

**NEWNHAM COLLEGE
CAMBRIDGE**

Consolidated Financial Statements

Year Ended 30 June 2018

Royal Charter Company number RC000384

Registered Charity number 1137512

NEWNHAM COLLEGE

Consolidated Financial Statements

Year Ended 30 June 2018

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NEWNHAM COLLEGE

Reference and Administration Details

Newnham College
Sidgwick Avenue
Cambridge
CB3 9DF

Registered Charity number 1137512

Royal Charter Company number RC000384

The following persons served as Trustees (as members of the College Council) in 2017/18:

Professor Dame Carol Black (Principal) (*ex officio*, elected by the Fellows)
Professor Christine Watson (Vice-Principal) (*ex officio*, elected by the Governing Body)
Ms Jenny Raine (Bursar) (*ex officio*, appointed by the Governing Body) (to December 2017)
Mr Donald Hearn (Bursar) (*ex officio*, appointed by the Governing Body) (from January 2018)
Professor Liba Taub (Senior Tutor) (*ex officio*, appointed by the Council)

Elected by the Governing Body

Dr Kate Fleet (to January 2018)
Dr Judith Quinn
Dr Samantha Lucy (to September 2017)
Dr Ann Catherine Lindon (to January 2018)
Dr Elizabeth Watson
Professor Kasia Jaszczołt
Dr Rachael Padman
Professor Laura Itzhaki (from October 2017 to January 2018)
Dr Shelia Watts (from October 2017)
Dr Helen Bao (from February 2018)
Dr Barbara Blacklaws (from February 2018)
Dr Emma Mawdsley (from March 2018)

Elected by the Junior Members of the College

Ms C Vandewiele (to October 2017)
Ms I Sanders (to December 2017)
Ms M Bailey-Braendgaard (to March 2018)
Ms M Hussain (from October 2017)
Ms D Mok (from January 2018)
Ms G Sharp (from April 2018)

Principal Advisers

Auditors

Prentis & Co LLP
Chartered Accountants & Statutory Auditors
115c Milton Road
Cambridge CB4 1XE

Bankers

NatWest Bank
Cambridge Market Street Branch
23 Market Street
Cambridge CB2 3PA
Allied Irish Bank
St Helen's
1 Undershaft
London EC3A

Property Managers and Valuers

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

Investment Managers and Advisers

Partners Capital Investment Group Ltd
5th Floor
5 Young Street
London W8 5EH
Cambridge Investment Management Limited
The Old Schools
Trinity Lane
Cambridge CB2 1TN

Cambridge Associates LLC
100 Summer Street
Boston
Massachusetts 02110-2112
USA

Stanhope Consulting
35 Portman Square
London
W1H 6LR

Legal Advisers

Taylor Vinters
Merlin Place
Milton Road
Cambridge CB4 4DP

Mills and Reeve
112 Hills Road
Cambridge CB2 1PH

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Operating and Financial Review

Introduction

The College is a corporate body consisting of the Principal and Fellows. It has been a registered charity (no. 1137512) since 17 August 2010. The College is also a Royal Charter Company number RC000384. The formal name of the College is The Principal and Fellows of Newnham College; and it is also known as a) Newnham College in the University of Cambridge; and b) Newnham College (Cambridge). Its principal address, which is that of its registered office, is: Newnham College, Sidgwick Avenue, Cambridge CB3 9DF, United Kingdom.

Governing documents

The College was founded in 1871. The provisions which regulate the purposes and administration of the College are set out in its Charter dated 12 April 1917 and modified by the Supplemental Charter (1958 when the College was received into the University of Cambridge) and in its original Statutes as variously amended between 1917 and 1996.

Organisational structure of the College and its subsidiary undertakings

The College comprises the following:

a) the **Governing Body**, the powers of which are defined in the Charter.

The Governing Body is responsible for the long-term strategic vision of the College, and also provides the policy context in which the Council's management takes place.

b) The powers and responsibilities of **Council**, are defined in the Charter and Statutes.

The College Council has the 'the general control and management of the administration of the College' and its members serve as the Trustees of the College as a registered Charity. As the Trustees they have ultimate responsibility for directing the affairs of the charity, ensuring that it is solvent and well-run, and that it is delivering the charitable outcomes for the benefit of those which it was set up to serve as a College for women in the University of Cambridge.

c. Those **College Officers** who are *ex officio* members of the Council are the Principal, the Vice-Principal, the Bursar and the Senior Tutor and they meet regularly during Term to review the management of College business.

d. **Junior Members** comprise the students of the College both undergraduate and graduate. They have elected representatives on both the Council (where they serve as Trustees for Unreserved Business) and on the Governing Body and are represented on most of the College's Committees. In part, they represent the largest group of potential beneficiaries.

Subsidiary Companies

Three subsidiary companies have been established to undertake work for the benefit of the College.

- Newnham College Ltd (dormant)
- Newnham College Management Ltd organises maintenance and construction projects
- Newnham College Library Co Ltd provides the College with library services

Trustees

A list of persons who served as Trustees in 2017/18 is listed on page 2 (Reference and Administration Details).

Those elected by the Junior Members do not participate in the decision making for Reserved Business.

The Council delegates much of its business to its sub-committees. The membership and terms of reference of sub-committees are determined for the most part by the Council to whom the subcommittees report and make recommendations. Some additional subcommittees are set up by the Governing Body and report accordingly. Junior Members are represented on most subcommittees.

All charity trustees of the College are given on appointment or election copies of the Statutes and Ordinances of the College together with a set of documents including the College's policy on the management of conflicts of interest and copies of the relevant guidance issued by the Charity Commission. Annually the trustees are reminded of their core responsibilities and required to check and update their declaration of interests.

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Scope of the financial statements

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 (FRS102). In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP) as amended by Recommended Cambridge College Accounts (RCCA).

