



MAGDALENE COLLEGE
CAMBRIDGE

REPORTS AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2020

MAGDALENE COLLEGE, CAMBRIDGE
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2020

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MAGDALENE COLLEGE, CAMBRIDGE
FELLOWSHIP
YEAR ENDED 30 JUNE 2020

FELLOWSHIP

Governing Body (Trustees of the charity)

Lord R Williams, PC, DD (Hon), DCL, FBA (until 30 September 2020)
HE Judge Sir Christopher Greenwood, CMG, QC, MA, LLB (from 1 October 2020)
Professor M A Carpenter, ScD
J R Patterson, MA, PhD
M E J Hughes, MA, PhD
Professor T Spencer, MA, PhD
B J Burchell, MA and PhD (Warwick)
S Martin, MA, PhD
K Patel, MA, MSc and PhD (Essex)
Professor T N Harper, MA, PhD
N G Jones, MA, LLM, PhD
Professor H Babinsky, MA and PhD (Cranfield)
Professor P Dupree, MA, PhD
S K F Stoddart, MA, PhD
T A Coombs, MA, PhD
H Azérad, MA, PhD
A L Hadida, MA, PhD
C S Watkins, MA, MPhil, PhD
A L Du Bois-Pedain, MJur (Oxon)
S C Mentchen, MA
S J Morris, BA (Newcastle), FCA, IPFA
R M Burnstein, MB, BS, PhD
G P Pearce, MA, PhD
C Brassett, MB, BChir, MChir, FRCS
M J Waithe, MA (Leeds), PhD
C D Lloyd, MA (Kent)
R L Roebuck, BA, MEng, PhD
Professor A K Bennison, BA, PhD (London)
L C Skinner, BSc, MPhil, PhD
E So, MEng, PhD, CEng
A J W Thom, MA, MSci, PhD (until 30 September 2019)
W T Khaled, MA, PhD
A Ercole, BA, MA, PhD, PG Dipl, MB BChir, FRCA
T G Euser, PhD, MSc (Twente)
J M Munns, MA (Durham), MPhil (Bristol), PhD, FRSA
E J Howell, LLB, LLM, DPhil (until 31 August 2019)
S A Bacallado, PhD
Professor S Dubow, BA (Hons), DPhil (Oxon)
S J Eglen, DPhil
F Livesey, BSc (Cork), Dip Comp Sci, MPP (Harvard), PhD (deceased 2 September 2019)
N R Carroll, MA, MB, BChir
J J Orr, PhD
The Revd S Atkins, MA
Professor P J Lane, MA, PhD
M F Ahmed, MPhil, MSc, PhD
A Meghji, MA, MPhil, PhD (from 1 October 2019)
M C Skott, PhD (from 1 October 2019)

MAGDALENE COLLEGE, CAMBRIDGE
FELLOWSHIP (*continued*)
YEAR ENDED 30 JUNE 2020

Emeritus Fellows

Professor P J Grubb, ScD
R Hyam, LittD
P E Reynolds, ScD
Professor J E Field, OBE, PhD, FRS
His Honour C F Kolbert, MA, PhD
Professor N Boyle, LittD, FBA
Professor R J S Spence, MA, PhD
R Lockett, MA, PhD
Professor E Duffy, DD, FBA
Professor N Rushton, MD
Professor H A Chase, ScD, FREng

Research Fellows

S Caddy, PhD (until 30 September 2019)
F Exeler, PhD (Princeton), MA (Princeton), MA (Humboldt)
J Hone, MA (Exon), MA, DPhil (Oxon) (until 30 September 2019)
RLZ Hoye, BE (Hons), PhD (Cantab) (until 30 September 2019)
O F R Haardt, PhD (until 30 September 2020)
P A Haas, PhD (until 31 May 2020)
J C Jarrett, PhD
A L Gregory, PhD
S Caputo, BA (Cardiff), MSc (Edinburgh) (from 1 October 2019)
L M Kreusser, MSc (Kaiserslautern) (from 1 October 2019)

Senior Research Fellows

J D Coull, MA, MEng, PhD (until 19 July 2019)
P M Steele, BA, MPhil, PhD
C N Spottiswoode, BSc, PhD
Professor J R Raven, MA, PhD
A P Coutts, BSc, MSc, PhD
A Neumann, MA, PhD
S Caddy, PhD (from 1 October 2019)
Professor F Aigbirhio, BSc, MA, DPhil, CChem, FRSC (from 1 January 2020)

Life Fellows

M D Billinge, MA, PhD
J D Lewins, MA, PhD, DSc (Eng) (London) (deceased 23 August 2019)
Professor W R Cornish, Hon QC, LL.D, FBA
A R Thompson, MBE, MA, MPhil
Professor T H Clutton-Brock, ScD, FRS
S Halper, PhD
Professor E H Cooper, LittD, FBA
Professor T A J Cockerill, MA, MPhil (Leeds), PhD (Manchester)
Professor E Rothschild, CMG, MA
M Hughes, MB, BChir, PhD (deceased 10 August 2020)

MAGDALENE COLLEGE, CAMBRIDGE
FELLOWSHIP (*continued*)
YEAR ENDED 30 JUNE 2020

Bye-Fellows

J Woodall, MA (Oxon) (until 30 September 2019)
L Masuda-Nakagawa, PhD (Tokyo) (until 31 December 2019)
F Schuery, MA (until 31 December 2019)
D Gaffney, MA (1 October 2019 until 30 September 2020)
J Bodey, BA (1 October 2019 until 30 September 2020)

Visiting Fellows

Professor A Pring, BSc, PhD, ScD (Michaelmas Term 2019 and Lent Term 2020)
M Tan, MD, PhD (Michaelmas Term 2019)
F O'Toole, BA (2019-20 Academic year)

Honorary Fellows

HRH the Duke of Gloucester, KG, GCVO, MA
Professor Sir John Boardman, MA, FBA, Hon RA
The Rt Revd S Barrington-Ward, KCMG, MA (deceased 11 April 2020)
Professor Sir David Hopwood, MA, PhD, DSc (Glasgow), FRS
A B Gascoigne, MA, FRSL
Professor H H Vendlar, AB, PhD (Harvard), Hon Litt D
H R L Lumley, MA (deceased 6 May 2020)
J C F-Simpson, CBE, MA, FRGS
Sir Colin Corness, MA
Professor Sir Richard Jolly, KCMG, MA, PhD (Yale)
Professor Sir John Gurdon, PhD, Hon ScD, Hon DSc (Oxon), FRS
D J H Murphy, MA
Professor D C Clary, ScD, FRS
Sir John Tooley, MA (deceased 18 March 2020)
Lord Malloch Brown, MA, KCMG
R W H Cripps AM
The Rt Hon Lord (Igor) Judge, Kt, PC, MA
HE Judge Sir Christopher Greenwood, CMG, QC, MA, LLB (until 30 September 2020)
The Rt Hon Sir Andrew Morritt, PC, CVO, MA
R H Vignoles, BA, BMus, ARCM, Hon RAM, Hon FRCM
The Hon Wong Yan-lung, SC, MA, JP
Khoon Hong Kuok, BA (Singapore)
D D Robinson, CBE, MA and MA (Yale), FSA, DL
Professor S Springman, CBE, PhD, FEng
C I von Christierson, MA
HRH Sultan Nazrin Shah, BA (Oxon), PhD (Harvard)
L L Cardozo Kindersley, MBE
Dame C A Duffy, DBE, BA (Liverpool)
A Tennant, BA, MIB
T Cripps, BA, MBA
The Rt Revd & Rt Hon the Lord Williams of Oystermouth, PC, DD, Hon DCL (Oxford), FBA (from 1 March 2020)
Professor the Lady Williams of Oystermouth, MA (from 1 March 2020)
M C Newell, BA (from 1 March 2020)
The Very Revd Dr D M Hoyle, MBE, MA, PhD (from 1 March 2020)
C B M Derham, MA (from 1 March 2020)

MAGDALENE COLLEGE, CAMBRIDGE
FELLOWSHIP (*continued*)
YEAR ENDED 30 JUNE 2020

Fellow-Commoners

T G M Keall, MA (deceased 7 July 2019)
R L Skelton, MA
A I J Fitzsimons, Diplômée de l'ISIT (Paris)
J J Hellyer Jones, MA, FRCO
B Fried, MBA (Pennsylvania)
N Raymont, BSc (Econ), FCA
M R W Rands, BSc, DPhil (until 30 September 2020)
P J Marsh, MPhil, Honorary PhD (University of Central England)
R V Chartener, AB (Princeton), MPhil, MBA (Harvard)
C H Foord, MAAT, Assoc CIPD
A Ritchie, QC, MA
C V S Brasted-Pike, MA, MSci, PhD
G H Walker, MA, LRAM, PGDip (RAM)
H Critchlow, PhD
C Skott, PhD (until 30 September 2019)
S Ravenscroft, PhD
J Woodall, MA (Oxon) (from 1 October 2019 until 30 September 2020)
L Masuda-Nakagawa, PhD (Tokyo) (from 1 January 2020)
F Schuery, MA (from 1 January 2020)

