

**NEWNHAM COLLEGE
CAMBRIDGE**



**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 2020**

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 full-time students as at 1 December 2019 was 649, comprising 416 undergraduates and 233 postgraduates. The College's Governing Body had 67 Fellows as at 1 October 2020, most of whom 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 complies with the Further and 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. The latter two companies are inactive.

This financial year was affected by the Covid-19 pandemic, with the final four months (March to June 2020) showing a significant reduction in income, largely in lost student rents following a national lockdown which precipitated an exodus from Cambridge by most students.

Total operational income for the year was £7.26m, which included £3.31m in academic fees and £3.24m from accommodation, catering and conferences. In addition, £3.66m in donations and legacies was received, and £2.72m of investment gains (out of a total of £11.03m 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 £11.49m including depreciation, or £10.36m excluding depreciation of £1.13m. Of this £10.36m, more than half (51%; £5.33m) was on staff costs. The Statement of Comprehensive Income and Expenditure shows total Expenditure of £12.31m, including £1.04m in loan interest payments. In addition, a further £0.18m of capital expenditure is included in the balance sheet.

The College's investment portfolio was valued at £106.41m as at 30 June 2020, and the cash flow statement shows £4.31m 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**

Price Bailey LLP
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

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 2019-20 the following were members of the College Council:

Four College Officers *ex officio*

Professor Dame Carol Black	Principal; Chair of the Council (to 31 July 2019)
Miss Alison Rose	Principal; Chair of the Council (from 1 September 2019)
Dr Emma Mawdsley	Vice-Principal
Professor Liba Taub	Senior Tutor
Mr Christopher Lawrence	Bursar; Secretary of the Council

Eight Fellows elected by the Governing Body

As at 1 July 2019:

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

As at 30 June 2020:

Dr Christina Angelopoulos
 Dr Helen Bao
 Dr Barbara Blacklaws
 Dr Laurie Friday
 Professor Susan Golombok
 Dr Jenny Mander
 Dr Delphine Mordey
 Dr Rachael Padman

Three Junior Members elected by the MCR and JCR

As at 1 July 2019:

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

As at 30 June 2020:

Tatiana Pignon (MCR)
 Rosie Stevenson (JCR)
 Roma Ellis (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. The Governing Body, which meets at least five times in a year, is chaired by the Principal and a Fellow is the Secretary. There were 67 Governing Body Fellows as at 1 October 2020.

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:

- (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 2019-20 an education for 649 full-time 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.

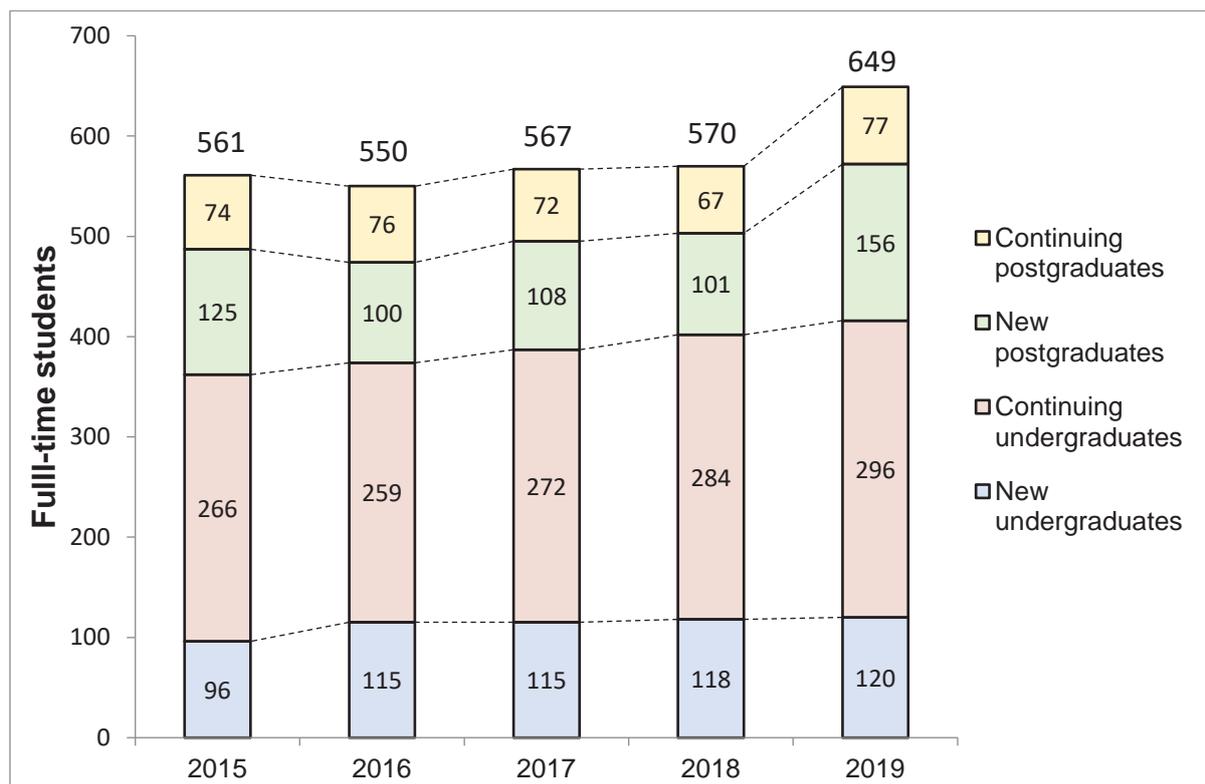
OPERATING AND FINANCIAL REVIEW

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. Reserves policy
9. Principal risks and uncertainties
10. Future plans

[References in the text below to 'Notes' are to the 'Notes to the Accounts' on pages 37 to 51.]

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 2019 was 649, which represented a significant increase on the previous year (570 in 2018). This total comprised 416 undergraduates (402 in 2018), of whom 120 were new entrants (118 in 2018); and 233 full-time postgraduates (168 in 2018). The 233 postgraduates comprised 125 Doctoral students (104 in 2018), of whom 49 were new entrants (38 in 2018); and 108 non-Doctoral (Masters) students (64 in 2018). In addition there were 57 postgraduate students either writing up/under examination or part-time (58 in 2018). 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)

The breakdown by fee status was as follows:

	2019	2018
Undergraduate - UK	311 (75%)	310 (77%)
Undergraduate - EU	37 (9%)	34 (8%)
Undergraduate - Overseas	68 (16%)	58 (14%)
Total	416	402
Postgraduate - UK	74 (32%)	47 (28%)
Postgraduate - EU	62 (27%)	53 (32%)
Postgraduate - Overseas	97 (42%)	68 (40%)
Total	233	168

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. Total income before donations and endowments was £7.26m (£7.07m in 2018-19), and total income including donations and endowments was £10.98m (£9.08m in 2018-19). The treatment of investment income and endowment return should be noted as explained in 2.3 below.

2.1 Academic fees and charges

Of the total of £3.31m under this heading, £3.06m was derived from student fees. These are set out in Note 1 to the accounts.

OPERATING AND FINANCIAL REVIEW (continued)

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 £1.55m (£1.51m in 2018-19).

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 2019-20, this fee was £8,700 per annum, which remains unchanged for the duration of their course. The equivalent fees for undergraduates starting in prior years are £8,100 (2018-19 starters) and £7,901 (2017-18). The total income to the College from such students was £554k (£470k in 2018-19).

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 £3,911 per postgraduate student in 2019-20 (£3,700 in 2018-19), amounting to a total to the College of £950k (£634k in 2018-19).

As well as student fees as set out above, the College received £67k from other colleges in return for Newnham academics supervising undergraduates from those colleges and for shared academic appointments. £192k was received as the external contribution to total awards of £329k paid through the Cambridge Bursary Scheme and the associated Top-Up Bursary Scheme.