Aims and objectives of the College

The objects of the College as defined by its Charter (where they are listed along with its powers) and as registered with the Charity Commission are:

- a) to establish or maintain at or near Cambridge a house or residence or residences in which female students may reside and study; and
- b) to provide a liberal education for women carrying on the work of the Old Association with such modifications and changes as may from time to time appear desirable either in its present situation or elsewhere in the town of Cambridge or County of Cambridge

Since its reception into the University of Cambridge in 1958, the College has discharged these objects through the advancement of education, learning and research, particularly but not exclusively through the provision of a college for women within the University of Cambridge.

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 2017/18 an education for about 638 undergraduate and graduate 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;
- 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 (and Teaching 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;
- encouraging the dissemination of research undertaken by members of the College through the publication of papers in academic journals or other suitable means.

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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 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.

Financial Review

During the year the College continued to pursue its charitable aims in delivering, in partnership with the University of Cambridge and as a constituent part of the collegiate university, a world-class education through individual or small-group teaching as well as pastoral, administrative and academic support. The College also provides social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their potential whilst studying at the College. The full cost of the College's educational provision last year was £4.94m of which £2.69m (54.4%) was received in fees and Cambridge Bursary Scheme funding and £2.25m (45.6%) derived from the College's endowment, which, in turn, depends for its significant long term growth on the generosity of benefactors.

Financial Results

Continued robust budget management has resulted in the College and subsidiary companies achieving a net surplus as set out in the Statement of Comprehensive Income and Expenditure Account on page 15.

Income before donations and new endowments remained static at £6.7m. College fee income increased by £87k, but this was offset by a fall in accommodation and catering income of £79k.

Total expenditure increased by £129k (1.5%). Staff costs make up 46.1% of expenditure (2016/17: 49.1%).

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Donations and new endowments

The College remains extremely grateful for the generous and loyal support of its alumnae. The traditional system of intensive teaching in small groups, backed by pastoral support, is inadequately supported by fee income (over which the College has almost no control) and requires a strong endowment to enable it to continue.

Donations and new endowments in 2017/18 of £7.2m include legacies of £4.9m. Philanthropic income and fundraising costs over the last five years were:

	2013/14 £000	2013/14 £000	2015/16 £000	2016/17 £000	2017/18 £000
Legacies and Donations	1,398	1,810	10,240	5,003	7,164
Development office costs	266	285	279	322	303
Costs as a percentage of funds received	19.0%	15.7%	2.7%	6.4%	4.2%

Expenditure on Buildings

The College completed the construction of the Dorothy Garrod Building in September 2018, providing excellent accommodation for 86 students, extensive office space and substantial conference facilities. The capitalised costs of this major project at 30 June 2018 were £31.2m, including capitalised interest costs of £3.8m. During the year £18.8m of costs were incurred.

The non-capitalised expenditure on building projects (including staff costs) was £926k in 2017/18 (2016/17: £676k).

The guide-figure provided by the Royal Institute of Chartered Surveyors for prudent levels of spending to maintain historic buildings (1.8% of reinstatement costs) would indicate annual spending of £1.2m. Taking into account the College's recent high levels of capital spending on new buildings and refurbishment of property it is believed that the College is meeting that guide level over the medium to long term.

Long-term Bonds

The College participated in two private placements of bonds during 2013/14. The first 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 bond of £7,000,000 is repayable on 31 January 2044 and is subject to a fixed rate of interest of 4.45%.

The cash received from the bonds have been used to fund the Dorothy Garrod Building, the replacement for the Strachey Building.

Endowment and investment performance

The market value of the investment portfolio at 30 June 2018 was £105.7m including directly owned commercial property (14%), public and private equities (73%), fixed interest and bonds (2%), indirectly owned property (8%) and unquoted securities and cash (3%). At the end of June 2018 the College distributed 3.5% of the value of the portfolio average from June 2011 to June 2018 (2016/17: 3.5%), as set out below:

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	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Investment Assets	70.7	78.5	84.5	106.8	105.7
Actual net income	0.7	0.8	0.9	1.3	2.6
Gains / (losses) on revaluation	5.0	10.8	2.2	11.0	5.1
Total Return	5.7	11.6	3.1	12.3	7.7
Endowment distribution	2.2	2.2	2.3	2.5	2.7
As a percentage of investment assets valued at year-end	3.1%	2.8%	2.7%	2.3%	2.6%
As a percentage of the portfolio seven year average	3.5%	3.5%	3.5%	3.5%	3.5%

Investment Policy and Investment Strategy

The College takes a long-term view of the investment portfolio and uses a total return basis for deciding on the appropriate amount to draw down each year. This is intended to protect the value of the investment portfolio in real terms and, as a result, to strike an equitable balance between the interests of the present members of the College and future generations. Any new bequests received during the year are added to unrestricted funds unless the donor has specified the use of the funds in some other way.

The securities portfolio is unitised so that the College is able to see the change in value attributable to the management of the portfolio as distinct from the nominal total value of the investment assets which is impacted both negatively by disposals and by expenditure, and also positively by additional capital received in bequests and donations. The College applies a 'spending rule' as part of a Total Return policy and, under this, income representing a percentage of a trailing averaged value of the portfolio excluding commercial property is taken to the Income and Expenditure account. The average was based on the previous five years from 2008/09 to 2010/11; from 2011/12 it was agreed to push this out to seven years starting from 2009 (a low point). The basis for the distribution calculation is reviewed annually. The percentage of the trailing average value taken to the Income and Expenditure account was 4.25% from 2008/09 to 2010/11. In 2011/12 it was reduced to 3.25% and 3.00% in 2012/13, increasing to 3.50% in 2013/14.

The reduction in drawdown is a result of the need to rebuild unit value subsequent to the financial crisis. The smoothing rule enables the College to maintain the cash flow from the portfolio through recessions.