**MAGDALENE COLLEGE, CAMBRIDGE
PRINCIPAL OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 JUNE 2020**

Address

Magdalene College
Cambridge
CB3 0AG

Officers

Master: Lord R Williams, PC, DD (Hon), DCL, FBA (until 30 September 2020)
HE Judge Sir Christopher Greenwood, CMG, QC, MA, LLB (from 1 October 2020)

President: Dr M E Jane Hughes, MA, PhD

Senior Tutor: Dr Stuart Martin, MA, PhD

Senior Bursar: Mr Steven Morris, BA (Newcastle), FCA, IPFA

Development Director: Mrs Corinne Lloyd, MA (Kent)

Professional Advisers

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

Bankers: Lloyds Bank
3 Sidney Street
Cambridge CB2 3HQ

Property Managers: Cheffins Commercial
(Commercial) Clifton House
1-2 Clifton Road
Cambridge CB1 7EA

Property Managers: Savills
(Agricultural) Olympic House
Doddington Road
Lincoln LN6 3SE

Securities Managers: Baillie Gifford & Co
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

Solicitors: Ashtons Legal
Chequers House
77-81 Newmarket Road
Cambridge CB5 8EU

MAGDALENE COLLEGE, CAMBRIDGE

REPORT OF THE GOVERNING BODY

YEAR ENDED 30 JUNE 2020

The Governing Body of Magdalene College presents its Reports and Accounts for the year ended 30 June 2020.

STATUS

The College of Saint Mary Magdalene, one of 31 Colleges in the University of Cambridge, commonly called Magdalene College, was re-founded by Lord Audley of Walden in 1542. The 1542 Charter provides that the College is '*for the advancement of knowledge, arts, learning and virtue and for the advancement of moral studies in the University of Cambridge.*' The College became a registered charity on 18 August 2010. The Charity Commission of England and Wales is therefore the principal regulator for the College.

The College is a legally independent corporation within the collegiate University of Cambridge. A system of University-wide committees exists to plan and discuss the joint affairs of the collegiate University.

AIMS AND OBJECTIVES

The Governing Body has adopted a Strategic Plan to determine the future direction and size of the College. This plan identifies the priorities to be addressed to maintain and enhance teaching provision and the College's academic resources, and to provide appropriate residential and recreational amenities.

The College's charitable purpose as a place of religion, education, learning and research is clearly reflected by objectives in the Strategic Plan:

- to deliver a world-class undergraduate education by safeguarding the provision of small-group College-based supervision teaching;
- to maintain and develop a commitment for encouraging applications from the most talented students irrespective of social, ethnic and religious background in tandem with a needs-blind admission system supported by a comprehensive bursary programme; and
- to promote academic research of the highest quality.

GOVERNANCE

The Governing Body of the College comprises the Master and the Fellows (Classes A, B and C, if aged below 67 years) and they are *de facto* the trustees of the College. This body is constituted and regulated in accordance with the College Statutes (revised 1997) and is responsible for the strategic direction of the College, for its administration and for the management of its finances and assets. It meets at least seven times a year under the chairmanship of the Master. The Presidents of the Middle Common Room (MCR) and the Junior Common Room (JCR) attend for unreserved business.

The Governing Body acknowledges its responsibility to act with prudence and care and to ensure the College complies with relevant laws and regulations. The Governing Body elects all Fellows of the College. Information is given to new Fellows regarding the College and how it is governed.

The principal committees of the Governing Body include the:

- Academic Committee; which establishes policy and monitors progress in respect of the College's main activities of education and research. The Committee meets five times a year and its membership is drawn from the Governing Body;
- Fellowship Committee; which advises on the recruitment and the retention of College Fellows including recommendations about individual elections. The Committee meets at least four times a year. Its membership, which is drawn from the Governing Body, reflects the range of academic disciplines;
- Finance & General Purposes Committee; which has responsibility for the oversight of the College's financial and administrative affairs and meets six times a year. Membership is drawn from the Governing Body;

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2020

- Investments Committee; which has oversight and sets policy for the College's endowment. The Committee meets three times a year and it includes external members with knowledge and experience of investments; and
- Development Committee; which oversees and sets policy for the College's alumni relations and fundraising programmes. The Committee meets at least three times a year and its membership is from the Governing Body and the wider Fellowship.

As secretary to the Governing Body, the Senior Bursar maintains a register of interests for members of the Governing Body. Declarations of interest are standing items on the agendas of the Governing Body and its principal committees. The Governing Body has established a Remuneration Committee, with a membership which is independent from it, to review and to advise on the benefits appertaining to Fellows. This Committee had no requirement to meet during the financial year given there were no changes affecting Fellows benefits during the year. The Committee's role is to review relevant policy proposals, review its own remit and then advise the Governing Body accordingly. In terms of the College's pay policy, including that of senior management, a formal triennial review against comparative roles is undertaken to benchmark pay and subsequent recommendations appertaining to Fellows / College Officers are made to the Remuneration Committee, which will advise the Governing Body accordingly. Additional disclosure on the salaries of Fellows of the College who form the trustee body is given in the Notes to the accounts.

The Master is the chairman of the trustees and has a duty to promote the welfare of the College and to ensure the College maintains an appropriate learning environment for its members. The President, as a senior fellow, supports the interests of the fellowship and acts as the vice-master. The Senior Tutor has day-to-day responsibility for the admission, education and welfare of undergraduate and graduate students and supporting the research activities of the College. The Governing Body appoints Admissions Tutors to support the Senior Tutor in the selection of suitable students for admission to the College. The Senior Bursar has responsibility for the estates, finance and administration of the College.

The College appoints a Director of Studies for each undergraduate and provides small group teaching in addition to the teaching provided by the University. The College also provides a Tutor for each student and access to other forms of pastoral care, including a Chaplain, Nurse and Counsellors. Together, the Dean and the Tutors have responsibility for maintaining standards of behaviour and good order in the College.

Members of the MCR and the JCR elect annually an executive committee to support and promote their welfare. The College makes grants to these student bodies, as well as to sports and cultural societies.

SARS-COVID-19 VIRUS: THE GLOBAL PANDEMIC

The Covid-19 virus, which has caused a global health pandemic resulting in a hard 'lockdown' in March 2020, has had a profound impact on the citizens of the UK. This included the University of Cambridge and the constituent colleges of the collegiate University. The effect was immediate as the University and colleges closed all but essential operational buildings and transferred teaching and research online from March 2020. Most resident students, in accordance with government travel advice at that time, returned home whilst the University and colleges ensured all remaining resident students were permitted to stay in college accommodation and supported them accordingly.

The University has contributed to the national effort to overcome the challenges presented by the virus through its research efforts to extend knowledge of the virus and by developing significant testing capacity. The clinical school and medical Fellows across the colleges were part of the clinical care effort during the first wave and the immediate months thereafter.

During the 'lockdown' period the College maintained its essential operational services, given it had over 70 students resident in College, whilst providing online teaching and examination assessment to all of its students. College staff were otherwise sent home as part of the government's prevailing advice. As the lockdown measures were steadily relaxed the College responded by returning its staff to work in College, whilst staff who were able to work from home were requested to remain at home.

The University and the colleges have worked collaboratively since the start of the pandemic with joint planning and subsequent recovery streams. This included sharing resources over student support, medical advice and scenario planning. The aim has been to protect and support the University's students and to provide a fair means of assessment in the absence of a normal examination process. A comprehensive plan for reopening the University was formulated in

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2020

close consultation with the City Council and local Public Health agencies.

The pandemic has had a significant financial impact on the College. The principal matters up to 30 June 2020 included the loss of student rental income following the departure of the majority of students during the lockdown phase and far lower commercial rental income for the March 2020 quarter. The value of the College's commercial property portfolio has also been adversely affected.

PROGRESS MADE DURING THE YEAR

The College is always striving to improve its own academic standards and is active in promoting the wider collegiate University's standing in terms of teaching and research and the position of the colleges within it. The College continues to build upon its existing academic strengths by recruiting Fellows who are outstanding in their field of study and by admitting talented students.