2.2 Accommodation, catering and conferences

The total of this source of income was £3.24m, as set out in Note 2 to the accounts. Of this total, £2.45m was derived from students and other College members; and £795k was derived from conference activity.

The £2.45m from College members is made up of £1.95m from accommodation charges and £497k from catering charges. Accommodation charges of £1.30m were paid by 374 undergraduates (excluding clinical Medics/Vets) at rates ranging from £145.65 to £155.00 per week; and accommodation charges of £0.62m were paid by 120 postgraduates and clinical Medics/Vets at rates ranging from £130.32 to £157.07 per week.

The £497k of catering income from College members comprised £117k of kitchen fixed charges, £61k of pre-paid buttry meals, £112k of non-pre-paid buttry meals, £23k of formal halls, and £184k of Iris Café sales.

The £795k of conference income is made up of £460k from accommodation and £335k from catering. Of the total of £795k, £324k (41%) came from two summer schools (one being the International Summer Programmes run by the University's Institute of Continuing Education), with the remaining income deriving from various events such as weddings, private dinners, receptions and conferences.

It should be noted that the income of £3.24m from these sources was £0.54m lower than in the previous year (£3.78m), largely as a result of the loss of student rental income in the Easter term 2020.

OPERATING AND FINANCIAL REVIEW (continued)

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.

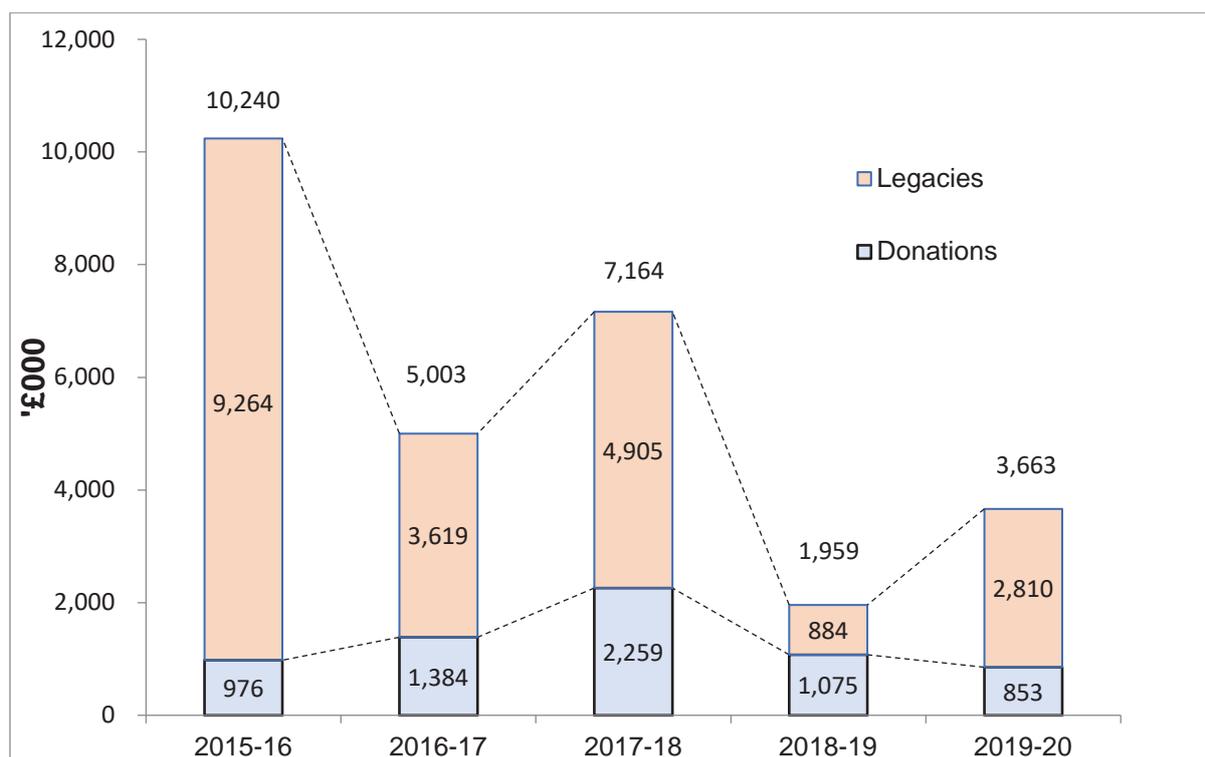
The first line 'Investment income' shows unrestricted income of £175k, made up of £156k of rental income from investment properties and £19k in bank interest. The second line 'Endowment return transferred' requires more explanation:

The total gain on investments in the year is shown lower down the SOCIE and comes to a total of £11.03m. Of this amount, £2.72m was taken as income, shown on the line 'Endowment return transferred' and divided between £1.23m as unrestricted income and £1.49m as restricted income. However, following an accounting requirement this £2.72m is excluded from the 'Total income before donations and endowments' (which would otherwise bring the total income of £7.26m to £9.99m), by including a negative matching figure of £2.72m in the 'Endowment' column. Thus this 'Endowment return transferred' line is netted off to zero in the Income section of the SOCIE, but the £2.72m is included in the full amount of the gain on investments after the Expenditure section of the SOCIE.

The figure of £2.72m 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 2019 there were 5,432,524 units held in the investment portfolio, with a unit value of £17.72 and a total value of £96.28m. The average value of the units over the preceding seven years was £14.32, 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 £2.72m.

2.4 Donations and new endowments

Total donations and new endowments of £3.66m were received, as set out in Note 4. This was an increase from last year as shown in the following chart:



OPERATING AND FINANCIAL REVIEW (continued)

This chart shows the unpredictability of donation and 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 (see 5). The categories of expenditure are prescribed by the RCCA format. Each line of expenditure includes a mix of Staff and Other Operating (non-staff) costs, and direct and indirect costs (the latter including overheads such as utilities, for example). The overall breakdown is as follows, and then sections 3.1 onwards go into further detail:

	Education £k	Accommodation, Catering & Conferences £k	Other £k	TOTAL £k
Staff – Direct	1,279	954	297	2,530
Staff – Indirect	1,186	1,553	58	2,797
Total Staff	2,465	2,507	355	5,327
Non-staff – Direct	1,810	646	156	2,612
Non-staff – Indirect	772	1,625	29	2,426
Depreciation	281	815	28	1,124
Total Non-Staff	2,863	3,086	213	6,162
TOTAL	5,328	5,592	568	11,489

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 Other Operating (non-staff) costs or between direct and indirect costs, so further detail is set out here:

	Direct Staff £k	Indirect Staff £k	Direct Non-staff £k	Indirect Non-staff £k	Depreciation £k	TOTAL £k
Teaching	813	442	60	437	112	1,864
Tutorial	101	382	80	128	112	803
Admissions	169	161	130	95	35	590
Research	189	113	57	57	11	427
Awards	-	-	1,437	-	-	1,437
Other	7	88	46	55	11	207
TOTAL	1,279	1,186	1,810	772	281	5,328

OPERATING AND FINANCIAL REVIEW (continued)

The £1.28m (£1.31m in 2018-19) of direct staff costs is made up of:

	2019-20	2018-19
Directors of Studies, College Lecturers, Supervisors	£564k	£602k
Library staff	£125k	£124k
Research Fellows	£182k	£182k
Senior Tutor, Admissions Tutors, Tutors	£173k	£153k
Tutorial & Admissions Office staff	£201k	£219k
Other (including Nurse)	£34k	£32k
Total	£1,279k	£1,312k

The £1.19m of indirect staff costs are set out in 3.4 below.

