Return for the year	6,939	7,726
	<hr/> <hr/>	<hr/> <hr/>
Transfer to income and expenditure reserve	(2,603)	(2,548)
	<hr/> <hr/>	<hr/> <hr/>
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure	4,336	5,178
	<hr/> <hr/>	<hr/> <hr/>
4 DONATIONS, LEGACIES AND NEW ENDOWMENTS	2018-19	2017-18
	£000	£000
Unrestricted donations	1,162	749
Release from deferred capital grants	51	51
Restricted donations	386	1,145
New endowments	360	5,270
	<hr/>	<hr/>
	1,959	7,215
	<hr/> <hr/>	<hr/> <hr/>

NEWNHAM COLLEGE

Notes to the Accounts - continued

5. EDUCATION EXPENDITURE	2018-19 £000	2017-18 £000
Teaching	2,183	2,038
Tutorial	756	738
Admissions	555	471
Research	435	409
Scholarships and awards	1,182	1,037
Other educational facilities	246	251
Total	<u>5,357</u>	<u>4,944</u>

6. RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE	2018-19 £000	2017-18 £000
Accommodation		
College Members	2,806	2,005
Conferences	136	97
Catering		
College Members	1,222	873
Conferences	362	259
Total	<u>4,526</u>	<u>3,234</u>

7a. ANALYSIS OF 2018-19 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 8) £000	Other Operating Expenses £000	Depreciation £000	2018-19 Total £000
Education (Note 5)	2,610	2,406	341	5,357
Residences, Catering & Conferences (Note 6)	2,076	1,820	630	4,526
Other	187	281	24	492
Movement to pension provisions	-	1,273	-	1,273
Loan interest payable	-	1,043	-	1,043
Contribution to Colleges Fund Under Statute G, II	-	17	-	17
	<u>4,873</u>	<u>6,839</u>	<u>995</u>	<u>12,707</u>

7b. ANALYSIS OF 2017-18 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 8) £000	Other Operating Expenses £000	Depreciation £000	2017-18 Total £000
Education (Note 5)	2,422	2,329	193	4,944
Residences, Catering & Conferences (Note 6)	1,719	1,108	407	3,234
Other	128	79	12	219
Movement to pension provisions	-	(4)	-	(4)
Loan interest payable	-	229	-	229
Contribution to Colleges Fund Under Statute G, II	-	31	-	31
	<u>4,269</u>	<u>3,772</u>	<u>612</u>	<u>8,652</u>

7c. ANALYSIS OF EXPENDITURE

	2018-19 £000	2017-18 £000
Other operating expenses include:		
Audit fee payable to the College's external auditors	14	14
Other fees payable to the College's external auditors	-	-
Cost of fundraising	326	303
Investment management costs - commercial property	14	14
Investment management costs - securities & cash	42	71

NEWNHAM COLLEGE

Notes to the Accounts - continued

8. STAFF COSTS

	College Fellows 2018-19 £000	Non - Fellows 2018-19 £000	Total 2018-19 £000	Total 2017-18 £000
Staff Costs				
Salaries	726	3,323	4,049	3,519
National Insurance	50	229	279	249
Pension costs	111	433	544	501
	887	3,985	4,872	4,269

No officer or employee of the College, including the Principal, received salaries exceeding £100,000

Average Staff Numbers

Academic (non-FTE)	53	4	57	48
Non-Academics (FTE)	3	106	109	97

There were 63 Fellows (excluding the Principal) in the Governing Body as at 1 October 2019, 42 of whom were stipendary.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. The key management personnel of the College are the Principal, Vice-Principal, Senior Tutor and Bursar. Staff costs include compensation paid to key management personnel.

	2018-19 £000	2017-18 £000
Key management personnel	173	185

The total remuneration for persons who served as Trustees (as members of the College Council) in 2018-19 was £246k (2017-18: £268k).