Fellows of the College continue to receive awards for their published work and for their contribution to the University, whilst the examination results for the College's undergraduate students remains impressive.

In the knowledge that the Master, Lord Williams was to retire from his role in September 2020, the Governing Body embarked upon a recruitment exercise to find a successor, and it is pleasing to report that Sir Christopher Greenwood agreed and was subsequently appointed from 1 October 2020, as the next Master of the College.

Construction works on the College's New Library building were progressing in accordance with the programme but had to be temporarily halted during lockdown. Site operations recommenced in May 2020 and a revised completion timetable should lead the building and site area being handed back to the College before Christmas 2020. The construction period will have exceeded two years and the new facility will represent a significant enhancement to the College's estate for its current and future members.

The success of the Future *Foundations* fundraising campaign has made the New Library possible and, thanks to extremely generous support from donors, the campaign has in fact exceeded the College's own expectations. The College has now reached the £25m total target if cash donations and future pledges are taken into account.

The Governing Body had previously decided to match, for its permanently employed staff, pay rates set by the Living Wage Foundation (outside of London), excluding other generous benefits provided to employees of the College. The College will continue to keep its pay policy under regular review, taking account of local and national recruitment conditions and requirements. The national lockdown led to the need for the College to require the vast majority of its staff to remain at home. Given the sudden financial loss of income to the College resulting in a loss of 60% of its revenues for the 3 month period to 30 June 2020, the College, along with other Cambridge colleges, has participated in the government Coronavirus Job Retention Scheme. It did, however, decide to top-up the salaries of all staff on furlough to 100% of their normal salary. At the height of the lockdown the College had over two-thirds of its staff on the furlough scheme but since then staff have steadily returned to their roles in College. The income from this Job Retention Scheme is shown under Other Income within the accounts.

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2020

FINANCIAL REVIEW

Scope of Financial Statements

The financial statements include the accounts of Magdalene College and its subsidiary undertaking.

Sources of Funding

The principal sources of income of the College are:

- Students through fees charged for education provided
- The University through fees charged for education provided to its students
- Donors through grants for research
- Members and friends of the College through donations and bequests
- Students and Fellows through charges for goods, services and facilities provided
- Conference customers for goods, services and facilities provided
- Investment income from the accumulated endowment.

Results for the Year

The financial results for the year are given as follows:

	2020	2019	% Change
	£000	£000	
Total Income	19,749	15,892	+24.3%
Total Expenditure	(10,310)	(12,548)	-17.8%
Surplus before investment gains or changes to pension schemes	9,439	3,344	+182.3%
(Loss)/gains on investments	(3,548)	4,112	-186.3%
Actuarial (loss) on pensions	(187)	(68)	+175.0%
Total Comprehensive Income	5,704	7,388	-22.8%

The College deems it prudent to plan for a modest recurrent surplus to provide stability and to allow for new funds for reinvestment.

Income

Overall income (before investment gains and actuarial pension changes) has in fact increased by 24.3% when compared to the previous year. This was due to receipt of capital donations for the New Library given towards the 'Future Foundations, The Campaign for Magdalene'. This level of exceptional donation income was offset with lower income from student rents and commercial property as a result of the pandemic lockdown measures.

Income from academic fees and research income remained broadly in line with the previous year although within this total research income was lower and income for the Cambridge Bursary Scheme increased as the College participated, for a second year, in a 'top-up' bursary pilot scheme for first and second year undergraduates. Tuition fee income has been largely unaffected by the pandemic as teaching was transferred online.

Income from College-provided accommodation and catering was £3,508k (£4,280k for 2018-19), a reduction of 18% on last year. Conference revenues remained largely unchanged as the conference period was predominantly summer 2019, prior to the pandemic and therefore unaffected by it. There was a decrease in member income of 28% with the latter part of Lent Term 2020 and the entire Easter Term 2020 having a significantly lower resident student population than normal and thus affecting rental and catering activities. As stated above the College has participated in the government's job retention scheme and received £364k during this financial year.

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2020

Investment income increased by 3.7% to £4,003k (£3,860k previous year) despite poor March 2020 quarter rent collection. New capital investment into securities in the past combined with positive market returns has led, over time, to higher actual income. However, in anticipation of reduced future real investment returns the spending rate on a total return basis has been reduced for future years. Although rental income from the commercial property estate actually increased by 3.3% this masks the adverse impact of the pandemic on rents in the final quarter of the year. Long-standing rent reviews were settled earlier in the year resulting in a large back-rent payment, and this one-off sum hides the immediate drop in rent collection to 50% of the rents due for the March 2020 quarter.

Total donation income was £8,870k (£4,611k 2018-19), including over £6m for the New Library, is obviously a reflection of the success of the fundraising campaign, with the New Library at the centre of the campaign.

Expenditure

Expenditure on education has decreased by 6.1% to £4,610k (£4,911k previous year), which compares to £2,826k received (£2,891k previous year) directly from academic fees and research income, providing a calculated deficit on educational activity of £1,784k (£2,020k previous year). This derives from the pandemic as it was necessary for the cancellation of all travel and student internships which were no longer viable. Other education expenditure reductions arose from lower student activity as teaching moved online. Still expenditure on education accounts for 44.7% (previous year 39.1%) of total expenditure.

Expenditure on College-provided accommodation and catering decreased to £5,195k (£5,746k previous year) again due to minimal activity in the final quarter of the year. Staff costs related to accommodation and catering increased by 2.5% in line with an increase in conference activity from summer 2019.

Total staffing costs increased in the year by 1.7%, amounting to £4,822k (£4,743k previous year) or 46.8% of total costs (37.8% the previous year). The College continued to pay staff at 100% of salaries despite a significant proportion being unable to work and thus 'on furlough' as explained above. Towards the beginning of the financial year the College made a general pay award of 2.0% for all employees, with an additional amount given to staff on lower pay rates in accordance with the College's policy position to match the National Living Wage (outside of the London area).

The Governing Body remains concerned about the long term costs of providing defined benefit pensions, and whilst it has taken steps to try to limit future liabilities by ceasing to offer a defined benefit scheme to new non-academic staff, many current employees participate in a defined benefit salary scheme. Although technically there has been a decrease in the FRS 102 pension deficit, £2,628k (£3,089k 2018-19), the deficits for CCFPS and USS schemes increased by 6.0% and 183.5% respectively. The USS pension provision movement of £630k (2018-19 -£803k) is included in Other Expenditure.

Depreciation costs for operational buildings remained similar to 2018-19 at £1,247k (£1,245k previous year).

College net assets increased by £7.5m to £184.3m from £178.6m in 2018-19. As the construction phase of the New Library commenced during the year, costs associated with the build have been transferred to fixed assets. New donations received, principally for the New Library and new endowment capital, were also added to net assets. Despite the volatility in financial markets there was a new increase in valuations over the course of the year. However, the capital value of the College's commercial property decreased giving a £2.2m overall loss in endowment value.

Capital Expenditure and Maintenance

The College's operational assets, the largest asset class of the College, remain a financial pressure for the College. Capital expenditure (separate from building maintenance) for the year amounted to £0.063m. The College commissions a rolling five-year condition survey of its operational estate which informs its forward looking five-year maintenance plan. The maintenance programme is designed to maintain and improve the estate and additional resources have been allocated to it in recent years, recognising the need to increase investment in the long-term maintenance of its operational estate. The programme has had to be reviewed and reduced as a result of the pandemic.

Investment Policy and Performance

The College manages its investments in securities or its financial assets and property to produce the highest return consistent with the preservation of capital value in real terms for the long term and given the associated risks. The

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2020

principal responsibility of the Governing Body in investing the College's endowment is to ensure the real value of the endowment is maintained after spending, consistent with the risk/return profile adopted and within a suitably diversified portfolio. The Governing Body expects, within the scope of this fiduciary duty, its fund managers to engage actively with companies to promote and support acceptable standards of practice in respect of their business activities and how they impact on their employees, the environment and the communities in which they operate. The Investments Committee undertakes an ongoing review of its responsible investment policy.

The College holds a securities based portfolio which was valued at £41.6m (£39.4m previous year). Its principal fund manager is Baillie Gifford (managing £38m in 2019-20 and £36m previous year). The College has a duty to maximise return from its investments, but it does so in a manner to be consistent with the College's charitable mission. The College also has direct property and agricultural land holdings (£39m in 2019-20). The direct property, which is managed by Cheffins, is held as a long-term strategic asset, with the policy of maximising yield, whilst the agricultural land is managed by Savills.