The £2.58m of Other Operating Expenses is made up of £1.81m of direct non-staff costs and £0.77m of overheads (indirect non-staff costs). The £1.81m (£1.57m in 2018-19) of direct non-staff costs includes £1.44m on student support (a big increase on the £1.18m in 2018-19, in line with the increase in student numbers), which is made up of:

	2019-20	2018-19
<i>Solely for undergraduates:</i>		
Cambridge Bursary & Top-up Schemes (funded by the College)	£137k	£134k
Cambridge Bursary & Top-up Schemes (funded by the Collegiate University)	£192k	£187k
<i>and for both undergraduates and postgraduates:</i>		
Bursaries (mainly for undergraduates)	£314k	£207k
Studentships (mainly for postgraduates)	£723k	£552k
Travel and Book Grants	£59k	£90k
Prizes	£12k	£12k
Total	£1,437k	£1,182k

55% of this student support is for undergraduates, and 45% for postgraduates.

The remaining £373k (£392k in 2018-19) of direct non-staff costs is made up of:

	2019-20	2018-19
Admissions, Widening Participation	£130k	£103k
Tutorial	£63k	£59k
Research	£57k	£52k
Library	£34k	£57k
Counselling	£43k	£34k
Sports and Societies	£42k	£82k
Other	£4k	£4k
Total	£373k	£392k

The £0.77m of overheads (indirect non-staff costs) are set out in 3.5 below.

3.2 Accommodation, catering and conferences (direct costs)

Notes 6 and 7a set out the different types of expenditure in this area. The total of £5.59m is made up of £2.51m of Staff Costs, £2.27m of Other Operating Expenses, and £815k of Depreciation.

The £2.51m of Staff Costs is made up of £953k of direct staff costs and £1.55m of indirect staff costs. The £953k is for staff in the Catering department (including the Iris Café) and the Conference office.

The £1.55m of indirect staff costs are set out in 3.4 below.

OPERATING AND FINANCIAL REVIEW (continued)

The £2.27m of Other Operating Expenses is made up of £646k of direct non-staff costs and £1.63m of overheads (indirect non-staff costs). The £646k (£684k in 2018-19) of direct non-staff costs is made up of:

	2019-20	2018-19
Catering	£571k	£620k
Conference & Events	£75k	£51k
Rent of a house for student accommodation	-	£13k
Total	£646k	£684k

The £1.63m of overheads (indirect non-staff costs) 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 £568k is made up of £355k of Staff Costs, £185k of Other Operating Expenses, and £28k of Depreciation.

The £355k of Staff Costs is made up of £297k of direct staff costs and £58k of indirect staff costs. The £297k of direct staff costs includes £181k for the two research centres (the Skilliter Centre for Ottoman Studies and the Margaret Anstee Centre for Global Studies) and £78k on a research grant (GPPD-DFID).

The £58k of indirect staff costs are set out in 3.4 below. The £185k of Other Operating Expenses includes £55k expenditure on investment properties, £25k on the two research centres and £33k on the research grant, and a variety of other items.

The £2.43m of overheads (indirect non-staff costs) 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 £2.53m. The total of the indirect staff costs above comes to £2.80m, bringing the total staff costs to £5.33m, as shown here:

	Direct staff costs	Indirect staff costs	Total
	£m	£m	£m
Education	1.28	1.19	2.47
Accommodation etc	0.95	1.55	2.50
Other	0.30	0.06	0.36
Total	2.53	2.80	5.33

The indirect staff costs of £2.80m (£2.68m in 2018-19) break down as follows:

	2019-20	2018-19
Housekeeping	£728k	£638k
Gardens	£178k	£180k
Maintenance	£395k	£370k
Porters' Lodge	£330k	£318k
Principal, Vice-Principal, Bursars	£334k	£238k
Bursary, HR, Principal's Secretary	£366k	£394k
IT	£113k	£169k
Development, Communications	£299k	£311k
Archive, Collections	£33k	£33k
CCFPS deficit recovery payment	£24k	£24k
Total	£2,800k	£2,675k

OPERATING AND FINANCIAL REVIEW (continued)

Note 8 gives an analysis of staff costs, differentiating between academic staff and non-academic staff. This shows that in addition to salaries (£4.31m) and National Insurance (£303k), the College made pension contributions of £723k (a big increase on the 2018-19 figure of £544k).

3.5 Non-staff costs

The total of the direct non-staff costs as set out in 3.1, 3.2 and 3.3 above comes to £2.61m. The total of the indirect non-staff costs above comes to £2.43m, bringing the total non-staff costs to £5.04m, as shown here:

	Direct costs	Indirect costs	Total
	£m	£m	£m
Education	1.81	0.77	2.58
Accommodation etc	0.65	1.63	2.28
Other	0.15	0.03	0.18
Total	2.61	2.43	5.04

The indirect non-staff costs of £2.43m (£1.97m in 2018-19) break down as follows:

	2019-20	2018-19
Maintenance	£1,241k	£454k
Utilities	£360k	£399k
IT & software	£167k	£232k
Housekeeping	£158k	£191k
Development office	£165k	£179k
Legal & professional	£27k	£116k
Insurance	£70k	£71k
College entertaining	£75k	£58k
Printing & stationery	£33k	£43k
Gardens	£41k	£36k
Rates	£29k	£29k
Other	£59k	£162k
Total	£2,425k	£1,970k

The big increase in maintenance expenditure was due to major repair/refurbishment projects, including: £284k on repairing the Old Hall roof; £244k on refurbishing some of the Old Hall kitchens and bathrooms; £166k on removing asbestos from the Principal's Lodge and creating a new ensuite bedroom for guests; and £54k on upgrading fire detection systems.

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). As at 30 June 2020 there were 5 active members in CCFPS and 149 active members in USS. The funding position of these two schemes are set out in detail in notes 26a (CCFPS) and 26b (USS). Pensions represent a significant cost to the College: employer contributions of £711k were made in the year (see Note 8).

The total figure for the movement to pension provisions included under Expenditure in the SOCIE is -£217k. This comprises £21k for the CCFPS scheme and -£238k for the USS scheme. Given the materiality of the movement in the USS provision in 2018-19, a decision was taken to show this separately in the SOCIE.

OPERATING AND FINANCIAL REVIEW (continued)

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 £1.62m as at 30 June 2020, which is a £295k increase on the liability shown at the start of the year (£1.32m). Of this £295k, £21k is recognised as expenditure (within the -£217k as above) and -£274k is recognised under 'Other comprehensive income'.

In relation to USS, the provision in the College's 2018-19 accounts was based on the 31 March 2014 actuarial valuation, resulting in a provision of £1.87m. The provision in this year's accounts is based on the last formal completed actuarial valuation (31 March 2017), resulting in an decreased provision of £1.63m, a movement of £238k, which is recognised as expenditure (within the -£217k as above).

The combined CCFPS and USS pension provision as shown on the balance sheet and in Note 16 was £3.25m as at 30 June 2020 (£3.19m at 30 June 2019).

3.7 Loan interest payable

The College needs to repay loan interest in excess of £1m every year for a number of years. The figure of £1.04m for 2019-20 comprises £211k for the Buttery/Kitchen loan and £825k 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 £211k, capital repayments of £275k were made. The remaining balance on the loan at the end of the year was £3.83m.

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 £825k 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. 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 were capitalised in the cost of the Dorothy Garrod Building, but from 2018-19 they have been charged to the Income and Expenditure account.

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, but this was accrued for in 2018-19 accounts and so is shown in these accounts as £0k.

4. SOCIE: OTHER ITEMS

4.1 Gain on investments

The gain on investments was £11.03m, as shown in Note 3. Investments are considered in more detail in 6.2 below.

OPERATING AND FINANCIAL REVIEW (continued)**4.2 Unrealised surplus on the revaluation of fixed assets**

No revaluation exercise was carried out this year.

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 £181k, of which £116k relates to the improvements carried out to the postgraduate house at 2 Wordsworth Grove, a project which continued into the 2020-21 financial year.