The average unit value is calculated from June 2011 to June 2018. In June 2009, at its low point, the actual unit value was £10.20 but by 30 June 2018 it had risen to £16.96 (30 June 2017: £16.08). The 7 year trailing average increased from £12.72 at 30 June 2017 to £13.48 at 30 June 2018. At June 2018, after the transfer of the drawdown to the Income and Expenditure Account the actual value of investment securities was £91.0m (June 2017: £91.9m).

The College will continue to review its spending rule and its smoothing mechanisms during the course of 2018/19 to ensure that the College remains in as good a position as possible with the continuing instability and variability expected in global financial markets.

The College's Ethical Investment Policy states:

The College keeps under regular review the ethical investment of its funds. In line with the findings in the Harries case (Bishop of Oxford v. Church Commissioners, 1992) the overriding principle guiding the College's investments (though not the only one) is the financial return of the portfolio, and in principle the College avoids investments in areas which are contrary to the College's Charitable purposes. Those companies or shares likely to be excluded would be those whose activities violate human rights, may harm the environment, or are otherwise contrary to the charitable objectives of the College. The College has appointed a firm of advisors which provides a range of pooled funds in which to invest. The Investment Committee is responsible for decisions on asset allocation but does not select individual stocks.

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Operating and Financial Review

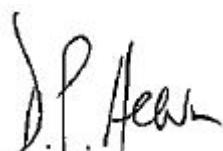
Reserves Policy

The College has total Capital and Reserves of £207.6m. Of this, £81.2m is the Revaluation Reserve which represents the value, in excess of cost, of the College's operational land and buildings. The operational buildings are used primarily for teaching and residential purposes and the long term loan of £4.3m (originally £6m) was used to help construct the kitchen and buttery. As mentioned above, the long-term bonds of £18.6m have been used to finance additional accommodation and facilities in addition to a replacement for the Strachey Building. Of the remaining reserves, £68.9m were restricted funds and £57.5m were unrestricted.

Almost all these funds were backed by long-term investments of £105.7m which the College regards as its true endowment since this supports the work of the College in providing income used to deliver high quality intensive higher education and to support research.

Principal risks and uncertainties

The College maintains a strong system of financial and management controls. The detailed estimates for the year ahead and a rolling five year forecast are scrutinised by the Finance Committee prior to consideration and approval by the College Council each year. Monthly departmental management accounts are produced including comparison of budget with actual for each cost centre. Revised Forecasts of Outturn are produced mid-year to allow for an overall review of the progress of each year's finances. The College, through its senior management and committees reporting to the College Council, is active in identifying, reviewing and documenting its exposure to other major risks with a view to eliminating, reducing and controlling them. The College has an Audit Committee, which includes within its remit management of risk and review of the College risk register.



Mr Donald Hearn

9 November 2018

Bursar

NEWNHAM COLLEGE
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Year Ended 30 June 2018

Responsibilities of the College Council

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. The Governing Body, which appoints the auditors, receives the audited financial statements from the Council.

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.

NEWNHAM COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE COLLEGE COUNCIL AND GOVERNING BODY OF NEWNHAM COLLEGE

FOR THE YEAR ENDED 30TH JUNE 2018

Opinion

We have audited the financial statements of Newnham College for the year ended 30th June 2018, which comprise the Statement of principal Accounting Policies, the Consolidated Income and Expenditure Account, 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), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 30th June 2018, 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 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 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.

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INDEPENDENT AUDITOR'S REPORT TO THE COLLEGE COUNCIL AND GOVERNING BODY OF NEWNHAM COLLEGE

FOR THE YEAR ENDED 30TH JUNE 2018

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.

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

26 November 2018

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

NEWNHAM COLLEGE

Year Ended 30 June 2018

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.

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

NEWNHAM COLLEGE

Year Ended 30 June 2018

Statement of Principal Accounting Policies - continued

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

From July 2007 a total return policy has been applied in relation to the College's investment in securities. Under this policy 4.25% of the trailing 5 year quarterly average values of the investments was taken to the Income and Expenditure Account in the years 2008/09 to 2010/11. For 2011/12, 3.25% of the trailing quarterly average values from the 2009 low point has been taken to the Income and Expenditure Account; this figure reduced to 3.00% for 2012/13 and increased to 3.50% for 2013/14 and 2014/15. The remainder of the change in value of the investments is shown in the Consolidated Statement of Comprehensive Income and Expenditure.

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. The valuation on 30 June 2011 was carried out by Carter Jonas, Chartered Surveyors, with a subsequent 'desktop' valuation at 30 June 2015. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 100 years, except the Strachey building which was demolished in 2016, to be replaced by a new building, so depreciation was accelerated to reflect its specific useful life. Properties are re-lifted 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.

NEWNHAM COLLEGE

Year Ended 30 June 2018

Statement of Principal Accounting Policies - continued

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

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

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, furniture and fittings	5% and 10% 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.