The Investments Committee agreed to reduce the total return policy from 3.75% to a 3.25% spending rule which resulted in a drawdown (from capital and income) of £1,093k (£1,143k in 2018-19). The Committee has also reviewed its spending rule and decided to reduce it to 3.0% for future years based upon downward revisions to expected real returns. The unapplied return fund provides a contingency sum in the event of falling values in financial markets and permits drawn down in adverse market conditions.

The College has been delighted with the performance of the Baillie Gifford responsible equity fund over the course of the year and during the early part of the pandemic. The fund returned 8.8% against a market index of 5.7%. This was offset by adverse performance of the multi-asset Baillie Gifford fund which returned -3.1%. However, the combined performance of Baillie Gifford funds was 6.9% for the year. The responsible equity fund policy is to exclude certain sectors such as fossil fuel producers, thermal coal and tar sands, and the production or sale of alcohol, tobacco, armaments, and gambling. Further, the fund only invests with businesses which operate in a manner which is consistent with the UN's Global Compact Principles. The fund, therefore, has a strong engagement aspect to it and the fund manager sets broad engagement themes at the start of each year.

College endowment stood at £80.6m (£83m in the previous year). The property portfolio (the Cambridge properties), valued at £39m at the year end date, and returned -6.2% over the course of the year. This performance was derived from the direct impact of the pandemic. Although the portfolio still has few voids and had experienced a series of positive rent reviews prior to the pandemic, it has significant retail and hospitality sector exposure. This has meant rent collection for the March 2020 quarter has been difficult with tenants needing to close their premises due to lockdown restrictions. An 11% reduction in capital value has therefore been reflected in the portfolio.

Donations and Fundraising

Magdalene's primary fundraising efforts are directed at raising monies through major donations as well as by regular giving, to add to the College's endowment. Key objectives for the College include teaching, research and student support and in the short-term, the construction of a New Library, which will provide exceptional learning resources for the students. In 2017 an ambitious fundraising campaign was launched to raise £25m over a five year period. The central themes being student support; the New Library; the restoration of the Pepys Library; and an improvement of the fabric of the College Estate. At this stage the College has achieved its campaign target of both cash donations and future pledges are combined, which is an excellent result.

The ongoing support of our Members, friends and the Fellowship is particularly welcome and appreciated during these trying economic times. Over the course of 2019-20, donations to the College exceeded £8m, which was another excellent year for the Campaign and the College is immensely grateful to its members and supporters. The costs of fundraising efforts were slightly higher at £273k compared with £236k for 2018-19. The significant progress made with the campaign to-date is very pleasing and this acts as a sound basis for meeting the College's campaign objectives.

As a result of the pandemic, the College launched a new Emergency Fund aimed at raising new donations for its students and to support the operations of the College with donations being unrestricted in nature. The College has also decided to defer, for the time being, its plans to fundraise for the restoration of the Pepys building.

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2020

The College is registered with the Fundraising Regulator and continues to develop a shared understanding and agreement for activities concerning alumni, be it communications, attendance of events and use of data. The College has a Data Protection Statement which governs the use of any personal data held and how it is used and the College insists alumni grant their consent in holding personal data. The College did not engage professional fundraisers during the year and does not seek to raise funds from members of the public.

The College, along with a number of other not-for-profit entities, is a user of BlackBaud administrative systems. BlackBaud, which is a US based business, was subject to a significant cybercrime during the year whereby elements of its clients' data was compromised. This had implications for the College with some personal data of a non-financial nature being part of the crime. The College has informed affected alumni and has been in regular dialogue with BlackBaud. The College does not consider the incident to meet the Charity Commission's serious incident reporting criteria, but together with other affected Cambridge Colleges, has reported the matter to the Information Commissioner's Office.

Reserves and Endowment Funds

Total College reserves and funds amounted to £184.3m. Within the College's endowment funds there are almost 100 trust funds supporting the College in achieving its aims.

These reserves are represented by the College's operational estate and to a large extent, the permanent endowment assets and therefore are not available as income funds to be spent. Collectively the College's free revenue reserves and its earmarked designated reserves amount to £9.8m after taking account of the pension deficit. These are liquid unrestricted funds. The Governing Body considers it prudent to hold sufficient unrestricted reserves and appropriate earmarked reserves in the event of major variations to the College's income and expenditure and has concluded that its general unrestricted free reserves should be 20% of annual income and that its building reserve should represent 1% of the insurable value of the operational estate. Together this amounts to £3.3m of free reserves. The College has deliberately planned to build up some reserve funds to support the New Library building project as part of its funding plan and a separate fund to assist with the running costs of the new building once it is operational. The College has the cash funds to complete the library project as well as a designated fund exceeding £1m to help to generate income to meet the new running costs of the building.

After taking these specific funds into account and a specific building repairs fund for its commercial and operational property, the College has a modest but sufficient level of general funds available as a contingency measure to support its operations during the pandemic.

Cash Flow and Treasury Management

The College's treasury management policy requires cash deposits to be spread across a range of counterparties, all of which must be at least Fitch A credit-rated. Net cash funds increased by £1,255k, from £9,191k to £10,446k over the year, following receipt of significant donations and legacies in 2019-20. Cash levels remained elevated as a result of the need to fund the New Library building project. As the building project progresses, and when new endowment capital, which has been received, is invested, then cash levels will reduce. However, additional liquidity will be held given the uncertainties arising from the pandemic and its potential adverse impact on the finances of the College.

PRINCIPAL RISKS

The College maintains a Major Risks Register that identifies what it considers the major risks to which the College is exposed and their assessed impact and probability of occurrence. As outlined in the Governing Body's statement on Internal Controls the risk register is reviewed annually by the principal College Officers and the Finance & General Purposes Committee, and then final consideration by the Governing Body. As far as is practical the College then takes additional measures to mitigate key risks and where appropriate insurance cover is put in place. Nevertheless the College is exposed to a variety of risks. Presently the principal known risks include

- Adverse performance of financial markets and the real economy which would in-turn impact on the College's endowment assets
- The cost of employee defined benefit pensions schemes
- Unexpected expenditure on building maintenance

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2020

- The impact of government policy on College income and individual student finances
- The impact of government policy and any associated regulatory burden on College academic policy and governance arrangements
- Adverse events impacting on the College's academic reputation
- The fortunes of the local economy in terms of demand for commercial property in Cambridge
- The challenges of the local transportation system and its implications for recruitment and retention of employees
- The New Library project, being a large-scale capital project has inherent financial risks
- The eventual outcome relating to Brexit and whether a trade agreement is in place between the UK government and the EU, but both its shorter-term economic impact as well as the longer-term implications for the Higher Education sector

The global pandemic has taken the world by surprise and has had an immediate adverse impact on the College's finances through a fall in its income and a reduction in its endowment assets. This was unexpected but the College has taken immediate steps to manage the financial impact and has sufficient unrestricted liquid assets to fund revenue shortfalls over the coming years. The College has also, again in collaboration with the University and other colleges, planned a number of measures to provide a safe environment for its staff and students. Relevant new policies have been developed to reduce contact between individuals and limit any spread of the virus. The University has developed its own testing facility for staff and students.

The College through its own financial planning and operational management aims to mitigate the impact or set aside resources in the event of such risks taking place. The risk register is due to be reviewed. Across the collegiate university the University and the colleges work collectively to identify and manage common risks.

FINANCIAL OUTLOOK AND PLANS FOR THE FUTURE

The pandemic has led to a health and accompanying economic crisis for the UK. Levels of uncertainty in respect of the impact of the virus on the economy and the College remain elevated making longer term planning difficult. Central banks and governments across developed economies have lowered interest rates and provided significant fiscal measures to provide confidence and replace lost demand. Short-term falls in commodity prices and demand will keep inflation low. Financial markets have reacted to the pandemic such that technological based businesses have generally been winners whilst traditional energy producers and physical real estate businesses the losers. As Brexit and the prospects of a trade deal with the EU enter the headlines this is a growing economic risk for the UK.

The pandemic has been, and is expected to continue to be, a challenge for the Higher Education sector, be it uncertainty over admissions by international students, loss of charitable research income, or loss of endowment income.

The College has set a deficit budget for 2020-21 due to the loss of conference income in summer 2020 and expected lower commercial rental income from its endowment. Significant cost reductions have been made including measures to restrain salary costs. The level of uncertainty remains high and thus the College has significant liquidity funds in the event of adverse financial effects arising from the virus.

As the College uses its endowment to subsidise the costs of education and research, as well as the costs of accommodation and catering for its members, the performance of its investments continues to be central to the very long-term financial stability of the College. The longer term costs of defined benefit pension schemes are of concern and the financial predicament of USS is of particular concern and increased deficit recovery contributions expected in 2021.