NEWNHAM COLLEGE

Notes to the Accounts - continued

9. FIXED ASSETS

	College Land £000	College Buildings £000	Assets in Construction £000	Furniture & Equipment £000	2018-19 Total £000	2017-18 Total £000
Consolidated						
Cost or valuation						
At 30 June 2018	37,940	52,627	31,167	1,995	123,729	104,719
Additions	890	315	2,850	894	4,949	19,013
Disposals	-	-	-	(2)	(2)	(3)
Transfers from investment properties	6,607	4,673	-	-	11,280	-
Transfers between asset classes	-	34,017	(34,017)	-	-	-
Revaluation during the year	4,905	1,122	-	-	6,027	-
	<u>50,342</u>	<u>92,754</u>	<u>-</u>	<u>2,887</u>	<u>145,983</u>	<u>123,729</u>
Depreciation						
At 30 June 2018	-	1,575	-	1,252	2,827	2,217
Provided for the year	-	866	-	129	995	613
Disposals	-	-	-	3	3	(3)
Transfers from investment properties	-	-	-	-	-	-
Transfers between asset classes	-	-	-	-	-	-
Written back on revaluation	-	(2,441)	-	-	(2,441)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,384</u>	<u>1,384</u>	<u>2,827</u>
Net Book value						
At 30 June 2019	<u>50,342</u>	<u>92,754</u>	<u>-</u>	<u>1,503</u>	<u>144,599</u>	<u>120,903</u>
At 30 June 2018	<u>37,940</u>	<u>51,052</u>	<u>31,167</u>	<u>743</u>	<u>120,903</u>	<u>102,502</u>
College						
Cost or valuation						
At 30 June 2018	37,940	52,627	31,167	1,372	123,106	104,113
Additions	890	315	2,850	1,517	5,572	18,993
Disposals	-	-	-	(2)	(2)	-
Transfers from investment properties	6,607	4,673	-	-	11,280	-
Transfers between asset classes	-	34,017	(34,017)	-	-	-
Revaluation during the year	4,905	1,122	-	-	6,027	-
	<u>50,342</u>	<u>92,754</u>	<u>-</u>	<u>2,887</u>	<u>145,983</u>	<u>123,106</u>
Depreciation						
At 30 June 2018	-	1,575	-	851	2,426	1,839
Provided for the year	-	866	-	103	969	587
Disposals	-	-	-	430	430	-
Transfers from investment properties	-	-	-	-	-	-
Transfers between asset classes	-	-	-	-	-	-
Written back on revaluation	-	(2,441)	-	-	(2,441)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,384</u>	<u>1,384</u>	<u>2,426</u>
Net Book value						
At 30 June 2019	<u>50,342</u>	<u>92,754</u>	<u>-</u>	<u>1,503</u>	<u>144,599</u>	<u>120,680</u>
At 30 June 2018	<u>37,940</u>	<u>51,052</u>	<u>31,167</u>	<u>521</u>	<u>120,680</u>	<u>102,274</u>

A valuation of College properties was carried out by Gerald Eve, Chartered Surveyors, at 30 June 2019 on the basis of market value for existing use, plus current gross replacement costs of improvements, less allowance for physical deterioration and obsolescence.

The amount of finance cost capitalised during 2018-19 was £nil (2017-18 £824K). The freehold College buildings at 30 June 2019 were insured at reinstatement costs of £103.9m.

