

ST EDMUND'S COLLEGE

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2019

St Edmund's College

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St Edmund's College

College Details

Year ended 30 June 2019

The College's full legal name is The Master, Fellows and Scholars of St Edmund's College in the University of Cambridge, a body incorporated under Royal Charter. It is a registered charity (registration number 1137454), with its registered office at Mount Pleasant, Cambridge CB3 0BN.

The names of the members of the Council during the year were as follows:

Master	Mr Matthew Bullock (resigned 30.9.19) Ms Catherine Arnold (from 1.10.19)
Vice-Master	Dr Philip McCosker
Senior Tutor	Dr Judith Collis (Bunbury)
Bursar	Ms Edna Murphy
Secretary of the Governing Body	Dr Kate Brett

Dr Rafia Al-Lamki (from 1.10.19)
Dr Sandra Brunnegger
Professor Folma Buss (until 30.9.19)
Mr Gordon Chesterman
Professor Stephen Jenkins (from 1.10.19)
Dr Ann Kaminski
Dr Antonina Kruppa (until 30.9.19)
Dr Diana Wood

St Edmund's College

College Details

Year ended 30 June 2019

Principal advisers:

Auditors: Peters Elworthy & Moore
Station Road
Cambridge
CB1 2LA

Investment Managers: Cambridge University Investment Office (managing the Endowment Fund)
30 Station Road
Cambridge
CB1 2RE

Legal Advisers: Taylor Vinters
Merlin Place
Milton Road
Cambridge
CB4 0DP

Bankers: Barclays
9-11 St Andrew's Street
Cambridge
CB2 3AA

Introduction

Founded in 1896, St Edmund's College was granted its Royal Charter in 1998. St Edmund's College is an autonomous, self-governing community of scholars, and one of the 31 colleges within the University of Cambridge. St Edmund's College can be distinguished from the majority of colleges in that it is classed as a graduate college and admits postgraduate students, mature undergraduates and affiliated students. The community consists of the Master, 68 Fellows and 553 junior members, of whom 104 are undergraduates and 449 are postgraduates. Over 80 nationalities are represented within the student body, with a large majority coming from outside the UK.

Objectives

The College's charitable objectives are:

- a) to advance education, religion, learning and research in the University of Cambridge;
- b) to provide for that purpose a college for men and women who shall be members of the University wherein they may work for degrees of the University or may carry out postgraduate or other special studies at Cambridge.

Public Benefit

The College provides, in conjunction with the University of Cambridge, an education for undergraduate and postgraduate students, 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. The College maintains a Library and other study facilities, providing a valuable resource for students of the College.

The College admits as students those who have the highest potential for benefiting from the education provided by the College and the University, regardless of their financial, social, religious or ethnic background. The College provides financial support to its students, through scholarships, awards and prizes to fund fees, living costs and reward academic excellence. It contributes, together with the University and other Cambridge Colleges, to the Cambridge Bursary Scheme, which is the primary mechanism of financial support for undergraduates to study at Cambridge.

The College has a number of agreements with the Cambridge Commonwealth, European and International Trust to fund jointly:

- the St Edmund's Duke of Edinburgh Scholarships for overseas undergraduates and postgraduates;
- the Omid Cambridge Scholarship, which supports a masters student from Iran (jointly funded by the Omid Trust)

The Luzio PhD Scholarship to support a further research studentship in the humanities was awarded to three students in 2018/19

In addition the AGM Randeree Scholarship was made available via a generous donation from the DCD Family Trust and is awarded to a student actively engaged in the British Muslim community. Generous funding from the Aziz Foundation Scholarship was made to a Muslim student actively engaged in the British Muslim community.

There are no restrictions on entry to the College, other than academic excellence, and the College supports study in all subject areas offered by the University. However, under University Statutes, students must be 21 or over when they commence their studies at the College.

The College advances research through:

- Supporting the work of its Research Institute, the Von Hügel Institute. (Note that the Faraday Institute for Science and Religion became an independent centre with effect from 1 October 2018)
- Providing Research Fellowships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research
- Supporting research work pursued by its other Fellows through promoting interaction across disciplines, and encouraging visits from outstanding academics from abroad.

The College carries forward the tradition, continuous since its foundation, of being a place of spiritual and ethical reflection on the Christian faith and its implications for the individual and society. In particular, the College:

- Supports, through the Dean, who is a Roman Catholic priest, the emotional, mental and spiritual well-being of all members of the College community, whatever their faith tradition, or none.
- Maintains its historic connection with the Roman Catholic Church, including through the work of the Von Hügel Institute. Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services, which are open to the general public, as well as members of the College
- The College also welcomes members of other faiths and none, and supports inter-faith dialogue through its academic collaboration with the Woolf Institute

The College charges fees for the following:

- To postgraduate students to contribute towards the cost of their education
- To undergraduates at externally regulated rates for those Home/EU students who are eligible for public support, and to other undergraduates to contribute towards the cost of their education
- For accommodation and meals at reasonable rates.