The College will aim to complete the building project during the 2020-21 year and the New Library will form part of the College's operational estate. A feasibility study for the Pepys Building's restoration has been undertaken, and following the appointment of architects, a pre-planning application has been submitted to the local authority. However this project has had to be deferred due to the pandemic and no new financial commitments will be made until the wider financial position for the College is clearer.

MAGDALENE COLLEGE, CAMBRIDGE
REPORT OF THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2020

More immediately much effort has gone into preparations for the new academic year ensuring the teaching and general College communal facilities and services are ready for returning students and compliant with government Covid regulations. It is expected to be a challenging period as infection rates from the virus continue to rise.

Approved by the Governing Body on 15 October 2020

CJ Greenwood
Master

S J Morris
Senior Bursar

MAGDALENE COLLEGE, CAMBRIDGE

STATEMENT OF PUBLIC BENEFIT

YEAR ENDED 30 JUNE 2020

The Governing Body is satisfied that the activities as described in these reports and accounts meet the public benefit requirements of a registered charity.

Objects

By maintaining an academic community of the Master, Fellows, Scholars and other students the College is fulfilling its charitable objects as a place of religion, education, learning and research within the University of Cambridge.

Education

The College provides an education for some 375 (2019: 373) undergraduate and 132 (2019: 146) graduate fee-paying students which is recognised internationally as being of the highest standard. The education develops students intellectually 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, bursaries, and individual or small-group supervision, as well as pastoral, administrative and academic support through its directors of studies and tutorial and graduate mentoring systems, thereby enabling students both to develop personally and intellectually and to proceed to degrees of the University of Cambridge (and in some cases other qualifications);
- specialist choral musical education for its choral students, including provision of choral and organ scholarships;
- a residential community with social, cultural, musical, recreational and sporting facilities that enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College; and
- accommodation and catering at reasonable rates.

Research

In the same way the College advances knowledge and learning through:

- supporting research work pursued by its Fellows through promoting interaction between them and across disciplines, and providing facilities and grants for attendance at national and international conferences and research trips, and other resources for research;
- providing Research Fellowships to outstanding academics in the early stages of their careers, which enable them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- providing Fellows and academic staff with study rooms;
- encouraging visits from outstanding academics from other institutions, with or without the provision of accommodation and meals at the common table; and
- encouraging the dissemination of research undertaken by members of the College through the publication of books, papers in academic journals, or other suitable means.

Libraries

The College Library provides a valuable resource for students and Fellows of the College. The College also maintains an Old Library for its members and members of other Colleges and the University of Cambridge more widely, and for external scholars and researchers.

The Pepys Library, which is a collection of international significance, provides an educational resource for academics, allows access to organised tours by local children and institutions, and is regularly open for visits by the general public.

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PUBLIC BENEFIT (*continued*)
YEAR ENDED 30 JUNE 2020

Beneficiaries

The resident members of the College, both students and academic Fellows/staff, are the primary beneficiaries and are directly engaged in education, learning or research.

However, beneficiaries also include: students and academic staff from other Colleges in Cambridge and the University of Cambridge more widely, visiting academics from other higher education institutions, and alumni of the College who have an opportunity to attend educational events at the College or use its academic facilities and take meals at the common table. The general public are also able to attend various educational activities in the College such as Open Garden exhibitions, and the College's educational festivals. Subject to certain reasonable restrictions, the grounds of the College are open to the general public on most days of the year without charge.

Admissions

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 Fellows and 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:

- there are no geographical restrictions in the College's objects and students, Fellows and academic staff of the College are drawn from across the UK and internationally;
- whilst students of the College are predominantly between 18 and 24 years old, there are no age restrictions in the College's objects, and many graduate students are older than 24 years; and
- there are no religious restrictions in the College's objects and members of the College have a wide variety of faith traditions or none.

The focus of the College is strongly academic and students need to satisfy high academic entry requirements.

The College charges the following fees:

- College fees at externally regulated rates to undergraduates entitled to Student Support and to graduate students (with those undergraduate fees being paid by grant funding through arrangements approved by the Government); and
- A fee determined by the College annually to overseas undergraduates and any Home/EU undergraduates not entitled to student support.

Student Support

In order to assist undergraduates entitled to student support the College provides, through a scheme operated in common with the University and other Colleges (the Cambridge Bursary Scheme), bursary support for those of limited financial means. (For the academic year 2019-20, the number of awards made was 77, out of a Home/EU undergraduate population of 307; 53 of the awards were at the maximum value of £3,500; and the average value of the awards was £3,181.) The scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement. Supplementing the Cambridge Bursary Scheme, the College is committed to raising funds to award an enhanced bursary to every undergraduate eligible for the scheme's maximum £3,500 award. During 2019-20 the College was able to support 51 undergraduate students through this enhanced bursary scheme and a further 26 first and second year undergraduates were assisted through the 'top-up' bursary trial scheme.

To support graduate students, the College provides substantial financial support. This includes several scholarships to fund fees and living costs and 'top-up' to fill shortfalls in students' funding packages. The College has also established a Graduate Research Fund to assist graduates with expenses associated with research conferences and activities, usually in conjunction with the University. Awards are based upon academic criteria as well as the financial position of students. During the year the College provided financial assistance amounting to £319k from these schemes.

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PUBLIC BENEFIT (*continued*)
YEAR ENDED 30 JUNE 2020

The College also offers support to all students through a grant scheme to assist with academic materials, supporting the costs of related short courses (e.g. language studies), and attendance at conferences. These awards are given following an evaluation of the academic relevance and the financial means of the student. The College usually also provides a range of annual travel awards to provide opportunities to travel to complement academic study however, due to the pandemic all travel and vacation study grants have been suspended.

The Governing Body also approves annual prizes and scholarships for undergraduates obtaining outstanding examination success. In total £20k of scholarships and awards were granted to 65 students during the year.

Finally the College operates a hardship scheme, which also partially contributes to the cost of the Cambridge Bursary Scheme, for all students in financial hardship and is actively campaigning to raise additional funds from its members. Awards are assessed by the student's Tutor and are based upon the specific financial situation of the student. The combined costs for these financial awards were £51k for the year.

Access

To raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying the College operates an outreach programme. This programme includes an extensive programme of visits to schools, annual outreach events outside College which schools are invited to attend, visits by schools to the College, open days, and admissions symposia for teachers, as well as guidance and information on the College website for prospective applicants.

In the year College Fellows, staff and existing students supported the access programme of events which led to contact with a number of prospective students. The College holds a series of outreach events each year. In total the College spent £41k during the year directly on outreach programmes.

Religion

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:

- Maintains and supports the Chapel as a place of religious worship and holds a variety of religious services on weekdays and at weekends during term, which are open to the general public and visitors;
- Maintains its choral tradition, which is integral to the provision of divine service in its Chapel, through the College's Choir;
- Supports, through the College Chaplain and through others, the emotional, mental and spiritual well-being of all members of the College community whatever their faith tradition, or none;
- Strives to maintain a College community which is socially cohesive and is supportive of its members from all faith backgrounds or none; and
- Maintains its historic connection with the work of the Church of England, particularly through its involvement as Patron or joint Patron of 11 parishes.

There is no geographical, age or religious restriction on who may attend Chapel in the College and in practice those attending are highly varied and include those who do not follow the Christian faith. The pastoral services of the clergy of the College are available to all members of the College whatever their faith traditions or none.

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF INTERNAL CONTROL
YEAR ENDED 30 JUNE 2020

The Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of policies, 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 requirements of the Charity Commission and the Education Memorandum with the University of Cambridge.

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

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. The process was in place for the year ended 30 June 2020 and up to the date of approval of the financial statements.

The Governing Body is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Governing Body meets regularly throughout the year to consider the progress being made by the College, the effectiveness of its policies and plans which support the strategic direction of the College
- The Governing Body receives relevant reports from its committees concerning its policies, the risks and any specific issues in connection with the system of internal control
- A College risk register is maintained and reviewed annually
- A system of risk ranking is used to monitor risks and to highlight the principal risks
- Risks are assigned responsibility to College Officers and Heads of Departments of the College
- The Finance and General Purposes Committee undertakes a detailed annual review of the risk register and briefs the Governing Body accordingly.

The Governing Body's review of the effectiveness of the system of internal control is informed by the work and advice of College Officers and Heads of Department, who have operational responsibility for the maintenance and development of the internal control system.

The Governing Body's review of the effectiveness of the system of internal control is also informed by the work of the external auditors, through their comments in the management letter and other reports.