NEWNHAM COLLEGE

Notes to the Accounts - continued

10. INVESTMENTS

	Consolidated 2018-19 £000	College 2018-19 £000	Consolidated 2017-18 £000	College 2017-18 £000
At 30 June 2018	105,676	106,056	106,796	107,176
Additions	73,261	73,261	7,000	7,000
Disposals	(76,358)	(76,738)	(13,069)	(13,069)
Transfers to Fixed Assets	(11,280)	(11,280)	-	-
Gain	5,287	5,287	4,949	4,949
At 30 June 2019	96,585	96,585	105,676	106,056
Represented by:				
Estate Properties	3,525	3,525	14,905	14,905
Quoted Securities - Equities	82,489	82,489	72,062	72,062
Quoted Securities - Fixed Interest	4,117	4,117	2,283	2,283
Unquoted	6,390	6,390	13,188	13,188
Cash held for reinvestment	64	64	3,237	3,237
Investment in Subsidiary Companies	-	-	-	380
	96,585	96,585	105,676	106,056

The valuation of the investment properties was carried out by Gerald Eve, Chartered Surveyors, at 30 June 2019 at market value. The stock exchange investments were valued at mid-market price at the Balance Sheet dates.

NEWNHAM COLLEGE

Notes to the Accounts - continued

11. STOCKS AND WORK IN PROGRESS

	Consolidated 2018-19 £000	College 2018-19 £000	Consolidated 2017-18 £000	College 2017-18 £000
Food and Drink	27	27	19	19
Wine	40	40	57	57
Cleaning materials and other	25	25	35	35
	92	92	111	111

12. TRADE AND OTHER RECEIVABLES

	Consolidated 2018-19 £000	College 2018-19 £000	Consolidated 2017-18 £000	College 2017-18 £000
Taxes due from Government Departments	74	66	341	35
Grants receivable	-	-	-	-
Due from subsidiary undertakings	-	7	-	4
Other receivables	174	174	113	109
Prepayments and accrued income	210	210	772	416
	458	457	1,226	564

13. CASH AND CASH EQUIVALENTS

	Consolidated 2018-19 £000	College 2018-19 £000	Consolidated 2017-18 £000	College 2017-18 £000
Current accounts	4,958	4,895	6,797	6,745
Cash in hand	1	1	1	1
	4,959	4,896	6,798	6,746

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated 2018-19 £000	College 2018-19 £000	Consolidated 2017-18 £000	College 2017-18 £000
Trade creditors	317	317	344	344
Loan repayments	227	227	215	215
Contribution to Colleges Fund	17	17	31	31
Due to subsidiary undertakings	-	192	-	557
Taxes and social security costs	21	20	24	24
Student deposits and accounts	228	228	182	182
Accruals and deferred income	1,359	1,125	1,958	1,061
	2,169	2,126	2,754	2,414

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

	Consolidated 2018-19 £000	College 2018-19 £000	Consolidated 2017-18 £000	College 2017-18 £000
Bank Loan	3,873	3,873	4,096	4,096
Private Placement 1 Liability	11,580	11,580	11,580	11,580
Private Placement 2 Liability	7,000	7,000	7,000	7,000
	22,453	22,453	22,676	22,676

The bank loan is secured on certain College freehold properties and is subject to interest fixed under a swap agreement at 5.24% for 25 years from 2007. Repayments commenced in 2007 and will be made over the 25 years to June 2032.

The first private placement bond of £11,580,000 is repayable in two tranches, of £6,433,333 on 30 October 2043 and £5,146,667 on 30 October 2053 and is subject to a fixed rate of interest of 4.40%.

The second private placement bond of £7,000,000 is repayable on 31 January 2044 and is subject to a fixed rate of interest of 4.45%.

NEWNHAM COLLEGE

Notes to the Accounts - continued

16. PENSION PROVISIONS

	Consolidated 2018-19 £000	College 2018-19 £000	Consolidated 2017-18 £000	College 2017-18 £000
At 30 June 2018	1,697	1,697	1,901	1,901
Movement in year:				
Current service cost including life assurance	1,853	1,853	524	524
Contributions	(580)	(580)	(528)	(528)
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	220	220	(200)	(200)
At 30 June 2019	3,190	3,190	1,697	1,697

17. ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	Total 2018-19 £000	Total 2017-18 £000
College and Consolidated				
At 30 June 2018	38,105	18,906	57,011	51,775
New donations and endowments	360	-	360	5,270
Investment income	-	-	-	-
Expenditure	-	-	-	-
Transfer between funds	-	-	-	(2,044)
Increase in market value of investments	1,720	81	1,801	2,010
At 30 June 2019	40,185	18,987	59,172	57,011

Analysis by type of purpose:

Fellowship Funds	14,683	13,936
Scholarship Funds	6,300	5,996
Prize Funds	362	346
Hardship Funds	4,508	4,117
Research Funds	12,668	12,121
Book Funds	826	788
Other Funds	838	801
General Endowments	18,987	18,906
	59,172	57,011

NEWNHAM COLLEGE

Notes to the Accounts - continued

18. RESTRICTED RESERVES

Reserves with restrictions are as follows:	Total 2018-19 £000	Total 2017-18 £000
College and Consolidated		
At 30 June 2018	11,852	10,070
New grants and donations	386	1,145
Investment income	1,391	1,159
Expenditure	(1,491)	(1,189)
Transfer between funds	(17)	122
Increase in market value of investments	536	545
At 30 June 2019	12,657	11,852
Fellowship Funds	3,436	3,026
Scholarship Funds	2,114	2,022
Prize Funds	201	195
Hardship Funds	4,030	3,892
Research Funds	356	344
Book Funds	1,552	1,444
Other Funds	969	929
General Endowments	-	-
	12,657	11,852

NEWNHAM COLLEGE

Notes to the Accounts - continued

19. RECONCILIATION OF CONSOLIDATED SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018-19 £000	2017-18 £000
Surplus for the year	3,047	12,425
Adjustment for non-cash items		
Depreciation and movements to Revaluation Reserve	995	613
(Gain) on endowments, donations and investment property	(5,287)	(4,950)
Decrease in stocks	20	14
Decrease/(increase) in trade and other receivables	768	(241)
(Decrease) in creditors	(597)	(293)
Increase/(decrease) in provisions	1,493	(204)
Pension costs less contributions payable	(220)	200
Adjustment for investing or financing activities		
Investment income receivable	(212)	(229)
Interest payable	1,043	229
Net cash inflow from operating activities	1,049	7,564
20. CASH FLOWS FROM INVESTING ACTIVITIES	2018-19 £000	2017-18 £000
Non-current investment disposal	76,358	13,069
Investment income received	212	229
Endowment funds invested	(73,261)	(7,000)
Withdrawal of deposits	-	7,595
Payments made to acquire non-current assets	(4,943)	(19,013)
Total cash flows from investing activities	(1,634)	(5,120)
21. CASH FLOWS FROM FINANCING ACTIVITIES	2018-19 £000	2017-18 £000
Interest paid	(1,043)	(229)
Repayments of amounts borrowed	(211)	(152)
Total cash flows from financing activities	(1,253)	(381)

NEWNHAM COLLEGE

Notes to the Accounts - continued

22. RELATED PARTY TRANSACTIONS

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

23. SUBSIDIARY UNDERTAKINGS

The subsidiary companies (all of which are registered in England & Wales), wholly-owned by the College, are as follows:

Company	Principal Activity
Newnham College Library Company Ltd	Provision of library services
Newnham College Management Ltd	Provision of maintenance and construction projects
Newnham College Ltd	Dormant

24. FINANCIAL COMMITMENTS

At 30 June 2019 and 30 June 2018 the College had no annual commitments under non-cancellable operating leases. The College has committed to investing in various private equity funds over approximately the next three years as at June 2019. A total of £0.7m (2018: £0.7m) may be called up for investment at any point during that period, but this is not a liability, it would be a reclassification of College investments.

NEWNHAM COLLEGE

Notes to the Accounts - continued

25 PENSION SCHEMES

(a) Cambridge Colleges Federated Pension Scheme

The College participates in a multi-employer defined benefit plan, the Cambridge Colleges' Federated Pension Scheme. At 30 June 2019 Newnham College had 5 active members participating in the plan.