In order to fulfil its charitable objectives of advancing education, learning, research and religion, the College employs Fellows, Supervisors, Directors of Studies, Tutors, Clergy and senior college officers, twelve of whom with the Master serve as charity trustees through being members of the College Council. The employment of the Master and some of the Fellows is undertaken with the intention of furthering the College's charitable objectives and their employment directly contributes to their fulfilment. The private benefit accruing to the Master and the Fellows through salaries, stipends and other benefits is objectively reasonable, measured against academic stipends generally, and specifically against its peer group of Colleges. Benefits received by Fellows are reviewed by the Remuneration Committee, the majority of whom are not trustees and whose membership includes two external members. Without the employment of the Master and Fellows, the College would not be able to fulfil its charitable aims.

Achievements

In 2014/15, a major opportunity arose with the potential redevelopment of land surrounding Mount Pleasant House, a 1.5 acre property adjacent to the northern boundary of the College. During 2016/17 St Edmund's signed an agreement which includes the commitment, when the building is complete, of entering a long lease of the site with the option to acquire the freehold after 47 years. This scheme allows for the creation of new accommodation including both single en suite study bedrooms as well as studios. Given the scarcity and high cost of land in Cambridge, this offers the College an unprecedented opportunity to extend its main site and secure increased and affordable housing for both students and academics. The planning application submitted in July 2016 was successful, as was the amended planning application approved in August 2017 (concluded after signing the Agreement for Lease), which provided that up to 25% of the accommodation could be let to academic staff and visiting academics.

During 2018/19 the final stages of building work were completed. The completion of the building (practical completion and lease completion) happened shortly after year end, and during the final months of 2018/19 the College was actively preparing to take over the operating of the building. This involved recruiting a number of new staff and securing expert advice and training, in order to be fully prepared to take on what represented more than doubling of the estate and accommodation available to students. Thus the College necessarily took on certain commitments ahead of the acquisition of the new development, but this greatly facilitated the smooth transition when the College became a tenant. Notable changes to the operations included the increase of night security cover, the installation of specialist accommodation management software, new housekeeping rotas and staff and a new catering tender, to create a financial model for catering that could accommodate the new level of student numbers on the site,

In June 2017 College succeeded in achieving planning permission for East Court, the first phase of its new strategic plan, which aims to deliver a major expansion in common, shared facilities for students, Fellows and staff over the next 20-30 years. This is in response to the long-term growth of the College, both in terms of the historical growth in student numbers as well as the expectation that the growth will continue for the foreseeable future. The College secured a phasing of planning permission to give it more flexibility in the way in which it tackled this development, and is working towards securing planning permission through a 'meaningful start', which must be completed by June 2020.

To date one of the College's most significant long-term achievements has been the absorption of the growth in student numbers over the past two decades, which benefits the collegiate University as a whole by maintaining collegiate membership for all University students. In the last few years, numbers have stabilised, in line with the University's graduate population, although the College supports the University's longer-term strategic plan to increase the number of graduates. For St Edmund's this would represent a gradual and moderate increase in postgraduate student numbers.

The College's research activities have experienced success and validation this year. The Faraday Institute for Science and Religion grew sufficiently to establish its own independent identity, separating formally from the College on 30 September 2018. The College will continue to collaborate on research and host events in support of this exciting new venture.

The Von Hügel Institute has continued to thrive within the College. The Von Hügel Institute for Critical Catholic Inquiry is rapidly establishing itself a first-class international centre for critical and interdisciplinary research in the Catholic tradition. The Institute's home in the University of Cambridge, and particularly in St Edmund's College with its Catholic legacy, provides an ideal platform for the imaginative interdisciplinary programming that has developed under Dr. McCosker's Directorship. The Institute's strong and developing profile is attracting philanthropic support. Its links with the University of Notre Dame and Australian Catholic University will enrich the College community. The excellence of its research was recognised in an academic review and the prospects for continued growth and development are strong.

St Edmund's College

Financial Report to the Council and Governing Body

Year ended 30 June 2019

Financial Review

The College funds its activities from academic fees, charges for student residences and catering, income from its conferencing and external functions business, income from investments and donations.

Income and Expenditure

Income increased by £286,000 to £6,807,000. Almost all areas of income increased with the exception of research income.

Expenditure increased by £349,000 to £6,165,000 largely due to exceptional items relating to in year pension liability adjustments and legal costs.

Investments

Investment are held in the Cambridge University Endowment Fund. Investments are monitored and reviewed by the College's Investment Committee, which includes in its membership alumni of the College with significant investment management expertise. The College maintains an investment income target of 5.25% real net of fees, including capital growth target to match inflation. The value of the College's investment portfolio as at 30th June 2019 was £6,123,000 (2018:737,000). The gross income yield was 3.5%

Staff costs and pensions

Staff costs increased due to cost of living and other increases in salary. The College is a member of the Cambridge Colleges Federated Pension Scheme (CCFPS), a defined benefit pension scheme. The scheme is closed to new employees, but the College continues to contribute for existing employees. The future liability for the scheme is calculated on an actuarial basis by an actuary appointed by the College, using assumptions approved by the Scheme trustees. In addition, the College is a member of the Universities Superannuation Scheme (USS). An estimate of the future liabilities relating to both schemes are based on the discounted value of future deficit payments. The total liabilities increased by £326,000 during the year to £717,000.