MAGDALENE COLLEGE, CAMBRIDGE
RESPONSIBILITIES OF THE GOVERNING BODY
YEAR ENDED 30 JUNE 2020

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

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 these financial statements, the Governing Body is required to:

- select suitable accounting policies and then 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 Governing Body is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and 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.

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

MAGDALENE COLLEGE, CAMBRIDGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY
YEAR ENDED 30 JUNE 2020

Opinion

We have audited the financial statements of Magdalene College, Cambridge (the 'College') for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2020 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.

Emphasis of matter – material uncertainty over investment property valuations

We draw your attention to the critical accounting estimate and judgements accounting policy on pages 28 and 29 of the financial statements, which describes the material uncertainty that the professional valuers have placed over their valuation of the investment property of the College. Our opinion is not modified in respect of this matter.

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 Governing Body is responsible for the other information. The other information comprises the information included in the Report of the 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

MAGDALENE COLLEGE, CAMBRIDGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY (*continued*)
YEAR ENDED 30 JUNE 2020

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

Responsibilities of the Governing Body

As explained more fully in the trustees' responsibilities statement set out on page 16, the Governing Body is 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: 28 October 2020

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

MAGDALENE COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 30 JUNE 2020

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, 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 6.

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

Going concern

The financial statements have been prepared on a going concern basis. The College has prepared forecasts beyond the 30 June 2020 year end up to financial year end 2023 using four different scenarios as part of a wider collegiate University financial planning exercise. The College has also set a detailed budget plan for the 2020-21 financial year and an outline budget for 2021-22. This financial planning work has included an analysis of the College's unrestricted liquid resources, and together these financial plans, demonstrate that the College has sufficient resources to meet liabilities as they fall due. The Governing Body, as the trustee body of the College, considers preparation of these financial statements using a going concern basis to be appropriate.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets and certain operational land and buildings at deemed cost.

Basis of consolidation

The Consolidated Financial Statements include the College and its subsidiary undertaking, Cloverleaf Limited. Intra-group transactions are eliminated upon consolidation. The activities of student societies have not been consolidated. A separate balance sheet and related notes for the College only are not included because Cloverleaf Limited is a design and build company and therefore the balance sheet of the College would not be materially different to the one included in these accounts. Some details of the subsidiary undertaking are given in note 26.

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. The costs of any fees waived or written off by the College are included as expenditure.

Restricted research grant income

Research grants received from non-government sources are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income and performance related conditions have been 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 and additional details are provided within the notes to the accounts.

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)
YEAR ENDED 30 JUNE 2020

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.

Total return

The College invests its securities investment portfolio and allocates a proportion of the related earnings and capital appreciation to the income and expenditure account in accordance with the total return investment concept. The allocation to income is determined by a spending rule, currently 3.25%, which is designed to stabilise annual spending levels from the endowment. The income transferred to the consolidated Statement of Comprehensive Income and Expenditure on this total return basis is calculated by a formula that uses the weighted average value of the College's securities portfolio over a three year period up to the commencement of the current accounting year. Details are given in note 3.

Investment income and change in value of investment assets

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

Other income

Income is received from a range of activities including 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 £113k is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1):	£133k
Expenditure:	£246k

Pension schemes

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

The College also contributes to the Cambridge Colleges Federated Pension Scheme, which is a similar defined benefit pension scheme. Unlike the Universities Superannuation Scheme, this scheme has surpluses and deficits directly

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)
YEAR ENDED 30 JUNE 2020

attributable to individual Colleges. Pension costs are accounted for over the period during which the College benefits from the employees' services.

Because of the mutual nature of the Church of England Funded Pension Scheme, the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period and expenses accrued in that year, plus any impact of deficit contributions. Since the College has entered into a 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 the resulting expense in the Statement of Comprehensive Income and Expenditure in accordance with Section 28 of FRS 102.

The College offers a defined contribution pension scheme for non-academic staff. For staff employed before 1 April 2014 this was the Cambridge Colleges Group Pension Scheme. For staff employed after that date it is the NOW: Pensions Scheme. The assets of both those defined contribution schemes are held separately from those of the College. The annual contributions payable are charged to the Statement of Comprehensive Income and Expenditure.

Tangible fixed assets

Land and buildings

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

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold operational buildings are depreciated on a straight line basis over their expected useful lives as follows:

- the structure between 41 and 100 years
- the internal fit-out between 15 and 35 years
- the mechanical and electrical services between 10 and 35 years

Buildings under the course of construction are valued at cost, based on the value of architects' certificates and any other direct costs incurred. They are not depreciated until they are brought into use. The cost of additions to operational property shown in the balance sheet includes the cost of land.

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.

Maintenance of premises

The College has a five year rolling maintenance plan which is reviewed on an annual basis. The cost of routine maintenance is shown in the consolidated Statement of Comprehensive Income and Expenditure as it is incurred. The cost of major refurbishment and maintenance which restores or improves value is capitalised and depreciated over the expected useful economic life of the asset concerned. The College also sets aside sums periodically to meet future maintenance costs, these being disclosed within unrestricted reserves.

Equipment

Equipment costing less than £5,000 per individual item or group of related items is written off in the year of purchase. All other equipment is capitalised and depreciated over their expected useful life as follows:

Furniture and equipment	10 years
Energy regeneration	20 years
Library books	15 years
Information technology	3 or 5 years
Specialist software	10 years
Catering & conference equipment	5, 10 or 20 years

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)
YEAR ENDED 30 JUNE 2020

Where equipment is acquired with the aid of specific bequests or donations it is capitalised and depreciated. The related benefactions are credited to income in the year it arises.

Heritage assets

The College holds and conserves two book collections which are of historical and cultural importance. The majority of assets held in the College's collections were acquired before 1st July 1999 and, because reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. During the year ended 30 June 2020, the College was gifted statues of cultural importance. The College commissioned an expert valuation on the statues and as such the assets have been capitalised and this has been taken as the deemed cost. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Investments

Securities

Securities are shown at their fair value on 30 June each year, except for investments in the subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation.

Direct property

Investment properties are included at fair valuation and the aggregate surplus or deficit is transferred to Unrestricted Reserves. A formal valuation is performed at least every 5 years. For commercial property holdings, a formal valuation is currently undertaken every year and this year was carried out by Cheffins, Chartered Surveyors, as at 30 June 2020. The last formal valuation for agricultural land was carried out by FPD Savills as at 30 June 2019.

Stocks

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

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.

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

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)
YEAR ENDED 30 JUNE 2020

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 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.

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 Statement of Comprehensive Income 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.

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)
YEAR ENDED 30 JUNE 2020

Foreign currency translation

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

Taxation

The College is a registered charity (number 1138143) 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 to 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 the 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 in 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.

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. In general, the latter are recognised when at the probate stage.

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 8a.

Investment property

Properties are revalued to their fair value at the reporting date by the College's Property Agent, Cheffins. Any valuation is based on the assumptions and judgements which are influenced by a variety of factors including market and other economic changes.

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (*continued*)
YEAR ENDED 30 JUNE 2020

At the year end date, being the valuation date of the properties, market activity had been significantly impacted by the pandemic and consequently was much reduced. Cheffins considered they could attach less weight to previous market evidence for comparison purposes, in forming their opinion of value. Therefore, their valuation is reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to their valuation than would normally be the case.

Pensions

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 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 in profit or loss in accordance with section 28 of FRS 102. The Governing Body is satisfied that the scheme provided by USS and the Church of England Funded Pension Scheme meet 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.

All other accounting judgements and estimates are detailed under the appropriate accounting policy.