The liabilities of the plan have been calculated, as 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 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:

	2018-19	2017-18
	% p.a.	% p.a.
Discount rate	2.25	2.70
Increase in salaries	2.90	2.75
RPI assumption	3.40	3.25
CPI assumption	2.40	2.25
Pension increases in payment (RPI Max 5% p.a.)	3.30	3.15
Pension increases in payment (CPI Max 2.5% p.a.)	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% p.a. (2018: S2PA with CMI_2017 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

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

Employee Benefit Obligations

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

	2018-19	2017-18
	£000	£000
Present value of plan liabilities	(6,489)	(5,906)
Market value of plan assets	5,168	4,849
Net defined benefit asset/(liability)	(1,321)	(1,057)

The amounts to be recognised in the Income and Expenditure for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2018-19	2017-18
	£000	£000
Current service cost	74	84
Administrative expenses	11	10
Interest on net defined benefit (asset)/liability	29	32
(Gain)/loss on plan changes	24	-
Curtailement (gain)/loss	-	-
Total	137	126

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

	2018-19	2017-18
	£000	£000
Present value of plan liabilities at the beginning of the year	5,906	5,998
Current service cost	74	84
Employee contributions	-	-
Benefits paid	(254)	(182)
Interest on plan liabilities	157	155
Actuarial (gains)/losses	582	(149)
(Gain)/loss on plan changes	24	-
Curtailement (gain)/loss	-	-
Present value of plan liabilities at the end of the year	6,489	5,906

NEWNHAM COLLEGE

Notes to the Accounts - continued

25 PENSION SCHEMES

(a) Cambridge Colleges Federated Pension Scheme (continued)

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

	2018-19	2017-18
	£000	£000
Market value of plan assets at the beginning of the year	4,849	4,777
Contributions paid by the College (including employee salary exchange)	94	90
Employee contributions (excluding paid by salary exchange)	-	-
Benefits paid	(254)	(182)
Administrative expenses	(14)	(15)
Interest on plan assets	128	123
Return on assets, less interest included in Income and Expenditure	365	56
Market value of plan assets at the end of the year	5,168	4,849
Actual return on plan assets	493	179

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

	2018-19	2017-18
Equities	57%	64%
Bonds and cash	34%	30%
Property	9%	6%
Total	100%	100%

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

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

	2018-19	2017-18
	£000	£000
Return on assets, less interest included in the Income and Expenditure	365	56
Expected less actual plan expenses	(3)	(5)
Experience gains and losses arising on plan liabilities	(66)	(72)
Changes in assumptions underlying the present value of plan liabilities	(516)	221
Remeasurement of net defined benefit liability recognised in OCI	(220)	200

Movement in net defined benefit asset/(liability) during the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2018-19	2017-18
	£000	£000
Net defined benefit asset/(liability) at beginning of year	(1,057)	(1,221)
Recognised in Income and Expenditure	(137)	(126)
Contributions paid by the College	94	90
Remeasurement of net defined benefit liability recognised in OCI	(220)	200
Net defined benefit asset/(liability) at end of year	(1,321)	(1,057)

Funding Policy

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

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

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

Annual contributions of not less than £24,375 p.a. payable for the period from 1 July 2018 to 30 September 2022.

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

NEWNHAM COLLEGE

Notes to the Accounts - continued

25. PENSION SCHEMES

(b) Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (the scheme). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the College therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme. Since the College has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised in the income and expenditure account.

The total cost charged to the income and expenditure account for the College and subsidiaries in 2018-19 is £1,715k (2017-18: £394k).

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

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

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

The key financial assumptions used in the 2017 valuation are described below.

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

NEWNHAM COLLEGE

Notes to the Accounts - continued

25. PENSION SCHEMES

(b) Universities Superannuation Scheme (continued)

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	
Pre- retirement	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 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 expectancies on retirement at age 65 are:

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

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%