Actuarial losses for the CCFPS were £103,000 in the year, this has been shown in the appropriate line in the Income and Expenditure statement. A new deficit recovery plan has agreed for the USS resulting in an increased cost of £225,000, this is included within total expenditure. After the audit was completed a new plan was agreed, which would decrease costs by £119,000, however accounting regulations prevent inclusion in these annual statements. Information is included in notes 9, 24 and 28.

Colleges Fund

The College has been, for many years, a major recipient of funds from the Colleges Fund, which is supported by contributions from the wealthier colleges in the University. In 2018/19 the grant to St Edmund's was £876,000 (2018: £844,000), with the sum being added to the endowment. The grant is utilised to repay the College's debt on its operational buildings, with the remaining balance being added to the College's investment portfolio. The College is extremely grateful to the other colleges for their support, which is essential to the continuation of the collegiate system.

Cash Flow and capital expenditure

The College remains focused on cashflow management, particularly with regard to its banking covenants.

The College has maintained a significant programme of works to improve its older buildings and as a result capital expenditure during the year was £276,000.

Net cash inflow was £96,000 during the year, compared to a cash inflow of £566,000 in the previous year.

Balance Sheet

Net assets at the year end rose from £40,296,000 to £40,904,000 driven by the contribution from the Colleges Fund and gain on investments, partly offset by a planned reduction in restricted reserves associated with the College's Research Institutes.

Funding

The expansion of the College in recent decades, essential in the support of the rise in University postgraduate numbers and in maintaining collegiate membership for all students, has been facilitated by long-term borrowing. This funded the construction of essential student accommodation and facilities. The College continues to meet its annual loan repayments of £529,000 plus interest, and the loan balance at the year end was £5,960,000 (2018: £6,489,000). The College had a significant cash balance at the year end of £3,424,000.

Reserves Policy

The College does not hold any free reserves but instead relies on the continued success and reputation of the University of Cambridge to attract students, therefore providing it with income in the form of tuition fees and other maintenance charges. The long-term aim is to provide unrestricted reserves to the value of three months of usual operating expenditure. To this end, it continues to invest the Colleges Fund grant to provide future unrestricted income and to seek funding from a wider pool of potential donors.

Risk Management

The College Council, and its various sub-committees, are responsible for risk management, which is reported on formally to Council on an annual basis. The College has undertaken a major commitment with regard to the development of student accommodation in Mount Pleasant Halls. The Council has established a Working Group, including members with expertise and external qualified individuals, to oversee the development and report to Council.

As a predominantly postgraduate college with a small endowment, St Edmund's is reliant financially for fee and accommodation income on the admission of postgraduate students by the University and on the relative take-up rates of postgraduates by other colleges. The College is working closely with the other colleges and the University to maintain a steady and sustainable growth in postgraduate student numbers, particularly PhD students.

The result of the EU referendum has brought considerable strategic uncertainty to the College. Approximately one quarter of its students and a significant number of its staff are EU citizens, who make an essential and very positive contribution to St Edmund's. Unfortunately, it is not yet possible to ascertain what the consequences of 'Brexit' will be; however, the College is working closely with the rest of collegiate Cambridge and the University to ensure that its interests are properly represented, and any negative impact is mitigated as far as possible.

Due to the unexpected costs of the USS pension scheme and some unbudgeted legal costs the College reported a deficit of £386,000 on its unrestricted accounts compared to surplus in the previous year of £160,000. The College has had to deal with an unexpected complaint which has attracted adverse publicity, but has dealt with the matter in a thorough and considered way, albeit with some unbudgeted costs as a result.

The College's most significant financial liabilities, its long-term loans, are hedged at a fixed rate.

Outlook

The College remains supportive of the University's strategy to steadily increase the numbers of postgraduate students. The main strategic challenge facing the College is continuing growth in the face of limited capital resources. While alumni remain an important part of longer-term fundraising, the College is also focusing on other potential sources of funding. This strategy is being implemented in partnership with the other Colleges and the University through its Collegiate Cambridge fundraising campaign.

The College expects to continue the strong academic performance achieved in 2018/19 which saw 40 College prizes awarded to those who had achieved first class degrees and distinctions in Undergraduate and Masters courses.

The College has invested in excellent new student accommodation which will enable it to offer accommodation to at least 70% of its student body. In addition it has experienced growth in conference and donations and restricted income, and has buoyant student numbers and increased interest from prospective students. The availability of this new, high specification accommodation looks set to make the College an attractive destination for more students. The early signs are that this has already had an effect with an increase in the number of students who put St Edmund's College as their first choice, particularly for PhD students. It will also make a great contribution to the support available for academic staff, for example those engaged in research at an early stage in their career, for whom it is recognised that there is a need to provide more support in Cambridge particularly in accommodation.