MAGDALENE COLLEGE, CAMBRIDGE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
YEAR ENDED 30 JUNE 2020

	Note	2020				2019			
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income									
Academic fees and charges	1	2,693	133	-	2,826	2,772	119	-	2,891
Accommodation, catering and conferences	2	3,508	-	-	3,508	4,297	-	-	4,297
Investment income	3	2,693	70	1,240	4,003	2,644	64	1,152	3,860
Endowment return transferred	3	372	721	(1,093)	-	398	745	(1,143)	-
Other income		511	31	-	542	190	43	-	233
Total income before donations and endowments		<u>9,777</u>	<u>955</u>	<u>147</u>	<u>10,879</u>	<u>10,301</u>	<u>971</u>	<u>9</u>	<u>11,281</u>
Donations		391	1,201	-	1,592	498	364	-	862
New endowments		-	-	1,050	1,050	-	-	252	252
Other donations for assets		99	6,129	-	6,228	-	3,497	-	3,497
Total income		<u>10,267</u>	<u>8,285</u>	<u>1,197</u>	<u>19,749</u>	<u>10,799</u>	<u>4,832</u>	<u>261</u>	<u>15,892</u>
Expenditure									
Education	4	3,616	994	-	4,610	3,931	980	-	4,911
Accommodation, catering and conferences	5	5,180	15	-	5,195	5,731	15	-	5,746
Investment management costs	3	71	-	128	199	68	-	145	213
Other expenditure		167	107	-	274	1,595	61	-	1,656
Contribution under Statute G, II		32	-	-	32	22	-	-	22
Total expenditure	6	<u>9,066</u>	<u>1,116</u>	<u>128</u>	<u>10,310</u>	<u>11,347</u>	<u>1,056</u>	<u>145</u>	<u>12,548</u>
Surplus/(deficit) before other gains / losses		<u>1,201</u>	<u>7,169</u>	<u>1,069</u>	<u>9,439</u>	<u>(548)</u>	<u>3,776</u>	<u>116</u>	<u>3,344</u>
Gain/(loss) on investments		37	70	(3,655)	(3,548)	95	204	3,813	4,112
Surplus/(deficit) for the year		<u>1,238</u>	<u>7,239</u>	<u>(2,586)</u>	<u>5,891</u>	<u>(453)</u>	<u>3,980</u>	<u>3,929</u>	<u>7,456</u>
Other comprehensive income									
Actuarial (loss)/gain in respect of pension schemes	15	(187)	-	-	(187)	(68)	-	-	(68)
Total comprehensive income for the year		<u>1,051</u>	<u>7,239</u>	<u>(2,586)</u>	<u>5,704</u>	<u>(521)</u>	<u>3,980</u>	<u>3,929</u>	<u>7,388</u>

The notes on pages 30 to 52 form part of these accounts

MAGDALENE COLLEGE, CAMBRIDGE
STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 30 JUNE 2020

	Income and expenditure reserve			Total £000
	Unrestricted £000	Restricted £000	Endowment £000	
Balance at 1 July 2019	106,543	9,394	62,619	178,556
Surplus/(Deficit) from income and expenditure statement	1,238	7,239	(2,586)	5,891
Other comprehensive income	(187)	-	-	(187)
Release of capital funds spent in year	6,349	(6,349)	-	-
Transfers	(1,064)	120	944	-
	-	-	-	-
Balance at 30 June 2020	<u>112,879</u>	<u>10,404</u>	<u>60,977</u>	<u>184,260</u>

	Income and expenditure reserve			Total £000
	Unrestricted £000	Restricted £000	Endowment £000	
Balance at 1 July 2018	101,183	9,895	60,090	171,168
Surplus/(Deficit) from income and expenditure statement	(453)	3,980	3,929	7,456
Other comprehensive income	(68)	-	-	(68)
Release of capital funds spent in year	5,888	(5,888)	-	-
Transfers	(7)	1,407	(1,400)	-
	-	-	-	-
Balance at 30 June 2019	<u>106,543</u>	<u>9,394</u>	<u>62,619</u>	<u>178,556</u>

The notes on pages 30 to 52 form part of these accounts

MAGDALENE COLLEGE, CAMBRIDGE
CONSOLIDATED BALANCE SHEET
YEAR ENDED 30 JUNE 2020

	Note	2020 £000	2019 £000
Non-current assets			
Fixed assets	8a	103,905	98,850
Heritage Assets	8b	99	-
Investments	9	80,593	82,883
		<u>184,597</u>	<u>181,733</u>
Current assets			
Stocks	10	209	194
Trade and other receivables	11	2,175	2,164
Cash and cash equivalents	12	10,446	9,191
		<u>12,830</u>	<u>11,549</u>
Creditors: amounts falling due within one year	13	<u>(3,433)</u>	<u>(4,032)</u>
Net current assets		9,397	7,517
Creditors: amounts falling due after more than one year	14	(7,106)	(7,605)
Provisions			
Pension provisions	15	(2,628)	(3,089)
Total net assets		<u>184,260</u>	<u>178,556</u>
Restricted reserves			
Income and expenditure reserve - endowment reserve	16	60,977	62,619
Income and expenditure reserve - restricted reserve	17	10,404	9,394
		<u>71,381</u>	<u>72,013</u>
Unrestricted reserves			
Income and expenditure reserve - unrestricted		<u>112,879</u>	<u>106,543</u>
Total reserves		<u>184,260</u>	<u>178,556</u>

These financial statements were approved by the Governing Body on 15 October 2020 and are signed on their behalf by:

C J Greenwood
Master

S J Morris
Senior Bursar

The notes on pages 30 to 52 form part of these accounts

MAGDALENE COLLEGE, CAMBRIDGE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2020

	Note	2020 £000	2019 £000
Net cash inflow from operating activities	18	5,623	4,550
Cash flows from investing activities	19	(3,664)	(2,480)
Cash flows from financing activities	20	(704)	(717)
Increase in cash and cash equivalents in the year		<u>1,255</u>	<u>1,353</u>
Cash and cash equivalents at beginning of the year		<u>9,191</u>	<u>7,838</u>
Cash and cash equivalents at end of the year	12	<u>10,446</u>	<u>9,191</u>

The notes on pages 30 to 52 form part of these accounts

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2020

1. Academic fees and charges		2020	2019
		£000	£000
College fees:			
Fee income received at the Regulated Undergraduate rate		1,343	1,347
Fee income received at the Unregulated Undergraduate rate		771	682
Fee income received at the Graduate rate		490	524
Research income		89	219
Cambridge Bursary scheme		133	119
Total		<u>2,826</u>	<u>2,891</u>
2. Income from accommodation, catering and conferences		2020	2019
		£000	£000
Accommodation	College members	1,592	2,128
	Conferences	767	708
Catering	College members	565	857
	Conferences	584	604
Total		<u>3,508</u>	<u>4,297</u>
3. Endowment return and investment income		2020	2019
		£000	£000
3a. Analysis			
Total return contribution (see note 3b)		1,093	1,143
Income from:			
Freehold land and buildings		2,659	2,619
Unit Trust Scheme		-	-
Cash Deposits		104	89
Total		<u>3,856</u>	<u>3,851</u>
3b. Summary of total return		2020	2019
		£000	£000
Income from:			
Quoted and other securities and cash		1,240	1,152
Gains on endowment assets:			
Quoted and other securities and cash		956	2,737
Investment management costs (see note 3c)		(128)	(145)
Total return for year		<u>2,068</u>	<u>3,744</u>
Total return transferred to income and expenditure reserve (see note 3a)		(1,093)	(1,143)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure		975	2,601
Unapplied total return at beginning of year		14,033	11,432
Unapplied total return at end of year		15,008	14,033

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

3c. Investment management costs

	2020	2019
	£000	£000
Quoted security – equities	-	-
Pooled investments	128	145
Fixed interest securities	-	-
Investment management costs included within note 3b	<u>128</u>	<u>145</u>
Freehold Land and Buildings	71	68
Total	<u><u>199</u></u>	<u><u>213</u></u>

4. Education expenditure

	2020	2019
	£000	£000
Teaching	1,840	1,912
Tutorial	596	643
Admissions	584	670
Research	660	676
Scholarships and awards	690	762
Other educational facilities	240	248
Total (note 6)	<u><u>4,610</u></u>	<u><u>4,911</u></u>

5. Accommodation, catering and conferences expenditure

		2020	2019
		£000	£000
Accommodation	College members	2,249	2,756
	Conferences	1,031	867
Catering	College members	984	1,302
	Conferences	931	821
Total (note 6)		<u><u>5,195</u></u>	<u><u>5,746</u></u>

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

6a. Analysis of 2019/20 expenditure by activity

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education (note 4)	2,249	2,099	262	4,610
Accommodation, catering and conferences (note 5)	2,301	1,804	1,090	5,195
Investment management costs (note 3c)	-	199	-	199
Other expenditure	272	(3)	5	274
Contribution under State G, II	-	32	-	32
	<u>4,822</u>	<u>4,131</u>	<u>1,357</u>	<u>10,310</u>

Expenditure includes fundraising costs of £273k. This expenditure does not include the costs of alumni relations.

6b. Analysis of 2018/19 expenditure by activity

	Staff costs (note 7) £000	Other operating expenses £000	Depreciation £000	Total £000
Education (note 4)	2,256	2,390	265	4,911
Accommodation, catering and conferences (note 5)	2,245	2,400	1,101	5,746
Investment management costs (note 3c)	-	213	-	213
Other expenditure	242	1,408	6	1,656
Contribution under State G, II	-	22	-	22
	<u>4,743</u>	<u>6,433</u>	<u>1,372</u>	<u>12,548</u>

Expenditure includes fundraising costs of £263k. This expenditure does not include the costs of alumni relations.