NEWNHAM COLLEGE

Year Ended 30 June 2018

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 2018

	Note	2017/18			2016/17				
		Unrestricted £	Restricted £	Endowment £	Total £	Unrestricted £	Restricted £	Endowment £	Total £
Income									
Academic fees and charges	1	2,688,688	-	-	2,688,688	2,601,645	-	-	2,601,645
Residences, catering, and conferences	2	3,582,223	-	-	3,582,223	3,661,533	-	-	3,661,533
Investment income	3	229,111	-	-	229,111	213,368	-	-	213,368
Endowment return transferred	3	1,389,408	1,158,562	(2,547,970)	-	1,260,181	1,037,860	(2,298,041)	-
Other income		216,705	-	-	216,705	242,451	-	-	242,451
Total Income before donations and endowments		8,106,135	1,158,562	(2,547,970)	6,716,727	7,979,178	1,037,860	(2,298,041)	6,718,997
Donations	4	799,637	1,145,190	-	1,944,827	3,623,928	1,255,748	-	4,879,676
New endowments	4	-	-	5,270,009	5,270,009	-	-	174,062	174,062
Total income		8,905,772	2,303,752	2,722,039	13,931,563	11,603,106	2,293,608	(2,123,979)	11,772,735
Expenditure									
Education	5	3,754,791	1,188,875	-	4,943,666	3,650,303	1,163,036	-	4,813,339
Residences, catering, and conferences	6	3,584,807	-	-	3,584,807	3,590,563	-	-	3,590,563
Other expenditure	7	215,007	-	-	215,007	187,957	-	-	187,957
Loan interest payable		228,928	-	-	228,928	241,278	-	-	241,278
Contribution to Colleges Fund Under Statute G,II		31,000	-	-	31,000	41,000	-	-	41,000
Total Expenditure		7,814,533	1,188,875	-	9,003,408	7,711,101	1,163,036	-	8,874,137
Surplus/(deficit) before other gains and losses		1,091,239	1,114,877	2,722,039	4,928,155	3,892,005	1,130,572	(2,123,979)	2,898,598
Gain/(loss) on investments		2,394,137	545,483	4,557,667	7,497,287	4,851,446	995,882	6,272,148	12,119,476
Surplus before tax		3,485,376	1,660,360	7,279,706	12,425,442	8,743,451	2,126,454	4,148,169	15,018,074
Taxation		-	-	-	-	-	-	-	-
Surplus for the year		3,485,376	1,660,360	7,279,706	12,425,442	8,743,451	2,126,454	4,148,169	15,018,074
Other comprehensive income									
Actuarial gain/(loss) in respect of pension schemes		199,574	-	-	199,574	(203,131)	-	-	(203,131)
Total comprehensive income for the year		3,684,950	1,660,360	7,279,706	12,625,016	8,540,320	2,126,454	4,148,169	14,814,943

All items of income and expenditure relate to continuing operations.

The notes on pages 20 to 33 form part of these accounts.

NEWNHAM COLLEGE

Statement of Changes in Reserves

Year Ended 30 June 2018

Consolidated	Income and expenditure reserve			Revaluation	Total
	Unrestricted	Restricted	Endowment	reserve	
	£	£	£	£	£
At 30 June 2017	51,922,695	10,070,273	51,775,456	81,193,986	194,962,410
Surplus/(deficit) from income and expenditure statement	3,485,376	1,660,360	7,279,706	-	12,425,442
Other comprehensive income	199,574	-	-	-	199,574
Movement between Funds	1,922,176	121,801	(2,043,977)	-	-
At 30 June 2018	57,529,821	11,852,434	57,011,185	81,193,986	207,587,426
At 30 June 2016	43,409,159	8,044,686	47,499,636	81,193,986	180,147,467
Surplus/(deficit) from income and expenditure statement	8,743,451	2,126,454	4,148,169	-	15,018,074
Other comprehensive income	(203,131)	-	-	-	(203,131)
Movement between Funds	(26,784)	(100,867)	127,651	-	-
At 30 June 2017	51,922,695	10,070,273	51,775,456	81,193,986	194,962,410
College	Income and expenditure reserve			Revaluation	Total
	Unrestricted	Restricted	Endowment	reserve	
	£	£	£	£	£
At 30 June 2017	51,727,154	10,070,273	51,775,456	81,193,986	194,766,869
Surplus/(deficit) from income and expenditure statement	3,464,780	1,660,360	7,279,706	-	12,404,846
Other comprehensive income	199,574	-	-	-	199,574
Movement between Funds	1,922,176	121,801	(2,043,977)	-	-
At 30 June 2018	57,313,684	11,852,434	57,011,185	81,193,986	207,371,289
At 30 June 2016	43,233,119	8,044,686	47,499,636	81,193,986	179,971,427
Surplus/(deficit) from income and expenditure statement	8,723,950	2,126,454	4,148,169	-	14,998,573
Other comprehensive income	(203,131)	-	-	-	(203,131)
Movement between Funds	(26,784)	(100,867)	127,651	-	-
At 30 June 2017	51,727,154	10,070,273	51,775,456	81,193,986	194,766,869

NEWNHAM COLLEGE

Consolidated and College Balance Sheets

At 30 June 2018

	Note	2018 Consolidated £	College £	2017 Consolidated £	College £
Non-current assets					
Fixed assets	9	120,902,585	120,680,373	102,501,970	102,274,062
Investments	10	105,675,777	106,055,783	106,795,744	107,175,750
		<u>226,578,362</u>	<u>226,736,156</u>	<u>209,297,714</u>	<u>209,449,812</u>
Current assets					
Short-term investments	11	-	-	7,594,211	7,594,211
Stocks	12	111,598	111,598	125,884	125,884
Trade and other receivables	13	1,225,992	563,974	984,736	607,745
Cash and cash equivalents	14	6,798,211	6,745,983	4,735,273	4,726,050
		<u>8,135,801</u>	<u>7,421,555</u>	<u>13,440,104</u>	<u>13,053,890</u>
Creditors: amounts falling due within one year					
	15	(2,753,657)	(2,413,342)	(3,029,379)	(2,990,804)
Net current assets					
		<u>5,382,144</u>	<u>5,008,213</u>	<u>10,410,725</u>	<u>10,063,086</u>
Total assets less current liabilities					
		<u>231,960,506</u>	<u>231,744,369</u>	<u>219,708,439</u>	<u>219,512,898</u>
Creditors: amounts falling due in more than one year					
	16	(22,675,605)	(22,675,605)	(22,844,778)	(22,844,778)
Provisions					
Pension provisions	17	(1,697,475)	(1,697,475)	(1,901,251)	(1,901,251)
Total net assets					
		<u>207,587,426</u>	<u>207,371,289</u>	<u>194,962,410</u>	<u>194,766,869</u>
Restricted reserves					
Income and expenditure reserve - endowment reserve	18	57,011,185	57,011,185	51,775,456	51,775,456
Income and expenditure reserve - restricted reserve	19	11,852,434	11,852,434	10,070,273	10,070,273
		<u>68,863,619</u>	<u>68,863,619</u>	<u>61,845,729</u>	<u>61,845,729</u>
Unrestricted reserves					
Income and expenditure reserve - unrestricted		57,529,821	57,313,684	51,922,695	51,727,154
Revaluation reserve		81,193,986	81,193,986	81,193,986	81,193,986
		<u>138,723,807</u>	<u>138,507,670</u>	<u>133,116,681</u>	<u>132,921,140</u>
Total Reserves					
		<u>207,587,426</u>	<u>207,371,289</u>	<u>194,962,410</u>	<u>194,766,869</u>