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. The capital expenditure in the Additions line has been explained in section 5 above. Within Disposals, £25k was for the writing-off of accounting software.

6.2 Investments

Note 10 shows investments of £106.41m, with £93.1m (88%) held in quoted equities. The unit value in the investment portfolio (see 2.3 above) at 30 June 2020 was £19.25, an increase of 8.63% on the opening unit value of £17.72.

The total investment portfolio (including property) was made up follows:

	30 June 2020	30 June 2019
Equities	82.2%	79.9%
Bonds	4.7%	4.6%
Property	8.0%	9.1%
Private equity	4.7%	5.8%
Absolute return	0.4%	0.5%
Cash	0.0%	0.1%
Total	100%	100%

As at 30 June 2020, 43% of the portfolio was passively managed, and 57% was actively managed. The passive part of the portfolio was held in four funds (three equity funds, one bond fund) managed by State Street Global Advisors; and the active part of the portfolio was managed by the following: Baillie Gifford (Stewardship Select Fund), Cambridge University Endowment Fund, Partners Capital, Cambridge Associates (Cambridge University Feeder Fund) and Savills (Charity Property Fund).

OPERATING AND FINANCIAL REVIEW (continued)

6.3 Statement of Changes in Reserves

The Balance Sheet and the Statement of Changes in Reserves show total reserves increasing from £218.88m (at 30 June 2019) to £228.26m (at 30 June 2020). This increase is mainly attributed to the unapplied total return from investments (£8.31m) and donations and new endowments (£3.71m) offset by 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 £654k in cash over the year from £4.96m to £4.31m. The cash flow is explained in detail in Notes 19 to 22.

8. RESERVES POLICY

Newnham's unrestricted reserves at the year end amounted to £149.49m (2019: £147.05m) and are represented in the balance sheet by the College's operational buildings – which are used for academic and residential purposes – and by part of the investment portfolio. Restricted reserves at the year end amounted to £78.77m (2019: £71.83m) and are represented in the balance sheet by endowment funds for a number of educational purposes, as set out in Notes 17 and 18. The College Council believes that reserves on this scale are necessary for the College to meet its charitable objectives and that they provide the stability for the institution to operate in perpetuity. The College Council is mindful to maintain an equitable balance between the interests of current members of the College and future generations.

9. PRINCIPAL RISKS AND UNCERTAINTIES

Without doubt, the principal risk and uncertainty relates to the Covid-19 pandemic. As this report is written in the Michaelmas term 2020, students and staff are wearing face coverings, local lockdowns are taking place throughout the country, and a vaccine is awaited. The College's finances have been impacted, but the core business of the College (education, learning and research) continues. A full cohort of undergraduate freshers has matriculated (indeed, a bigger cohort than planned for, as a result of A-level grading nationally in 2020); and postgraduate numbers have held up. Consequently, fee income has not been impacted; but other areas of the College's income have been.

In the final four months of the 2019-20 financial year (March to June 2020), student rental income reduced to a fraction of what was expected: instead of over 500 resident students, numbers fell swiftly in March to under 100, reducing further as remaining students were able to make travel plans to return home. Moving into the 2020-21 financial year, the number of resident students remained very low through the summer months (July to September), with numbers only building back up at the end of September and beginning of October. Even then, the College consciously kept about 10% of its accommodation stock empty to create manageable household sizes, as a way of reducing the risk of transmission of the virus. This reduction in rooms will translate into a reduction in rent, by around 10%.

A reduction in resident students has an impact on the catering income. While the direct costs (e.g. food purchases) can be flexed according to demand, the overheads remain largely unchanged, so the contribution to those overheads reduces. This impact comes through in the 2019-20 accounts and will continue to do so in the 2020-21 financial year.

OPERATING AND FINANCIAL REVIEW (continued)

The other source of income that has been affected is conference income, which includes summer schools, weddings, private functions as well as actual conferences. All business over the Easter vacation was lost, and this is reflected in the 2019-20 accounts; but the greater impact will be felt in the 2020-21 financial year, when we now expect no such income at all throughout the 12 months. Instead, we are planning for this part of the College's business model to pick up again in the summer of 2021 (i.e. in the 2021-22 financial year).

Until the onset of Covid-19, the biggest imminent uncertainty had been Brexit, and the nature of the exit deal. Among the many risks, the greatest is probably the impact on student numbers from the EU. In 2019-20 15% of the College's students were from the EU (9% of the undergraduates and 27% of the postgraduates). The 2020-21 academic year is the last in which EU students pay the same as UK students, whereas from 2021 onwards, EU students starting at Cambridge (and other British universities) will be charged the higher Overseas rate. Whereas the UK was previously an attractive destination for prospective EU students in terms of fees, that particular incentive will be removed, and this is likely to reduce the number of applicants at least. So the question is whether a reduction in EU applicants will affect Cambridge's ability to attract sufficient candidates overall (UK, EU and Overseas). Fortunately Cambridge's high ranking among universities worldwide should help in this regard, but there is no room for complacency.

In this section in last year's accounts I referred to the following areas of uncertainty: the unpredictability of income from donations and legacies; the need to generate new income streams from the Dorothy Garrod Building to help meet the significant interest payments relating to the funding of the building; and the increasing costs of the two defined benefit pension schemes (USS and CCFPS) in which the College participates. These areas of uncertainty remain, but in particular I would highlight the USS as an increasingly major risk. The 2020 valuation of the scheme has highlighted a significant funding gap, which will inevitably lead to the need for higher contributions by both employers and employees, quite possibly leading to renewed industrial action in the sector, including strikes. The strike action in February 2020 was already having a destabilising effect within UK universities, and this is set to return post-Covid.

10. FUTURE PLANS

2020-21 will be the first full financial year under the leadership of the new Principal, Alison Rose. Plans to celebrate the College's 150th anniversary in 2021-22 are underway, leading on to a major fundraising campaign during the period of her Principalship.

A programme of refurbishment of the College's buildings has begun, with further plans to be developed on 'greening' the College estate, especially in relation to energy conservation, with a particular ambition to reduce the reliance on gas as an energy source.

More immediately, there will be a need to rebuild the College community in the wake of the Covid-19 pandemic. Returning the College to a sense of normality as the pandemic subsides will not be without effort, and this will be a priority for those responsible for the governance and running of the College.



Mr Christopher Lawrence
Bursar
16 November 2020

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 2020 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.

AUDIT REPORT TO THE COLLEGE COUNCIL AND GOVERNING BODY**For the Year Ended 30 June 2020****Opinion**

We have audited the financial statements of Newnham College (the 'College') for the year ended 30 June 2020 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated Statement of Changes in Reserves, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) 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 College's and Group's affairs as at 30 June 2020 and of its incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Basis for opinion

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

Conclusions relating to going concern

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

- the 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.

Emphasis of Matter in relation to the property valuation

We draw attention to Note 10 to the financial statements which describes that the Charity Property Fund had included a material uncertainty related to Covid-19 in the valuation report on the investment property portfolio at the year end date; however the value of the property fund subsequent to the year end at 30 September 2020 did not include a material uncertainty related to Covid-19. Our opinion is not modified in respect of this matter.

AUDIT REPORT (continued)**Other information**

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the College Council and Governing Body

As explained more fully in the Responsibilities of the College Council and Governing Body set out on page 21, the College Council and Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

AUDIT REPORT (continued)

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

Use of our report

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



PRICE BAILEY LLP
Chartered Accountants and Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date: 17 December 2020

Price Bailey 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, using the Recommended Cambridge College Accounts (RCCA) format; and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019.

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.

The College is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

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. Details of the subsidiary undertakings are set out in Note 24. 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

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

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

Donations and Endowments

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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.