Ms Edna Murphy
Bursar

Date:

St Edmund's College

Statement of Internal Control

Year ended 30 June 2019

1. 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 Council and Governing Body are responsible, in accordance with the College's Statutes.
2. 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 of effectiveness.
3. The systems of internal control are 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.
4. The Trustees' review of the effectiveness of the system of internal control is informed by the work of the various Committees, Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Ms Edna Murphy
Bursar

Date:

St Edmund's College

Corporate Governance

Year ended 30 June 2019

1. 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.
2. The College is a registered charity (registered number 1137454) 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.
3. The Trustees are advised in carrying out its duties by the following Committees: Academic Agreements, Accommodation, Dean's, Development & Alumni relations, Estates, Ethics, Faraday Institute, Finance & General Purposes, Wellbeing & Safety, Investment, Library, Nominations, Remuneration, Statutes & Ordinances, Stewards, Tutorial, Von Hugel Institute and Works of Art.
4. The principal officers of the College are the Master, the Vice Master, the Senior Tutor and the Bursar.
5. There are Registers of Interests of Trustees and of the senior administrative officers. Declarations of interest are made systematically at meetings.
6. The College's Trustees during the year ended 30 June 2019 are set out on page 1.

Ms Edna Murphy
Bursar

Date:

St Edmund's College

Statement of Responsibilities of the College's Charity Trustees

Year Ended 30 June 2019

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

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Governing Body 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 preparing those financial statements the Council in conjunction with the Governing Body is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Council in conjunction with the Governing body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ms Edna Murphy
Bursar

Date:

Opinion

We have audited the financial statements of St Edmund's College (the 'College') for the year ended 30 June 2018, 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).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Use of our report

This report is made solely to the College trustees, as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and the Charities Act 2011. Our 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date:

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

Statement of Principal Accounting Policies

Year Ended 30 June 2019

Basis of preparation

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

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 8.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. A separate balance sheet and related notes for the College are not included in the accounts because the College's subsidiary company was dormant. The balance sheet for the College alone would not be materially different to the one included in these accounts.

Recognition of income

a) Academic fees

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

b) Donations and endowments

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

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

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

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

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

c) 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.

d) Research Grant income

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

e) Other income

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

f) Cambridge Bursary Scheme

In 2018-19, payment of the bursaries to eligible students under the Cambridge Bursary Scheme was made directly to the student by the SLC. The College reimbursed the SLC for the full amount and receives a contribution from the University.

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

a) Land and Buildings

Buildings are stated at deemed replacement cost less accumulated depreciation. Assets stated and deemed replacement cost are depreciated over the remaining useful life.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Leasehold land is depreciated over the remaining life of the lease (91 years at 30.6.14).

Additions to buildings are depreciated on a straight line basis over their expected useful lives as follows:

Structure	100 years
Internal finishes	35 years
Mechanical and electrical	35 years

b) Maintenance of premises

The cost of major refurbishment and maintenance over £500 which restores value is capitalised and depreciated over the expected useful economic life of the asset concerned.

c) Furniture, fittings and equipment

Furniture, fittings and equipment (including Garden Equipment) are capitalised and depreciated on a straight line basis over their expected useful life of 10 years.

d) Heritage assets

The College does not hold any assets that should be classed as heritage assets.

e) IT equipment

IT equipment is capitalised at cost and depreciated over 3 years using the straight line method.

Investments

a) Investments

Investments are shown at their fair value. Investment income is included when dividends and interest become payable. Interest on bank deposits is included as earned.

b) Works of Art

Works of art are included at cost.

St Edmund's College

Statement of Principal Accounting Policies

Year Ended 30 June 2019

Stocks

Stocks are valued at the lower of cost and net realisable value.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, and 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.

Taxation

The College is a registered charity (number 1137454) and also a charity within the meaning of Section 467 of the Taxes Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 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.

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 College may from time to time be eligible for such grants. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

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.

St Edmund's College

Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 30 June 2019

		2018/19				2017/18			
	note	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income									
Academic fees and charges	1	2,154	16		2,170	1,954	32		1,986
Residence, Catering and conferences	2	2,521			2,521	2,375			2,375
Other investment income	3	176	58		234	172	52		224
Other Income – Research Grants	4		588		588		852		852
Total income before donations and endowments		4,851	662		5,513	4,501	936		5,437
Donations	5	131	287		418	114	126		240
New endowments				876	876			844	844
Total Income		4,982	949	876	6,807	4,615	1,062	844	6,521
Expenditure									
Education	6	2,240	777		3,017	1,735	1,351		3,086
Residence, catering and conferences	7	3,034			3,034	2,627			2,627
Other expenditure		94	20		114	93	10		103
Total Expenditure	8	5,368	797		6,165	4,455	1,361		5,816
Surplus/(deficit) before other gains and losses		(386)	152	876	642	160	(299)	844	705
Gains/(loss) on investments				70	70			167	167
Surplus/(deficit) for the year		(386)	152	946	712	160	(299)	1,011	872
Other comprehensive income									
Actuarial gain/(loss) in respect of pension schemes		(104)			(104)	47			47
Total comprehensive income for the year		(490)	152	946	608	207	(299)	1,011	919