These financial statements were approved by Newnham College Council on 9 November 2018 and were signed on its behalf on that date by:

Professor Dame Carol Black (Principal)

Mr Donald Hearn (Bursar)

NEWNHAM COLLEGE**Consolidated Cash Flow Statement**

Year Ended 30 June 2018

		2017/18	2016/17
	Note	£	£
Net cash inflow from operating activities	20	7,564,181	12,728,811
Total cash flows from investing activities	21	(5,120,142)	(9,375,078)
Total cash flows from financing activities	22	(381,101)	(432,189)
Increase/(decrease) in cash and cash equivalents in the year		2,062,938	2,921,544
Cash and cash equivalents at beginning of the year		4,735,273	1,813,727
Cash and cash equivalents at end of the year		6,798,211	4,735,273

NEWNHAM COLLEGE

Notes to the Accounts (consolidated)

Year Ended 30 June 2018

	2017/18	2016/17
	£	£
1. ACADEMIC FEES AND CHARGES		
College fees:		
Fee Income received at the Regulated Undergraduate rate	1,312,764	1,275,642
Fee Income received at the Unregulated Undergraduate rate	389,659	347,040
Fee Income received at the Graduate rate	773,662	735,228
	<hr/> 2,476,085	<hr/> 2,357,910
Teaching Grants	15,500	15,500
Recoveries from other Colleges	34,577	85,825
Other Fees and Charges including Cambridge Bursary Scheme	162,525	142,410
Total	<hr/> 2,688,688	<hr/> 2,601,645
2. INCOME FROM RESIDENCES, CATERING, AND CONFERENCES		
Accommodation		
College Members	2,184,883	2,153,805
Conferences	295,903	300,200
Catering		
College Members	815,984	885,297
Conferences	285,454	322,231
Total	<hr/> 3,582,223	<hr/> 3,661,533
3. ENDOWMENT RETURN AND INVESTMENT INCOME		
Investment Income		
Income from:		
Freehold Land and Buildings	220,998	202,151
Quoted and other Securities and cash	8,114	11,217
	<hr/> 229,111	<hr/> 213,368
Gains / (Losses) on Investment Assets		
Freehold Land and Buildings	-	-
Non-current assets investments	4,949,317	10,978,179
Short-term investments	625	19,801
Total Return for the year	<hr/> 5,179,053	<hr/> 11,211,348
Transfer to income and expenditure reserve	(2,547,970)	(2,298,041)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure	<hr/> 2,631,083	<hr/> 8,913,307
4. Donations, legacies and new endowments		
	2017/18	2016/17
	Total	Total
	£	£
Unrestricted donations	748,637	3,572,928
Release from deferred capital grants	51,000	51,000
Restricted donations	1,145,190	1,255,748
New endowments	5,270,009	174,062
	<hr/> 7,214,836	<hr/> 5,053,738

NEWNHAM COLLEGE

Notes to the Accounts - continued

5. EDUCATION EXPENDITURE	2017/18	2016/17		
	£	£		
Teaching	2,037,507	2,045,097		
Tutorial	738,261	792,254		
Admissions	977,428	853,800		
Research	409,046	405,435		
Scholarships and awards	530,809	517,975		
Other educational facilities	250,615	198,778		
Total	4,943,666	4,813,339		
6. RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE	2017/18	2016/17		
	£	£		
Accommodation	College Members	2,222,580		
	Conferences	107,544		
Catering	College Members	967,898		
	Conferences	286,785		
Total	3,584,807	3,590,563		
7a. ANALYSIS OF 2017/18 EXPENDITURE BY ACTIVITY	Staff	Other	2017/18	
	Costs (Note 8)	Operating Expenses	Depreciation	Total
	£	£	£	£
Education (Note 5)	2,422,058	2,328,590	193,018	4,943,666
Residences, Catering & Conferences (Note 6)	1,718,487	1,458,835	407,485	3,584,807
Other	123,981	78,771	12,255	215,007
Loan interest payable	-	228,928	-	228,928
Contribution to Colleges Fund Under Statute G, II	-	31,000	-	31,000
	4,264,526	4,126,124	612,758	9,003,408
7b. ANALYSIS OF 2016/17 EXPENDITURE BY ACTIVITY	Staff	Other	2016/17	
	Costs (Note 8)	Operating Expenses	Depreciation	Total
	£	£	£	£
Education (Note 5)	2,479,873	2,136,491	196,975	4,813,339
Residences, Catering & Conferences (Note 6)	1,756,041	1,418,687	415,835	3,590,563
Other	120,494	54,957	12,506	187,957
Loan interest payable	-	241,278	-	241,278
Contribution to Colleges Fund Under Statute G, II	-	41,000	-	41,000
	4,356,408	3,892,413	625,316	8,874,137
7c. ANALYSIS OF EXPENDITURE	2017/18	2016/17		
	£	£		
Other operating expenses include:				
Audit fee payable to the College's external auditors	13,666	14,058		
Other fees payable to the College's external auditors	-	-		
Cost of fundraising	302,680	322,295		
Investment management costs - commercial property	13,658	16,777		
Investment management costs - Securities & Cash	70,550	221,042		

NEWNHAM COLLEGE

Notes to the Accounts - continued

8. STAFF COSTS

	College		Non -		Total 2016/17 £
	Fellows 2017/18	Academics 2017/18	Academics 2017/18	Total 2017/18	
	£	£	£	£	
Staff Costs					
Emoluments	498,989	365,630	2,654,230	3,518,849	3,543,317
Social security costs	31,884	2,326	214,808	249,018	249,215
Other pension costs	77,547	7,271	411,841	496,659	563,874
	608,420	375,227	3,280,879	4,264,526	4,356,406

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

Average Staff Numbers

Academic	43	5	-	48	51
Non-Academics (FTE)	-	-	97	97	89
	43	5	97	145	140

Fellows - full time stipendary	8
Fellows - part time stipendary	35
Fellows - non-stipendary	16

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.