Legacy Income

For legacies, entitlement is taken on a case by case basis as the earlier of the date on which the College is aware that probate has been granted and either: the estate has been finalised, final estate accounts have been received and notification has been made by the executors to the College that a distribution will be made; or when a notification has been made by the executors to the College of an intention to make a distribution prior to the end of the financial year and subsequently that distribution is received from the estate after the year end. Where legacies have been notified to the College, or the College is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Investment income and change in value of investment assets

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 accommodation, catering, conferences and other services rendered.

Cambridge Bursary Scheme

In 2019-20, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence the College reimbursed the SLC for the full amount paid to their eligible students and the College subsequently received a contribution from the University of Cambridge towards this payment.

The net payment of £329k is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

Income (see Note 1)	£192k
Expenditure	£329k

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**Foreign currency translation**

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

Tangible fixed assets*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-lived 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.

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.

Maintenance of properties

The cost of routine maintenance is charged to the Consolidated Statement of Comprehensive Income and Expenditure as it is incurred.

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

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.

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

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

Stocks

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

Provisions

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

Contingent liabilities and assets

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

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

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

Financial instruments

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

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

Financial assets

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

Financial Liabilities

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

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

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

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the Consolidated Statement of Comprehensive Income and Expenditure in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

To the extent that the College enters into forward foreign exchange contracts which remain unsettled at the reporting date the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The College does not apply any hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

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

Taxation

The College is a registered charity (number 1135712) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**Contribution under Statute G,II**

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

Pension schemes

The College participates in the Universities Superannuation Scheme (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 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.

The assets of the USS are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The 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 FRS 102 'Employee benefits', the College therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the income and expenditure account.

Employment benefits

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

Reserves

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

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

Critical Accounting Estimates and Judgements

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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

Income recognition – Judgement is applied in determining the value and timing of certain income items to be recognised in the accounts. This includes determining when performance-related conditions have been met and determining the appropriate recognition timing for donations, bequests and legacies.

Useful lives of property, plant and equipment – Property, plant and equipment represent a significant proportion of the College's total assets. Therefore the estimated useful lives can have a significant impact on the depreciation charged and the College's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experiences with similar assets, professional advice and anticipation of future events. Details of the carrying values of property, plant and equipment are shown in Note 9.

Retirement benefit obligations – The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in Notes 26a and 26b.

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

As the College is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2018 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2028. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing rate of discount. Further details are set out in Note 26b.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

Going concern

As a result of the Covid-19 pandemic the College Council has considered various future scenarios and the impact of possible continued and new reductions to income, particularly conferences, accommodation and investment income. These future budgets and forecasts indicate how the College is able to respond to possible income reductions in a timely manner so that there is no interruption to its services to students. The College Council has also reviewed the implications of further lockdowns.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

As a result of its assessment of the implications of the pandemic and various strategies and options to deal with these, the College Council has confirmed the College's ability to continue in operation and on that basis it has adopted the going concern assumption within these financial statements. The College Council confirms the College's ability to continue as a going concern.

Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 30 June 2020

	Note	2019-20				2018-19			
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income									
Academic fees and charges	1	3,122	192	-	3,314	2,851	-	-	2,851
Accommodation, catering and conferences	2	3,241	-	-	3,241	3,784	-	-	3,784
Investment income	3	175	-	-	175	212	-	-	212
Endowment return transferred	3	1,228	1,494	(2,722)	-	1,213	1,391	(2,603)	-
Other income		383	151	-	534	223	-	-	223
Total income before donations and endowments		8,149	1,837	(2,722)	7,264	8,282	1,391	(2,603)	7,070
Donations	4	1,544	692	-	2,236	1,264	386	-	1,650
New endowments	4	-	-	1,478	1,478	-	-	360	360
Total income		9,693	2,529	(1,244)	10,978	9,547	1,776	(2,243)	9,080
Expenditure									
Education	5	3,489	1,839	-	5,328	3,867	1,491	-	5,357
Accommodation, catering and conferences	6	5,592	-	-	5,592	4,526	-	-	4,526
Other expenditure	7	457	111	-	568	492	-	-	492
Movement to pension provisions	16	(217)	-	-	(217)	1,273	-	-	1,273
Loan interest payable		1,036	-	-	1,036	1,043	-	-	1,043
Contribution to Colleges Fund under Statute G,II		-	-	-	-	17	-	-	17
Total expenditure		10,357	1,950	-	12,307	11,217	1,491	-	12,708
Deficit before other gains and losses		(664)	579	(1,244)	(1,329)	(1,671)	286	(2,243)	(3,628)
Gain on investments	3	3,389	1,095	6,550	11,034	1,787	536	4,404	6,726
Surplus before tax		2,726	1,674	5,305	9,705	116	821	2,161	3,098
Taxation		(1)	-	-	(1)	(1)	-	-	(1)
Surplus for the year		2,725	1,674	5,305	9,704	115	821	2,161	3,097
Other comprehensive income									
Unrealised surplus on revaluation of fixed assets		-	-	-	-	8,468	-	-	8,468
Actuarial loss in respect of pension schemes	16	(274)	-	-	(274)	(220)	-	-	(220)
Total comprehensive income for the year		2,451	1,674	5,305	9,430	8,363	821	2,161	11,345

The notes on pages 37 to 51 form part of these accounts.

Consolidated Statement of Changes in Reserves**Year Ended 30 June 2020**

	Income and expenditure reserve			Revaluation reserve £000	Total £000
	Unrestricted	Restricted	Endowment		
	£000	£000	£000		
At 1 July 2019	57,391	12,657	59,172	89,662	218,882
Surplus from income and expenditure statement	2,725	1,674	5,305	-	9,703
Other comprehensive income/(expenditure)	(274)	-	-	-	(274)
Revaluation of fixed assets	-	-	-	-	-
Release of deferred capital grants	(51)	-	-	-	(51)
Movement between Funds	622	(41)	-	(581)	-
At 30 June 2020	60,413	14,290	64,477	89,080	228,260
At 1 July 2018	57,530	11,852	57,011	81,194	207,587
Surplus from income and expenditure statement	116	821	2,161	-	3,098
Other comprehensive income/(expenditure)	(220)	-	-	-	(220)
Revaluation of fixed assets	-	-	-	8,468	8,468
Release of deferred capital grants	(51)	-	-	-	(51)
Movement between Funds	17	(17)	(0)	-	-
At 30 June 2019	57,391	12,657	59,172	89,662	218,882

The notes on pages 37 to 51 form part of these accounts.

Consolidated Balance Sheet

At 30 June 2020

	Note	2020 £000	2019 £000
Non-current assets			
Fixed assets	9	143,656	144,599
Investments	10	106,409	96,585
Total non-current assets		250,065	241,184
Current assets			
Stocks	11	93	92
Trade and other receivables	12	449	458
Cash and cash equivalents	13	4,305	4,959
Total current assets		4,847	5,509
Creditors: amounts falling due within one year	14	(1,229)	(2,168)
Net current assets		3,618	3,341
Total assets less current liabilities		253,683	244,525
Creditors: amounts falling due in more than one year	15	(22,175)	(22,453)
Provisions			
Pension provisions	16	(3,248)	(3,190)
Total net assets		228,260	218,882
Restricted reserves			
Income and expenditure reserve - endowment reserve	17	64,477	59,172
Income and expenditure reserve - restricted reserve	18	14,290	12,657
		78,767	71,829
Unrestricted reserves			
Income and expenditure reserve - unrestricted		60,413	57,391
Revaluation reserve		89,080	89,662
		149,493	147,053
Total reserves		228,260	218,882

These financial statements were approved by Newnham College Governing Body on 16 November 2020 and signed on its behalf by:

Miss Alison Rose (Principal)



Mr Christopher Lawrence (Bursar)



The notes on pages 37 to 51 form part of these accounts. 35

Consolidated Cash Flow Statement

Year Ended 30 June 2020

	Note	2019-20 £000	2018-19 £000
Net cash inflow/(outflow) from operating activities	19	(548)	1,049
Cash flows from investing activities	20	1,205	(1,635)
Cash flows from financing activities	21	(1,311)	(1,253)
Increase/(decrease) in cash and cash equivalents in the year		(654)	(1,839)
Cash and cash equivalents at beginning of the year		4,959	6,798
Cash and cash equivalents at end of the year		4,305	4,959

The notes on pages 37 to 51 form part of these accounts.