St Edmund's College**Consolidated Statement of Changes in Reserves****Year Ended 30 June 2019**

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Balance at 1 July 2018	17,181	483	22,632	40,296
Surplus/(deficit) from income and expenditure account	946	152	(490)	608
Transfer				
Balance at 30 June 2019	18,127	635	22,142	40,904
Balance at 1 July 2017	16,170	782	22,425	39,377
Surplus/(deficit) from income and expenditure account	1,011	(299)	207	919
Net release of restricted funds				
Balance at 30 June 2018	17,181	483	22,632	40,296

St Edmund's College**Consolidated Balance Sheet****As at 30 June 2019**

	Note	2019 £000	2018 £000
Non-current assets			
Tangible assets	10	38,969	39,362
Investments	11	6,150	5,765
		<u>45,119</u>	<u>45,127</u>
Current assets			
Stocks	12	34	46
Debtors	13	234	332
Cash	14	3,424	3,328
		<u>3,692</u>	<u>3,706</u>
Creditors: amounts falling due within one year	15	(1,758)	(2,186)
Net current assets/(liabilities)		<u>1,934</u>	<u>1,520</u>
Total assets less current liabilities excluding pension liability		47,053	46,647
Creditors : amounts falling due in more than one year	16	(5,432)	(5,960)
Pension liability	17	(717)	(391)
Total net assets		<u>40,904</u>	<u>40,296</u>
Represented by:			
		2019 Total £	2018 Total £
Restricted reserves			
Endowment	18	18,127	17,181
Restricted expendable endowment	19	635	483
Unrestricted reserves			
General reserves		22,142	22,632
Total Funds		<u>40,904</u>	<u>40,296</u>

The financial statements were approved by the Council and Governing Body on 26 November 2019 and are signed on their behalf by:

Ms Catherine Arnold
Master

Ms E Murphy
Bursar

The notes on pages 19 to 31 form part of these accounts

St Edmund's College**Consolidated Cash Flow Statement****For the Year Ended 30 June 2019**

	Note	2019 £000	2018 £000
Net cash inflow from operating activities	20	494	754
Cash flows from investing activities	21	(155)	(182)
Cash flows from financing activities	21	<u>285</u>	<u>523</u>
Cash inflow before management of liquid resources		624	1,095
Financing			
Loan repayment in year	21	(528)	(529)
Increase/(Decrease) in cash in the year		<u>96</u>	<u>566</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(Decrease) in cash in year		96	566
Cash used to repay loan		<u>528</u>	<u>529</u>
Change in net debt		624	1,095
Net debt at beginning of the year		(3,161)	(4,256)
Net debt at end of the year		<u>(2,537)</u>	<u>(3,161)</u>

The notes on pages 19 to 31 form part of these accounts

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2019

	2019	2018
	£000	£000
1. Academic Fees and Charges		
College Fees:		
Fee Income paid on behalf of Undergraduates at the Publicly-funded Undergraduate rate (per capita rate £4,500/£4,625)	215	188
Privately-funded Undergraduate Fee Income (per capita fee £7,000/£7,350/£8,000)	530	578
Fee income on behalf of Graduates as an agreed share of University fees (per capita rate £3,700)	1,179	1,025
	<u>1,924</u>	<u>1,791</u>
Cambridge Bursary	134	102
Vice-Chancellors award	35	33
Other income	77	60
Total	<u>2,170</u>	<u>1,986</u>
2. Income from Residences, Catering and Conferences		
	2019	2018
	£000	£000
Accommodation		
College members	1,848	1,799
Conferences	334	153
Catering		
College members	304	287
Conferences	35	136
Total	<u>2,521</u>	<u>2,375</u>
3. Endowment and Investment Income		
	2019	2018
	£000	£000
Analysis		
Quoted securities	214	181
Fixed interest securities		33
Other interest receivable	20	10
Total	<u>234</u>	<u>224</u>
4. Research Grants		
	2019	2018
	£000	£000
Research grants received	1,062	1,517
Transfer (from)/to deferred income	(474)	(665)
Total	<u>588</u>	<u>852</u>
5. Donations		
	2019	2018
	£000	£000
Unrestricted donations	131	114
Restricted donations	287	126
Total	<u>418</u>	<u>240</u>

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2019

6. Education Expenditure	2019	2018
	£000	£000
Teaching	752	633
Tutorial	597	448
Admissions	208	141
Research	822	1,125
Scholarships and awards	336	365
Other educational facilities	302	374
Total	<u>3,017</u>	<u>3,086</u>

Included within Scholarships and Awards are payments under the Cambridge Bursary Scheme amounting to £150,973 (2018: £120,117).