	2017/18 £000	2016/17 £000
Key management personnel	185	197

The total remuneration for persons who served as Trustees (as members of the College Council) in 2017/18 was £268k (2016/17: £298k).

NEWNHAM COLLEGE

Notes to the Accounts - continued

9. FIXED ASSETS

	College Land £	College Buildings £	Assets in Construction £	Furniture & Equipment £	2017/18 Total £	2016/17 Total £
Consolidated						
Cost or valuation						
At 30 June 2017						
Additions	-	52,427,192	12,415,017	1,936,830	104,719,039	100,982,239
Disposals	-	200,000	18,751,650	61,723	19,013,373	8,248,446
Revaluation during the year	-	-	-	(2,986)	(2,986)	(4,511,646)
At 30 June 2018	<u>37,940,000</u>	<u>52,627,192</u>	<u>31,166,667</u>	<u>1,995,567</u>	<u>123,729,426</u>	<u>104,719,039</u>
Depreciation						
At 30 June 2017	-	1,048,544	-	1,168,525	2,217,069	6,103,400
Provided for the year	-	526,272	-	86,486	612,758	625,315
Disposals	-	-	-	(2,986)	(2,986)	(4,511,646)
Written back on revaluation	-	-	-	-	-	-
At 30 June 2018	<u>-</u>	<u>1,574,816</u>	<u>-</u>	<u>1,252,025</u>	<u>2,826,841</u>	<u>2,217,069</u>
Net Book value						
At 30 June 2018	<u>37,940,000</u>	<u>51,052,376</u>	<u>31,166,667</u>	<u>743,542</u>	<u>120,902,585</u>	<u>102,501,970</u>
At 30 June 2017	<u>37,940,000</u>	<u>51,378,648</u>	<u>12,415,017</u>	<u>768,305</u>	<u>102,501,970</u>	<u>94,878,839</u>
College						
Cost or valuation						
At 30 June 2017	37,940,000	52,427,192	12,415,017	1,330,643	104,112,852	100,384,741
Additions	-	200,000	18,751,650	41,777	18,993,427	8,229,132
Disposals	-	-	-	-	-	(4,501,021)
Revaluation during the year	-	-	-	-	-	-
At 30 June 2018	<u>37,940,000</u>	<u>52,627,192</u>	<u>31,166,667</u>	<u>1,372,420</u>	<u>123,106,279</u>	<u>104,112,852</u>
Depreciation						
At 30 June 2017	-	1,048,544	-	790,246	1,838,790	5,743,265
Provided for the year	-	526,272	-	60,844	587,116	596,546
Disposals	-	-	-	-	-	(4,501,021)
Written back on revaluation	-	-	-	-	-	-
At 30 June 2018	<u>-</u>	<u>1,574,816</u>	<u>-</u>	<u>851,090</u>	<u>2,425,906</u>	<u>1,838,790</u>
Net Book value						
At 30 June 2018	<u>37,940,000</u>	<u>51,052,376</u>	<u>31,166,667</u>	<u>521,330</u>	<u>120,680,373</u>	<u>102,274,062</u>
At 30 June 2017	<u>37,940,000</u>	<u>51,378,648</u>	<u>12,415,017</u>	<u>540,397</u>	<u>102,274,062</u>	<u>94,641,476</u>

An interim desktop valuation of College buildings was carried out by Carter Jonas, Chartered Surveyors at 30 June 2015 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 2017/18 was £824k (2016/17 £824k). The freehold College buildings at 30 June 2018 were insured at reinstatement costs of £105m.

NEWNHAM COLLEGE

Notes to the Accounts - continued

10. INVESTMENTS

	Consolidated 2017/18 £	College 2017/18 £	Consolidated 2016/17 £	College 2016/17 £
At 30 June 2017	106,795,744	107,175,750	84,477,565	84,857,571
Additions	7,000,000	7,000,000	11,340,000	11,340,000
Disposals	(13,069,284)	(13,069,284)	-	-
Gain/(loss)	4,949,317	4,949,317	10,978,179	10,978,179
At 30 June 2018	105,675,777	106,055,783	106,795,744	107,175,750
Represented by:				
Estate Properties	14,905,300	14,905,300	14,905,300	14,905,300
Quoted Securities - Equities	72,061,885	72,061,885	67,945,661	67,945,661
Quoted Securities - Fixed Interest	2,282,740	2,282,740	2,616,381	2,616,381
Unquoted	13,188,420	13,188,420	15,765,782	15,765,782
Cash held for reinvestment	3,237,432	3,237,432	5,562,620	5,562,620
Investment in Subsidiary Companies		380,006		380,006
	105,675,777	106,055,783	106,795,744	107,175,750

The valuation of the investment properties was carried out by Carter Jonas, Chartered Surveyors at 30 June 2015 at market value. The stock exchange investments were valued at mid-market price at the Balance Sheet dates.