Notes to the Accounts**Year Ended 30 June 2020**

1. ACADEMIC FEES AND CHARGES		2019-20	2018-19
		£000	£000
College fees:			
Fee income received at the Regulated Undergraduate rate		1,551	1,515
Fee income received at the Unregulated Undergraduate rate		554	470
Fee income received at the Postgraduate rate		950	634
		<u>3,055</u>	<u>2,619</u>
Recoveries from other Colleges		67	45
Other fees and charges including Cambridge Bursary Scheme		192	187
Total		<u>3,314</u>	<u>2,851</u>
2. INCOME FROM ACCOMMODATION, CATERING AND CONFERENCES		2019-20	2018-19
		£000	£000
Accommodation	College members	1,949	2,576
	Conferences	460	295
Catering	College members	497	528
	Conferences	335	385
Total		<u>3,241</u>	<u>3,784</u>
3. ENDOWMENT RETURN AND INVESTMENT INCOME		2019-20	2018-19
		£000	£000
3a. Analysis			
Total return contribution (see note 3b)		2,722	2,603
Quoted securities		-	-
Freehold land and buildings		156	196
Interest		19	16
Less: Excess of total return over investment income received		(2,722)	(2,603)
Total		<u>175</u>	<u>212</u>
3b. Summary of total return			
Income from:			
Freehold land and buildings		156	196
Quoted and other securities and cash		19	16
		<u>175</u>	<u>212</u>
Gains/(losses) on Endowment assets			
Freehold land and buildings		-	(100)
Quoted and other securities		11,071	6,868
Investment management costs (see note 3c)		(37)	(42)
Total return for the year		<u>11,209</u>	<u>6,938</u>
Total return transferred to income and expenditure reserve (see note 3a)		(2,722)	(2,603)
Total return for year included within Statement of Comprehensive Income and Expenditure		<u>8,487</u>	<u>4,335</u>
3c. Investment management costs			
Quoted securities		37	42
4. DONATIONS, LEGACIES AND NEW ENDOWMENTS		2019-20	2018-19
		£000	£000
Unrestricted donations		1,493	1,213
Release from deferred capital grants		51	51
Restricted donations		692	386
New endowments		1,478	360
		<u>3,714</u>	<u>2,010</u>

Notes to the Accounts - continued

5. EDUCATION EXPENDITURE	2019-20	2018-19
	£000	£000
Teaching	1,864	2,183
Tutorial	803	756
Admissions	590	555
Research	427	435
Scholarships and awards	1,437	1,182
Other educational facilities	207	246
Total	5,328	5,357

6. ACCOMMODATION, CATERING AND CONFERENCES EXPENDITURE	2019-20	2018-19
	£000	£000
Accommodation		
College members	3,635	2,806
Conferences	168	136
Catering		
College members	1,398	1,222
Conferences	391	362
Total	5,592	4,526

7a. ANALYSIS OF 2019-20 EXPENDITURE BY ACTIVITY

	Staff Costs (Note 8) £000	Other Operating Expenses £000	Depreciation £000	2019-20 Total £000
Education (Note 5)	2,465	2,582	281	5,328
Accommodation, catering and conferences (Note 6)	2,506	2,271	815	5,592
Other	355	185	28	568
Movement to pension provisions	-	(217)	-	(217)
Loan interest payable	-	1,036	-	1,036
Contribution to Colleges Fund under Statute G,II	-	-	-	-
	5,326	5,857	1,124	12,307

7b. 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
Accommodation, catering and 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
	4,873	6,840	995	12,708

7c. ANALYSIS OF EXPENDITURE

	2019-20	2018-19
	£000	£000
Other operating expenses include:		
Audit fee payable to the College's external auditors	17	14
Cost of fundraising	286	326
Investment management costs - commercial property	19	14
Investment management costs - securities & cash	37	42

Notes to the Accounts - continued

8. STAFF COSTS

	Academic	Non-Academic	Total
	£000	£000	£000
2019-20			
Staff Costs			
Salaries	616	3,359	3,975
National Insurance	40	263	303
Pension costs	123	600	723
External teaching costs	326	-	326
	1,105	4,222	5,327

2018-19

Staff Costs			
Salaries	634	3,092	3,726
National Insurance	40	239	279
Pension costs	89	455	544
External teaching costs	323	-	323
	1,086	3,786	4,872

	Academic	Non-Academic	Total
Average staff numbers (non-FTE) - 2019-20	50	164	214
Average staff numbers (non-FTE) - 2018-19	45	153	198
The figures above show the average number of people paid through the College payroll, irrespective of the hours worked.			
Average non-academic staff numbers (FTE) - 2019-20	n/a	120	120
Average non-academic staff numbers (FTE) - 2018-19	n/a	111	111
The figures above show the average number of FTE persons paid through the payroll.			
Average number of Fellows - 2019-20	59	6	65
Average number of Fellows - 2018-19	53	6	59
Fellows as at 1 October 2020	60	7	67
Fellows as at 1 October 2019	57	6	63
Fellows as at 1 October 2018	48	6	54

Non-academic staff who are Fellows (i.e. Domestic Bursar, Development Director, Librarian) are included in the Fellows' figures. The Principal is not included in the Fellows figures.

During the financial year 2019-20 55 Fellows received remuneration (2018-19: 48).

The number of officers or employees of the College, including the Principal, who received remuneration in the following ranges was:

	2019-20	2018-19
£100,000 - £110,000	1	-
£110,000 - £120,000	-	-
£120,000 - £130,000	1	-

Remuneration includes salary, employer's national insurance contributions, employer's pension contributions plus any taxable benefits whether paid, payable or provided, gross of any salary sacrifice arrangements.

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.

The aggregated remuneration paid to key management personnel consists of salary, employer's national insurance contributions, employer's pension contributions, plus any taxable benefits paid, payable or provided, gross of any salary sacrifice arrangements.

	2019-20	2018-19
	£000	£000
Aggregated remuneration	307	216

The total remuneration for persons who served as Trustees (members of the College Council) in 2019-20 was £364k (2018-19: £293k).

Notes to the Accounts - continued

9. FIXED ASSETS

	College Land £000	College Buildings £000	Furniture & Equipment £000	2019-20 Total £000	2018-19 Total £000
Cost or valuation					
At 1 July 2019	50,342	92,754	2,887	145,983	123,729
Additions	-	120	61	181	4,949
Disposals	-	-	(28)	(28)	(2)
Transfers from investment properties	-	-	-	-	11,280
Revaluation during the year	-	-	-	-	6,027
	<u>50,342</u>	<u>92,874</u>	<u>2,920</u>	<u>146,136</u>	<u>145,983</u>
Depreciation					
At 1 July 2019	-	-	1,384	1,384	2,827
Charge for the year	-	929	195	1,124	995
Eliminated on disposals	-	-	(28)	(28)	3
Written back on revaluation	-	-	-	-	(2,441)
	<u>-</u>	<u>929</u>	<u>1,551</u>	<u>2,480</u>	<u>1,384</u>
Net Book value					
At 30 June 2020	<u>50,342</u>	<u>91,945</u>	<u>1,369</u>	<u>143,656</u>	<u>144,599</u>
At 1 July 2019	<u>50,342</u>	<u>92,754</u>	<u>1,503</u>	<u>144,599</u>	<u>120,903</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 freehold College buildings at 30 June 2020 were insured at reinstatement costs of £105.2m.