7. Residences, Catering and Conferences Expenditure	2019	2018
	£000	£000
Accommodation		
College members	1,827	1,606
Conferences	321	329
Catering		
College members	617	490
Conferences	269	202
Total	<u>3,034</u>	<u>2,627</u>

8a. Analysis of 2018/19 Expenditure by Activity

	Staff costs (note 9) £000	Other operating expenses £000	Dep'n £000	Total £000
Education	1,301	1,598	118	3,017
Residence, catering and conferences	536	1,948	550	3,034
Other	70	43	1	114
Total	<u>1,907</u>	<u>3,589</u>	<u>669</u>	<u>6,165</u>

8b. Analysis of 2017/18 Expenditure by Activity

	Staff costs (note 9) £000	Other operating expenses £000	Dep'n £000	Total £000
Education	1,468	1,503	115	3,086
Residence, catering and conferences	428	1,658	541	2,627
Other	45	57	1	103
Total	<u>1,941</u>	<u>3,218</u>	<u>657</u>	<u>5,816</u>

8c. Auditors' remuneration

	2019	2018
	£000	£000
Other operating expense include:		
Audit fees payable to the College's external auditors	17	17
Other fees payable to the College's external auditors		1

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2019

9. Staff	College Fellows £000	Other Academic £000	Non Academic £000	Total 2019 £000	Total 2018 £000
Staff costs:					
Emoluments	395	445	607	1,447	1,621
Social security costs	26	12	69	107	131
Other pension costs (note 24)	41	15	297	353	189
	<u>462</u>	<u>472</u>	<u>973</u>	<u>1,907</u>	<u>1,941</u>

During the year USS pension costs of £225,060 (2018: 7,765) are shown in other pension costs. A non-adjusting post balance sheet event has been noted (note 28). If adjusted in the year USS pensions would be £106,094.

	2019 No.	2018 No.
Average staff numbers (full time equivalents):		
Academic	13	18
Non-academic	40	34
	<u>53</u>	<u>52</u>

The Governing Body comprises the Master and 63 Fellows, of whom 33 are stipendiary. No officer or employee of the College received emoluments over £100,000. The trustees receive no emoluments in their role as trustees of the Charity.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. The Council fulfil these functions for the College. Aggregated emoluments paid to members of the College Council:

	2019 £000	2018 £000
Key management personnel	174	209

10. Tangible Assets Consolidated

Group and College	Land & Buildings £000	Equipment £000	2019 Total £000	2018 Total £000
Cost				
At beginning of year	41,756	1,033	42,789	42,688
Additions at cost	190	86	276	114
Disposals				(13)
At end of year	<u>41,946</u>	<u>1,119</u>	<u>43,065</u>	<u>42,789</u>
Depreciation				
At beginning of year	2,484	943	3,427	2,778
Charge for the year	635	34	669	657
Eliminated on disposal	-			(8)
At end of year	<u>3,119</u>	<u>977</u>	<u>4,096</u>	<u>3,427</u>
Net book value				
At end of year	<u>38,827</u>	<u>142</u>	<u>38,969</u>	<u>39,362</u>
At beginning of year	<u>39,272</u>	<u>90</u>	<u>39,362</u>	<u>39,910</u>

The insured value of Freehold Land and Buildings as at 30 June 2019 was £39,239,758 (2018: £36,952,057)

St Edmund's College

Notes to the Accounts

For the Year Ended 30 June 2019

11. Fixed Asset Investments	2019 £000	2018 £000
Balance at beginning of year	5,765	5,427
Additions	315	6,213
Disposal		(6,004)
Net gains	70	268
Increase in cash balances held at fund managers		(139)
Balance at end of year	<u>6,150</u>	<u>5,765</u>
Represented by:		
Quoted Securities	6,122	5,737
Fixed interest securities		
Cash with investment managers		
Works of art	28	28
	<u>6,150</u>	<u>5,765</u>
12. Stocks	2019 £000	2018 £000
Other stocks	<u>34</u>	<u>46</u>
13. Debtors	2019 £000	2018 £000
Members of the College	147	210
Other debtors		
Prepayments and accrued income	87	122
	<u>234</u>	<u>332</u>
14. Cash	2019 £000	2018 £000
Bank deposits		
Current accounts	3,424	3,328
	<u>3,424</u>	<u>3,328</u>
15. Creditors: Amounts Failing Due within one year	2019 £000	2018 £000
Bank Loan	529	529
Trade Creditors	213	94
Members of the College	365	361
Other creditors	244	297
Accruals & deferred income	407	905
	<u>1,758</u>	<u>2,186</u>

St Edmund's College

Notes to the Accounts

Year Ended 30 June 2019

16. Creditors: Amounts Falling Due after more than one year

	2019 £000	2018 £000
Bank loans	5,432	5,960

The bank loan is being repaid in quarterly instalments; the final repayment is due in 2031. The loan is secured over Benet House and other College property at Mount Pleasant. Interest is payable at an average of 6.01%.