11. SHORT-TERM INVESTMENTS

	Consolidated 2017/18 £	College 2017/18 £	Consolidated 2016/17 £	College 2016/17 £
At 30 June 2017	7,594,211	7,594,211	17,574,410	17,574,410
Additions	-	-	-	-
Disposals	(7,594,836)	(7,594,836)	(10,000,000)	(10,000,000)
Gain/(loss)	625	625	19,801	19,801
At 30 June 2018	-	-	7,594,211	7,594,211

The College has invested the proceeds of the private placement bond in a lower-risk investment portfolio pending drawdown of the funds to finance the building of new accommodation and facilities at the College.

Represented by:

Quoted Securities - Equities	-	-	-	-
Quoted Securities - Fixed Interest	-	-	-	-
Cash held for reinvestment	-	-	7,594,211	7,594,211
	-	-	7,594,211	7,594,211

NEWNHAM COLLEGE

Notes to the Accounts - continued

12. STOCKS AND WORK IN PROGRESS

	Consolidated 2017/18 £	College 2017/18 £	Consolidated 2016/17 £	College 2016/17 £
Food and Drink	19,335	19,335	18,015	18,015
Wine	56,396	56,396	78,576	78,576
Cleaning materials and other	35,867	35,867	29,293	29,293
	111,598	111,598	125,884	125,884

13. TRADE AND OTHER RECEIVABLES

	Consolidated 2017/18 £	College 2017/18 £	Consolidated 2016/17 £	College 2016/17 £
Taxes due from Government Departments	340,575	35,206	411,527	32,426
Grants receivable	-	-	-	-
Due from subsidiary undertakings	-	4,344	-	4,448
Other receivables	113,044	113,044	139,020	139,020
Prepayments and accrued income	772,373	411,380	434,189	431,851
	1,225,992	563,974	984,736	607,745

14. CASH AND CASH EQUIVALENTS

	Consolidated 2017/18 £	College 2017/18 £	Consolidated 2016/17 £	College 2016/17 £
Current accounts	6,797,226	6,744,998	4,733,961	4,724,788
Cash in hand	985	985	1,312	1,262
	6,798,211	6,745,983	4,735,273	4,726,050

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated 2017/18 £	College 2017/18 £	Consolidated 2016/17 £	College 2016/17 £
Trade creditors	367,172	367,172	476,086	476,086
Loan repayments	215,000	215,000	198,000	198,000
Contribution to Colleges Fund	31,000	31,000	41,000	41,000
Due to subsidiary undertakings	-	557,400	-	1,597,469
Taxes and social security costs	23,390	23,390	442	442
Student deposits and accounts	182,341	182,341	202,706	202,706
Accruals and deferred income	1,934,754	1,037,039	2,111,145	475,101
	2,753,657	2,413,342	3,029,379	2,990,804

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

	Consolidated 2017/18 £	College 2017/18 £	Consolidated 2016/17 £	College 2016/17 £
Bank Loan	4,095,605	4,095,605	4,264,778	4,264,778
Private Placement Liabilities - Tranche One	11,580,000	11,580,000	11,580,000	11,580,000
Private Placement Liabilities - Tranche Two	7,000,000	7,000,000	7,000,000	7,000,000
	22,675,605	22,675,605	22,844,778	22,844,778

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

17. PENSION PROVISIONS

	Consolidated 2017/18 £	College 2017/18 £	Consolidated 2016/17 £	College 2016/17 £
At 30 June 2017	1,901,251	1,901,251	1,623,305	1,623,305
Movement in year:				
Current service cost including life assurance	523,700	523,700	560,923	560,923
Contributions	(527,902)	(527,902)	(486,108)	(486,108)
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	(199,574)	(199,574)	203,131	203,131
At 30 June 2018	1,697,475	1,697,475	1,901,251	1,901,251

18. ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £	Unrestricted permanent endowments £	Total 2017/18 £	Total 2016/17 £
College and Consolidated				
At 30 June 2017	30,789,119	20,986,337	51,775,456	47,499,636
New donations and endowments	5,270,009	-	5,270,009	174,062
Investment income	-	-	-	127,378
Expenditure	-	-	-	(127,378)
Transfer between funds	366,023	(2,410,000)	(2,043,977)	127,651
Increase/(decrease) in market value of investments	1,679,849	329,848	2,009,697	3,974,107
At 30 June 2018	38,105,000	18,906,185	57,011,185	51,775,456

Analysis by type of purpose:

Fellowship Funds	13,935,944	9,023,913
Scholarship Funds	5,995,773	5,545,897
Prize Funds	345,943	328,159
Hardship Funds	4,116,995	2,910,672
Research Funds	12,121,078	11,546,047
Book Funds	787,767	745,689
Other Funds	801,500	688,742
General Endowments	18,906,185	20,986,337
	57,011,185	51,775,456

NEWNHAM COLLEGE

Notes to the Accounts - continued

19. RESTRICTED RESERVES

Reserves with restrictions are as follows:

	Restricted funds / donations £	Total 2017/18 £	Total 2016/17 £
College and Consolidated			
At 30 June 2017	10,070,273	10,070,273	8,044,686
New grants and donations	1,145,189	1,145,189	1,255,748
Investment income	1,158,563	1,158,563	1,037,860
Expenditure	(1,188,875)	(1,188,875)	(1,163,036)
Transfer between funds	121,801	121,801	(100,867)
Increase/(decrease) in market value of investments	545,483	545,483	995,882
At 30 June 2018	11,852,434	11,852,434	10,070,273

Analysis by type of purpose:

Fellowship Funds	3,026,452	2,196,157
Scholarship Funds	2,021,930	1,810,712
Prize Funds	194,601	173,448
Hardship Funds	3,892,160	3,496,741
Research Funds	344,403	262,404
Book Funds	1,444,333	1,340,399
Other Funds	928,555	790,412
General Endowments	-	-
	11,852,434	10,070,273