10. INVESTMENTS

	2019-20 £000	2018-19 £000
At 1 July 2019	96,585	105,676
Additions	-	73,261
Disposals	(1,210)	(76,358)
Transfers to Fixed Assets	-	(11,280)
Gain/(loss)	11,034	5,287
At 30 June 2020	<u>106,409</u>	<u>96,585</u>
Represented by:		
Estate properties (held directly)	3,525	3,525
Quoted securities - equities (held indirectly via funds)	93,099	82,489
Quoted securities - fixed interest (held indirectly via funds)	3,899	4,117
Unquoted (held indirectly via funds)	5,668	6,390
Cash held for reinvestment	218	64
	<u>106,409</u>	<u>96,585</u>

Included within the year end valuation is a property fund with a valuation of £3,884,895. At the year end date this valuation was subject to a material uncertainty related to COVID-19 as determined by the Charities Property Fund however the value of the property fund subsequent to the year end at 30 September 2020 was £3,963,017 and did not include a material uncertainty related to COVID-19.

At 30 June 2019, a valuation of the investment properties was carried out by on an open market value for existing use basis by Gerald Eve, Chartered Surveyors. The Trustees have in place a policy to revalue professionally every 3-4 years, but consider each year whether the market value of the properties has materially changed. Any material change in market value will be reflected in a revaluation movement in the year in question. The Trustees have considered the market value at the end of the current financial year and have deemed that the value has not materially moved since the previous professional valuation.

Notes to the Accounts - continued**11. STOCKS AND WORK IN PROGRESS**

	2019-20 £000	2018-19 £000
Food and drink	25	27
Wine	41	40
Cleaning materials and other	27	25
	<u>93</u>	<u>92</u>

12. TRADE AND OTHER RECEIVABLES

	2019-20 £000	2018-19 £000
Taxes due from government departments	20	74
Grants receivable	120	-
Other receivables	53	174
Prepayments and accrued income	256	210
	<u>449</u>	<u>458</u>

13. CASH AND CASH EQUIVALENTS

	2019-20 £000	2018-19 £000
Current accounts	4,304	4,958
Cash in hand	1	1
	<u>4,305</u>	<u>4,959</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019-20 £000	2018-19 £000
Trade creditors	123	317
Loan repayments	230	227
Contribution to Colleges Fund	-	17
Taxes and social security costs	93	21
Student deposits and accounts	197	228
Accruals and deferred income	586	1,359
	<u>1,229</u>	<u>2,169</u>

Notes to the Accounts - continued**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019-20 £000	2018-19 £000
Bank loan	3,595	3,873
Private placement 1 liability	11,580	11,580
Private placement 2 liability	7,000	7,000
	<u>22,175</u>	<u>22,453</u>

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%.

16. PENSION PROVISIONS

	2019-20 £000	2018-19 £000
At 1 July 2019	3,190	1,697
Movement in year:		
Current service cost including life assurance	518	1,853
Contributions	(734)	(580)
Actuarial loss recognised in Statement of Comprehensive Income and Expenditure	274	220
At 30 June 2020	<u>3,248</u>	<u>3,190</u>

Notes to the Accounts - continued**17. ENDOWMENT FUNDS**

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	Total 2019-20 £000
2019-20			
At 1 July 2019	40,185	18,987	59,172
New donations and endowments	1,477	-	1,477
Increase in market value of investments	3,467	361	3,828
At 30 June 2020	45,129	19,348	64,477
Analysis by type of purpose:			
Fellowship Funds	16,784	-	16,784
Scholarship Funds	6,855	-	6,855
Prize Funds	393	-	393
Hardship Funds	5,525	-	5,525
Research Funds	13,762	-	13,762
Book Funds	899	-	899
Other Funds	911	-	911
General Endowments	-	19,348	19,348
	45,129	19,348	64,477
	Restricted permanent endowments £000	Unrestricted permanent endowments £000	Total 2018-19 £000
2018-19			
At 1 July 2018	38,105	18,906	57,011
New donations and endowments	360	-	360
Increase in market value of investments	1,720	81	1,801
At 30 June 2019	40,185	18,987	59,172
Analysis by type of purpose:			
Fellowship Funds	14,683	-	14,683
Scholarship Funds	6,300	-	6,300
Prize Funds	362	-	362
Hardship Funds	4,508	-	4,508
Research Funds	12,668	-	12,668
Book Funds	826	-	826
Other Funds	838	-	838
General Endowments	-	18,987	18,987
	40,185	18,987	59,172

Notes to the Accounts - continued**18. RESTRICTED RESERVES**

Reserves with restrictions are as follows:

	Permanent unspent £000	Restricted expendable endowment £000	Total 2019-20 £000
2019-20			
At 30 June 2019	2,040	10,618	12,657
New grants and donations	-	1,036	1,036
Investment income	1,194	300	1,494
Expenditure	(890)	(1,061)	(1,951)
Transfer between funds	-	(40)	(40)
Increase in market value of investments	179	917	1,095
At 30 June 2020	2,522	11,768	14,290

Analysis by type of purpose:

Fellowship Funds	816	3,177	3,994
Scholarship Funds	836	1,529	2,365
Prize Funds	74	143	217
Hardship Funds	292	4,195	4,486
Research Funds	319	111	430
Book Funds	53	1,668	1,721
Other Funds	133	945	1,078
	2,522	11,768	14,290

	Permanent unspent £000	Restricted expendable endowment £000	Total 2018-19 £000
2018-19			
At 30 June 2018	1,694	10,158	11,852
New grants and donations	-	386	386
Investment income	1,109	282	1,391
Expenditure	(840)	(651)	(1,491)
Transfer between funds	-	(17)	(17)
Increase in market value of investments	77	459	536
At 30 June 2019	2,040	10,617	12,657

Analysis by type of purpose:

Fellowship Funds	628	2,808	3,436
Scholarship Funds	703	1,411	2,114
Prize Funds	63	138	201
Hardship Funds	261	3,769	4,030
Research Funds	247	109	356
Book Funds	38	1,514	1,552
Other Funds	100	869	969
	2,040	10,617	12,657

Notes to the Accounts - continued**19. RECONCILIATION OF CONSOLIDATED SURPLUS FOR THE YEAR TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2019-20 £000		2018-19 £000
Surplus for the year	9,704		3,098
Adjustment for non-cash items			
Depreciation and movements to Revaluation Reserve	1,124		995
(Gain) on endowments, donations and investment property	(11,034)		(5,287)
(Increase)/decrease in stocks	(1)		20
Decrease in trade and other receivables	8		768
(Decrease) in creditors	(942)		(597)
Increase in provisions	57		1,493
Pension costs less contributions payable	(274)		(220)
Release of deferred capital grants	(51)		(51)
Adjustment for investing or financing activities			
Investment income receivable	(175)		(212)
Interest payable	1,036		1,043
Net cash inflow/(outflow) from operating activities	(548)		1,049
20. CASH FLOWS FROM INVESTING ACTIVITIES	2019-20		2018-19
	£000		£000
Non-current investment disposal	1,210		76,358
Investment income received	175		212
Endowment funds invested	-		(73,261)
Payments made to acquire non-current assets	(181)		(4,943)
Total cash flows from investing activities	1,204		(1,634)
21. CASH FLOWS FROM FINANCING ACTIVITIES	2019-20		2018-19
	£000		£000
Interest paid	(1,036)		(1,043)
Repayments of amounts borrowed	(275)		(211)
Total cash flows from financing activities	(1,311)		(1,253)
22. CONSOLIDATED RECONCILIATION AND ANALYSIS OF NET DEBT	At 1 July	Cash	At 30 June
	2019	Flows	2020
	£000	£000	£000
Cash and cash equivalents	4,959	(654)	4,305
Borrowings: amounts falling due within one year			
Secured loans	(227)	(3)	(230)
Borrowings: amounts falling due after more than one year			
Secured loans	(22,453)	278	(22,175)
	(17,721)	(379)	(18,100)

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 College Council or 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.