17. Pension Liability Group and College

	2019 £000	2018 £000
CCFPS		
Balance at beginning of year	304	338
Movement in year:		
Current service cost	17	20
Contributions	(24)	(16)
Finance Cost	8	9
Actuarial loss/(gain)	104	(47)
Balance at end of year	<u>409</u>	<u>304</u>
USS		
Balance at beginning of year	87	91
Movement in year:		
Contributions	(6)	(14)
Change in the expected contribution	225	8
Finance Cost	2	2
Balance at end of year	<u>308</u>	<u>87</u>
Pension liabilities at beginning of year	<u>391</u>	<u>429</u>
Pension liabilities at end of year	<u>717</u>	<u>391</u>

St Edmund's College

Notes to the Accounts

Year Ended 30 June 2019

18. Endowments College	Unrestricted Permanent £000	Restricted Permanent £000	2019 Total £000	2018 Total £000
Balance at beginning of year:	<u>15,497</u>	<u>1,684</u>	<u>17,181</u>	<u>16,170</u>
New endowments received	876	-	876	844
Net transfers				
Increase in market value of investments	51	19	70	167
Balance at end of year	<u>16,424</u>	<u>1,703</u>	<u>18,127</u>	<u>17,181</u>
Representing				
Fellowship Funds			1,167	1,106
Scholarship Funds			115	110
Prize Funds			37	35
Hardship Funds			247	234
Bursary Funds			39	37
Other Funds			272	257
General endowments			16,250	15,402
 Group Total			<u>18,127</u>	<u>17,181</u>
19. Restricted Reserves	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	2019 Total £000	2018 Total £000
Reserves with restrictions				
Balance at the beginning of the year			-	
Capital	-	223	223	483
Accumulated income	260		260	299
 New grants VHI		114	114	5
New grants other		474	474	847
New donations VHI		13	13	6
New donations other	51	223	274	120
Investment income VHI	6		6	6
Investment income other	50	2	52	46
Other income	-	16	16	32
	<u>107</u>	<u>842</u>	<u>949</u>	<u>1,062</u>
 Expenditure VHI		(66)	(66)	(68)
Expenditure other	(28)	(703)	(731)	(1,293)
	<u>(28)</u>	<u>(769)</u>	<u>(797)</u>	<u>(1,361)</u>
 Balance at end of year			-	
Capital	-	296	296	223
Accumulated income	<u>339</u>		<u>339</u>	<u>260</u>

20. Reconciliation of consolidated operating surplus to net cash inflow from operating activities		2019	2018	
		£000	£000	
Surplus/(deficit) on continuing operation		608	919	
Depreciation of tangible fixed assets		669	657	
Loss on disposal of fixed assets			5	
Colleges Fund		(876)	(844)	
Investment Income		(234)	(224)	
Investment Asset appreciation		(70)	(167)	
Interest Payable		389	406	
Pension costs less contributions payable		326	(38)	
Non-Cash adjustment (management fee)			36	
Decrease/(increase) in Stocks		12	(3)	
Decrease/(increase) in Debtors		98	51	
Increase in Creditors		(428)	(44)	
Net cash inflow from operating activities		494	754	
21. Cash flows				
		2019	2018	
		£000	£000	
Returns on investments and servicing of finance				
Endowment and investment income received		234	224	
Interest Paid		(389)	(406)	
		(155)	(182)	
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(276)	(114)	
Purchase of investments		(315)	(207)	
New endowments received		876	844	
Net cash outflow from capital expenditure and financial investment		285	523	
Financing				
Repayment of long term loan		(528)	(529)	
Net cash outflow		(528)	(529)	
22. Analysis of changes in net debt				
	At beginning of year £000	Cash flows £000	Other Changes £000	At end of year £000
Cash at bank and in hand	3,328	96	-	3,424
Debts due within one year	(529)	528	(528)	(529)
Debts falling due after more than one year	(5,960)	-	528	(5,432)
Net Funds	(3,161)	624	-	(2,537)

24. Pension Schemes

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federation Pension Scheme (CCFPS). The total pension cost for the period was £353,260 (2018: £189,147).

University Superannuation Scheme

The College participates in the Universities Superannuation Scheme (the scheme). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the College therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the College has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and therefore an expenses is recognised.

Critical accounting judgements

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

Pension Costs

At the financial year end the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2017 (the valuation date). This was carried out using the projected unit method. The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion.

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

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

The key financial assumptions used in the 2017 valuation are described below. More details is set out in the Statement of Funding Principles. Defined benefit liability numbers for the scheme have been produced using the following assumptions:

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation.

24. Pension Schemes cont'd

The mortality assumptions used in these figures are as follows:

	2017 valuation
Mortality base table	<u>Pre-retirement</u> 71% of AMCOO (duration 0) for males and 112% of AFC00 (duration 0) for females.
	<u>Post retirement:</u> 96.5% of SPAS S1NMA 'light' for males and 101.3% of RFV)) for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8%.

The current life expectancies on retirement at age 65 are:

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

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

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

Cambridge Colleges Federated Pension Scheme

The College operates a defined benefit pension plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme (CCPFS).