NEWNHAM COLLEGE

Notes to the Accounts - continued

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

	2017/18 £	2016/17 £
Surplus/(deficit) for the year	12,425,442	15,018,074
Adjustment for non-cash items		
Depreciation and movements to Revaluation Reserve	612,758	625,315
Loss/(gain) on endowments, donations and investment property	(4,949,942)	(10,997,982)
Decrease/(increase) in stocks	14,286	26,514
Decrease/(increase) in trade and other receivables	(241,256)	6,577,552
Increase/(decrease) in creditors	(292,722)	1,376,613
Increase/(decrease) in provisions	(203,776)	277,946
Pension costs less contributions payable	199,574	(203,131)
Adjustment for investing or financing activities		
Investment income receivable	(229,111)	(213,368)
Interest payable	228,928	241,278
Net cash inflow from operating activities	<u>7,564,181</u>	<u>12,728,811</u>

21. CASH FLOWS FROM INVESTING ACTIVITIES

	2017/18 £	2016/17 £
Non-current investment disposal	13,069,284	-
Investment income received	229,111	213,368
Endowment funds invested	(7,000,000)	(11,340,000)
Withdrawal of deposits	7,594,836	10,000,000
Payments made to acquire non-current assets	(19,013,373)	(8,248,446)
Total cash flows from investing activities	<u>(5,120,142)</u>	<u>(9,375,078)</u>

22. CASH FLOWS FROM FINANCING ACTIVITIES

	2017/18 £	2016/17 £
Interest paid	(228,928)	(241,278)
Repayments of amounts borrowed	(152,173)	(190,911)
Total cash flows from financing activities	<u>(381,101)</u>	<u>(432,189)</u>

NEWNHAM COLLEGE

Notes to the Accounts - continued

23. 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.

24. 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

25. FINANCIAL COMMITMENTS

At 30 June 2018 and 30 June 2017 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 2018. A total of £0.7m (2017: £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

26 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 2018 Newnham College had 7 active members participating in the plan.

The liabilities of the plan have been calculated, as at 30 June 2018, for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, but allowing for the different assumptions 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	2017
	% p.a.	% p.a.
Discount rate	2.70	2.60
Increase in salaries	2.75	2.85
RPI assumption	3.25	3.35
CPI assumption	2.25	2.35
Pension increases in payment (RPI Max 5% p.a.)	3.15	3.25
Pension increases in payment (CPI Max 2.5% p.a.)	1.80	1.85

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2017 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2017: S2PA with CMI_2016 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

- Male aged 65 now has life expectancy of 21.9 years (previously 22.1 years)
- Female aged 65 now has life expectancy of 23.8 years (previously 23.9 years)
- Male aged 45 now and retiring in 20 years has a life expectancy at 65 of 23.3 years (previously 23.5 years)
- Female aged 45 now and retiring in 20 years has a life expectancy at 65 of 25.4 years (previously 25.4 years)

Employee Benefit Obligations

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

	2018	2017
	£	£
Present value of plan liabilities	(5,906,053)	(5,998,346)
Market value of plan assets	4,848,578	4,777,095
Net defined benefit asset/(liability)	(1,057,475)	(1,221,251)

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

	2018	2017
	£	£
Current service cost	93,883	79,862
Interest on net defined benefit (asset)/liability	32,000	27,510
(Gain)/loss on plan changes	-	-
Curtailment (gain)/loss	-	-
Total	125,883	107,372

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

	2018	2017
	£	£
Present value of plan liabilities at the beginning of the year	5,998,346	5,296,200
Current service cost (including Employee contributions)	83,897	71,932
Benefits paid	(181,996)	(176,863)
Interest on plan liabilities	154,714	146,817
Actuarial (gains)/losses	(148,908)	660,260
(Gain)/loss on plan changes	-	-
Curtailment (gain)/loss	-	-
Present value of plan liabilities at the end of the year	5,906,053	5,998,346

NEWNHAM COLLEGE

Notes to the Accounts - continued

26 PENSION SCHEMES

(a) Cambridge Colleges Federated Pension Scheme (continued)

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

	2018 £	2017 £
Market value of plan assets at the beginning of the year	4,777,095	4,322,895
Contributions paid by the College (including employee salary exchange)	90,085	62,557
Employee contributions (excluding paid by salary exchange)	(276)	1,780
Benefits paid	(181,996)	(176,863)
Administrative expenses	(15,169)	(14,644)
Interest on plan assets	122,714	119,307
Return on assets, less interest included in Income and Expenditure	56,125	462,063
Market value of plan assets at the end of the year	4,848,578	4,777,095
Actual return on plan assets	178,839	581,370

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

	2018	2017
Equities	64%	67%
Bonds and cash	30%	27%
Property	6%	6%
Total	100%	100%

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

Analysis of the measurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2018 (with comparative figures for the year ending 30 June 2017) are as follows:

	2018 £	2017 £
Return on assets, less interest included in the Income and Expenditure	56,125	462,063
Expected less actual plan expenses	(5,459)	(4,934)
Experience gains and losses arising on plan liabilities	(71,829)	(103,046)
Changes in assumptions underlying the present value of plan liabilities	220,737	(557,214)
Remeasurement of net defined benefit liability recognised in OCI	199,574	(203,131)

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

	2018 £	2017 £
Net defined benefit asset/(liability) at beginning of year	(1,221,251)	(973,305)
Recognised in Income and Expenditure	(125,883)	(107,372)
Contributions paid by the College	90,085	62,557
Remeasurement of net defined benefit liability recognised in OCI	199,574	(203,131)
Net defined benefit asset/(liability) at end of year	(1,057,475)	(1,221,251)

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

26. 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 2017/18 is £393,631 (2016/17: £454,728).

The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed.

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

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	N/A	N/A
Pension increase (CPI)	2.02%	2.41%

NEWNHAM COLLEGE

Notes to the Accounts - continued

26. PENSION SCHEMES

(b) Universities Superannuation Scheme (continued)

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables 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 102.3% 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:

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

Existing benefits

	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS102 total scheme deficit	£8.4bn	£17.5bn
FRS102 total funding level	88%	77%