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

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

Fellows are remunerated for teaching, reasearch and other duties within the College. Fellows are billed for any private catering.. The Trustees remuneration is overseen by the College Council.

The salaries paid to Trustees (after salary exchange) in the year are summarised in the table below.

From	To	2019-20 Number	2018-19 Number
£0	£10,000	7	8
£10,0001	£20,000	2	2
£20,0001	£30,000	-	1
£30,0001	£40,000	1	1
£40,0001	£50,000	-	1
£50,0001	£60,000	-	-
£60,0001	£70,000		1
£70,0001	£80,000	1	-
£80,0001	£90,000	1	-
Total		<u>12</u>	<u>14</u>

The total Trustee salaries (after salary exchange) were £251k for the year (2018-19: £229k).

The trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £113k (2018-19: £64k).

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 (no longer active from 1 July 2019)
Newnham College Management Ltd	Provision of maintenance and construction projects
Newnham College Ltd	Inactive

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

25. FINANCIAL COMMITMENTS

At 30 June 2020 and 30 June 2019 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 two years as at June 2020. A total of £0.7m (2019: £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.

Notes to the Accounts - continued**26. CONTINGENT ASSETS**

Where legacies have been notified to the College, or the College is aware of the granting of probate, and the criteria for income recognition recognition have not been met at the year end, then the legacy is treated as a contingent asset. At the balance sheet date contingent legacy assets are estimated to be: £350,735 (2019: £122,617).

27. POST BALANCE SHEET EVENTS

As a result of the Covid-19 pandemic and UK Government interventions to stop the spread of the virus (including a national lockdown) the College significantly reduced its operations in March 2020 and had to cancel all conferences and events booked for the remainder of the calendar year. The College also encouraged students to leave College accommodation, and allowed them to break their accommodation licences, which resulted in a loss of almost all student rental income in the third term of the academic year.

At the time of signing these accounts, the College is still not booking events and conferences in the future. While students have been able to return to the College for the Michaelmas Term 2020, it is not possible to know whether further Government interventions may affect income streams later in the year. While the University is delivering lectures and some other aspects of its teaching online, the College is continuing to offer in-person supervisions in small groups, which is the back-bone of College teaching.

The operational and financial impact of the pandemic is assessed on a regular basis by the College Council and plans adjusted accordingly. Student numbers – both undergraduate and postgraduate – have increased on the previous year, and fee income has increased as a result. The value of the investment portfolio has also increased, from £106.4m at 30 June 2020 to £112.8m at October 2020. The area of greatest uncertainty remains income from external conferences and events.

There are no adjusting post balance sheet events.

Notes to the Accounts - continued

28. 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 2020 Newnham College had 5 active members participating in the plan.

The liabilities of the plan have been calculated, as at 30 June 2020, 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:

	2019-20	2018-19
	% p.a.	% p.a.
Discount rate	1.45	2.25
Increase in salaries	2.70	2.90
RPI assumption	3.10	3.40
CPI assumption	2.20	2.40
Pension increases in payment (RPI Max 5% p.a.)	3.00	3.30
Pension increases in payment (CPI Max 2.5% p.a.)	1.80	1.90

The underlying mortality assumption is based upon the standard table known as S3PA on a year of birth usage with CMI_2019 future improvement factors and a long-term rate of future improvement of 1.25% per annum, a standard smoothing factor (7.0) and no allowance for additional improvements (2019: S3PA with CMI_2018 future improvement factors and a long-term future improvement rate of 1.25% per annum, a standard smoothing factor (7.0) and no allowance for additional improvements). This results in the following life expectancies:

- Male aged 65 now has life expectancy of 21.9 years (previously 21.8 years)
- Female aged 65 now has life expectancy of 24.2 years (previously 24.0 years)
- Male aged 45 now and retiring in 20 years has a life expectancy at 65 of 23.2 years (previously 23.1 years)
- Female aged 45 now and retiring in 20 years has a life expectancy at 65 of 25.6 years (previously 25.5 years)

Employee Benefit Obligations

The amounts recognised in the Balance Sheet as at 30 June 2020 (with comparative figures as at 30 June 2019) are as follows:

	2019-20	2018-19
	£000	£000
Present value of plan liabilities	(7,074)	(6,489)
Market value of plan assets	5,458	5,168
Net defined benefit asset/(liability)	<u>(1,616)</u>	<u>(1,321)</u>

The amounts to be recognised in the Income and Expenditure for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2019-20	2018-19
	£000	£000
Current service cost	68	74
Administrative expenses	11	11
Interest on net defined benefit (asset)/liability	30	29
(Gain)/loss on plan changes	-	24
Curtailment (gain)/loss	-	-
Total	<u>108</u>	<u>137</u>

Changes in the present value of the plan liabilities for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2019-20	2018-19
	£000	£000
Present value of plan liabilities at the beginning of the year	6,489	5,906
Current service cost	68	74
Employee contributions	-	-
Benefits paid	(205)	(254)
Interest on plan liabilities	144	157
Actuarial (gains)/losses	578	582
(Gain)/loss on plan changes	-	24
Curtailment (gain)/loss	-	-
Present value of plan liabilities at the end of the year	<u>7,074</u>	<u>6,489</u>

Notes to the Accounts - continued**28. PENSION SCHEMES****(a) Cambridge Colleges Federated Pension Scheme (continued)**

Changes in the fair value of the plan assets for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2019-20	2018-19
	£000	£000
Market value of plan assets at the beginning of the year	5,168	4,849
Contributions paid by the College (employer contribution)	39	47
Contributions paid by the College (employee contribution - salary exchange)	13	12
Contributions paid by the College (funding shortfall)	24	24
Contributions paid by the College (administration fee)	11	11
Benefits paid	(205)	(254)
Administrative expenses	(15)	(14)
Interest on plan assets	115	128
Return on assets, less interest included in Income and Expenditure	308	365
Market value of plan assets at the end of the year	5,458	5,168
Actual return on plan assets	423	493

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2019-20	2018-19
Equities	49%	57%
Bonds and cash	41%	34%
Property	10%	9%
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 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2019-20	2018-19
	£000	£000
Return on assets, less interest included in the Income and Expenditure	308	365
Expected less actual plan expenses	(4)	(3)
Experience gains and losses arising on plan liabilities	(60)	(66)
Changes in assumptions underlying the present value of plan liabilities	(518)	(516)
Remeasurement of net defined benefit liability recognised in OCI	(274)	(220)

Movement in net defined benefit asset/(liability) during the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2019-20	2018-19
	£000	£000
Net defined benefit asset/(liability) at beginning of year	(1,368)	(1,057)
Recognised in Income and Expenditure	(108)	(137)
Contributions paid by the College	39	47
Remeasurement of net defined benefit liability recognised in OCI	(274)	(220)
Net defined benefit asset/(liability) at end of year	(1,711)	(1,368)

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.

Notes to the Accounts - continued

28. PENSION SCHEMES

(b) Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (the scheme). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The 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 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) with related expenses being recognised through the income and expenditure account.

DEFICIT RECOVERY LIABILITY

The total cost charged to the income and expenditure account for the College and subsidiaries in 2019-20 is £1,409k (2018-19: £1,715k).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet completed.

Since the College cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below.

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 +0.14% reducing linearly to CPI -0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI +1.55%

Notes to the Accounts - continued

28. 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 2018 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	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2019-20	2018-19
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

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

	2019-20	2018-19
Discount rate	1.10%	2.00%
Pensionable salary growth	2.70%	2.00%