The liabilities of the plan have been calculated for the purposes of FRS102 using a valuation system designed for the Management Committee acting as Trustee of the CCPFS, at 31 March 2018 but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	June 2019	June 2018
	% p.a.	% p.a.
Discount rate	2.25	2.70
Increase in salaries	2.90	2.75
RPI assumption	3.40	3.25
CPI assumption	2.40	2.25
Pension increased in payment (RPI Max 5% p.a.)	3.30	3.15
Pension increases in payment (CPI Max 2.5% p.a.)	1.90	1.85

24. Pension Schemes cont'd

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

- Male age 65 now has a life expectancy of 21.8 years (previously 21.9 years)
- Female age 65 now has a life expectancy of 24 years (previously 23.8 years)
- Male age 45 now and retiring in 20 years would have a life expectancy the of 23.1 years (previously 23.3 years)
- Female age 45 now and retiring in 20 years would have a life expectancy the of 25.5 years (previously 25.4 years)

Employee Benefit Obligations

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

	2019	2018
	£000	£000
Present value of Scheme liabilities	(1,190)	(1,015)
Market value of Scheme assets	780	711
Deficit in the Scheme	(410)	(304)

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

	2019	2018
Current service cost	18	19
Interest on Scheme liabilities	8	9
Past service cost	-	-
Curtailement gain	-	-
Total	26	28

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

	2019	2018
Present value of plan liabilities at beginning of period	1,015	1,032
Current service cost including Employee contributions	16	18
Benefits paid	(22)	(21)
Interest on plan liabilities	27	27
Actuarial losses/(gains)	154	(41)
(Gain)/loss on plan changes	0	0
Curtailement (gain)/loss	0	0
Present value of Scheme liabilities at end of period	1,190	1,015

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

	2019	2018
Market value of Scheme assets at beginning of period	711	694
Contributions paid by the College	24	16
Employee contributions	4	4
Benefits paid	(28)	(28)
Interest on plan assets	19	18
Return on assets, less interest included in Profit & Loss	51	7
Market value of Scheme assets at end of period	781	711
Actual return on plan assets	70	25

24. Pension Schemes cont'd

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

	2019	2018
Equities	57%	64%
Bonds & Cash	34%	30%
Property	9%	6%
Market value of Scheme assets at end of period	100%	100%

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

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

	2018	2018
	£000	£000
Actual return less expected return on plan assets	51	7
Experience gains and losses arising on Scheme liabilities	(10)	(11)
Changes in assumptions underlying the present value of plan liabilities	(145)	51
Actuarial (loss)/gain recognized in OCI	(104)	47

Movement in surplus/(deficit) during the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2019	2018
	£000	£000
Surplus/(deficit) in plan at beginning of year	(304)	(339)
Recognised in Profit and Loss	(26)	(28)
Contributions paid by the College	24	16
Actuarial gain/(loss) recognised in OCI	(104)	47
Deficit in plan at the end of the year	(410)	(304)

Funding Policy

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

The last such valuation was 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 £7,747 p.a. payable for the period from 1 July 2018 to 31 March 2034.

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

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 30 June 2019, and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £188,865, a decrease of £118,966 from the current year end provision and a lower charge through the Statement of Comprehensive Income of £106,094.

Notes to the Accounts

Year Ended 30 June 2019

25. Related Party Transactions

The College owns the whole of the ordinary share capital of ED Developments Limited, a company which is registered in England and Wales. Its principal historic activity was that of general construction.

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

26. Future Capital Commitment

No capital commitments existed at the year end.

26. Contingent liability

A contingent liability exists in relation to the pension valuation recovery plan, since the College is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

27. Contingent Financial Commitment

Mount Pleasant House (Halls)

The College entered into an "Agreement for Lease" dated 31 March 2017 which includes the commitment, when the building is complete, of entering into a finance lease of Mount Pleasant House with the option to acquire the freehold after 47 years. The Agreement for Lease includes the agreed form of Lease which the College would enter into as a Tenant when the building was complete, and Sub-lease to a third party intended to be for a period of 15-20 years.

In addition to the requirement for vacant possession of the completed building by a target date of 1 August 2019 there are a number of other conditions as part of the agreement (including amended planning permission) which were unfulfilled as at 30th June 2019 but expected to be fulfilled shortly thereafter.

The building will comprise 272 rooms and at the time of entering into the lease, a sub-lease for 15-20 years for 72 rooms will be granted. The initial annual rent for the whole building will be subject to an annual review.

At the commencement of the lease term, the college will recognise its rights of use and obligations under the finance lease as assets and liabilities in the Balance Sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, determined at the inception of the lease.

28. Post Balance Sheet event

As set out in Note 24 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed post year end. This results in a decrease of £118,966 in the provision for the obligation to fund the deficit on the USS pension which would instead be £106,094. As the Schedule of Contributions was not in place at the financial year end this adjustment will be reflected in the Financial Statements for the year ended 30 June 2020.