6c. Auditors remuneration

	2020 £000	2019 £000
Other operating expenses include:		
Audit fees payable to College's external auditors	<u>22</u>	<u>22</u>

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

7. Staff

	Academic	Non- academics	Total	Total
	2020	2020	2020	2019
	£000	£000	£000	£000
Staff Costs				
Salaries	962	3,118	4,080	4,018
National Insurance	83	246	329	312
Pension costs (note 24)	157	256	413	413
	<u>1,202</u>	<u>3,620</u>	<u>4,822</u>	<u>4,743</u>
Average staff numbers (full-time equivalents)	Average staff number 2020		Average staff number 2019	
	Number of Fellows	Full-time equivalents	Number of Fellows	Full-time equivalents
Academic	57	98	55	97
Non-academics	4	98	4	97
	<u>61</u>	<u>98</u>	<u>59</u>	<u>97</u>

At the Balance Sheet date there were 44 members of the Governing Body. During the year the number receiving remuneration was 39 who are included in the 61 remunerated Fellows shown above.

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

	2020	2019
	Number	Number
£100,001 - £110,000	1	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-

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

Key management personnel

	Total	Total
	2020	2019
	£000	£000
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 therefore the trustees.		
The aggregated remuneration paid to key management personnel consists of salary, employer's national insurance contributions, employer's pension contributions, plus any taxable benefits either paid, payable or provided, gross of any salary sacrifice arrangements.	<u>894</u>	<u>828</u>

Aggregated remuneration

The Trustees received no remuneration in their capacity as Trustees of the Charity, these payments relate to their capacity as College Officers.

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

8a. Fixed assets

	Freehold Land £000	Buildings £000	Assets under the course of construction £000	Furniture and Equipment £000	Energy Regenera- tion £000	Library Books £000	Information Technology £000	Motor Vehicles £000	Total £000
Original cost/valuation									
At beginning of year	40,020	58,252	5,888	1,321	75	174	350	17	106,097
Additions at cost		13	6,349	32	-	18	-	-	6,412
Disposals		-	-	(1)	-	(19)	-	-	(20)
At end of year	<u>40,020</u>	<u>58,265</u>	<u>12,237</u>	<u>1,352</u>	<u>75</u>	<u>173</u>	<u>350</u>	<u>17</u>	<u>112,489</u>
Depreciation									
At beginning of year	-	6,089	-	781	13	83	272	9	7,247
Charge for the year	-	1,247	-	69	4	11	25	1	1,357
Eliminated on disposals	-	-	-	(1)	-	(19)	-	-	(20)
At end of year	<u>-</u>	<u>7,336</u>	<u>-</u>	<u>849</u>	<u>17</u>	<u>75</u>	<u>299</u>	<u>10</u>	<u>8,584</u>
Net book value									
At end of year	<u>40,020</u>	<u>50,929</u>	<u>12,237</u>	<u>503</u>	<u>58</u>	<u>98</u>	<u>53</u>	<u>7</u>	<u>103,905</u>
At beginning of year	<u>40,020</u>	<u>52,163</u>	<u>5,888</u>	<u>540</u>	<u>62</u>	<u>91</u>	<u>78</u>	<u>8</u>	<u>98,850</u>

The insured value of freehold land and buildings at 30 June 2020 was £125,159k (2019: £121,632k).

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

8b. Fixed assets (continued)

Heritage assets

The College holds and conserves two book collections which are of historical and cultural importance. These comprise the Pepys Library and the Old Library, which provide a valuable research and educational resource. In respect of these collections, the College's practice is to preserve, conserve and manage the items in its care; to augment the collections where appropriate and within the limited resources available; to enable and encourage access to and use of the collections for teaching and research; and to enable access to and engagement with the Pepys library collection of books by members of the public.

The College holds and conserves a collection of statues that are of cultural importance. In respect of this collection, the College's practice is to preserve, conserve and manage the items in its care; to augment the collection where appropriate and within the limited resources available; to enable and encourage access to and use of the collection for teaching and research; and to enable access to and engagement with the College's collections by members of the public.

The majority of assets held in the College's collections were acquired before 1st July 1999 and, because reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. During the year ended 30th June 2020, the College was gifted statues of cultural importance. The College commissioned an expert valuation on the statues and as such the assets have been capitalised and this has been taken as the deemed cost. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

	2020	2019
	£	£
	£000	£000
Balance at beginning of year	-	-
Acquisitions gifted	99	-
Total cost of acquisitions	<u>99</u>	<u>-</u>
At end of year	<u><u>99</u></u>	<u><u>-</u></u>

9. Investments

	2020	2019
	Total	Total
	£000	£000
Balance at beginning of year	82,883	78,473
Additions	1,105	22,559
Disposals proceeds	-	(21,967)
Appreciation on revaluation	(3,548)	2,838
Increase in cash balances held at fund managers	153	(24,931)
Balance at end of year	<u><u>80,593</u></u>	<u><u>82,883</u></u>

Represented by:

Property	39,001	43,505
Unit Trust Scheme	3,231	3,288
Quoted securities - Equities	-	-
Other investments	38,330	36,212
Cash held for reinvestment	31	(122)
	<u><u>80,593</u></u>	<u><u>82,883</u></u>

Investments held by the College also include an additional £1 (2019: £1) investment in the subsidiary company at cost (see note 26).

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

10. Stocks

	2020	2019
	£000	£000
Goods for resale:		
Catering	37	35
Fellows Wine	159	145
Merchandise	13	14
	<u>209</u>	<u>194</u>

11. Trade and other receivables

	2020	2019
	£000	£000
Members of the College	51	102
Rents	685	712
Conferences	4	29
Other receivables	1,435	1,321
	<u>2,175</u>	<u>2,164</u>

12. Cash and cash equivalents

	2020	2019
	£000	£000
Short-term deposits	1,420	1,411
Bank deposits	1,630	4,391
Current accounts	7,395	3,388
Cash in hand	1	1
	<u>10,446</u>	<u>9,191</u>

13. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Bank loans	470	470
Due to tradesmen and others	1,355	1,454
University fees	60	48
Advance deposits - students	258	343
Caution money	182	378
Contribution to Colleges Fund	32	22
Other creditors	120	112
Accruals and deferred income	825	1,078
Deferred research income	131	127
	<u>3,433</u>	<u>4,032</u>

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

14. Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Bank loans	6,815	7,285
Fee deposits	291	320
	<u>7,106</u>	<u>7,605</u>

15. Pension provisions

	CEPFS	CCFPS	USS	2020	2019
	£000	£000	£000	£000	£000
Balance at beginning of year	19	1,849	1,221	3,089	2,198
Movement in the year					
Current service cost including life assurance	-	28	(351)	(323)	1,088
Contributions	(3)	(72)	(301)	(376)	(363)
Other finance (income)/cost	-	41	20	61	57
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	-	187	-	187	68
Remaining change in balance sheet liability recognised in SoCIE	(10)		-	(10)	41
Balance at end of year	<u>6</u>	<u>2,033</u>	<u>589</u>	<u>2,628</u>	<u>3,089</u>

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

16. Endowment funds

Restricted net assets relating to endowments are as follows:

Consolidated	Restricted permanent endowments £000	Unrestricted permanent endowments £000	2020 Total £000	2019 Total £000
Balance at beginning of year				
Capital	22,276	40,343	62,619	60,090
New donations and endowments	1,049	1	1,050	252
Fund transfers	944	-	944	(1,400)
Increase/(decrease) in market value of investments	574	(4,210)	(3,636)	3,677
Balance at end of year	24,843	36,134	60,977	62,619
Analysis by type of purpose				
Fellowships	9,206	-	9,206	8,061
Student Hardship and Bursaries	4,813	-	4,813	4,664
Graduate Scholarships	4,848	-	4,848	3,985
Undergraduate Scholarships and Prizes	1,600	-	1,600	1,416
Travel Awards	289	-	289	281
Music, Chapel and Choir	357	-	357	346
Student Sports and Culture	832	-	832	807
Library Funds	2,056	-	2,056	1,893
Other Funds	842	-	842	823
Corporate Capital	-	36,134	36,134	40,343
	24,843	36,134	60,977	62,619
Analysis by asset				
Property	-	39,001	39,001	43,505
Less Bank loan	-	(7,285)	(7,285)	(7,755)
Securities	24,409	4,386	28,795	25,483
Cash	434	32	466	1,386
	24,843	36,134	60,977	62,619

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

17. Restricted Reserves

Reserves with restrictions are as follows:

Consolidated	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	2020 Total £000	2019 Total £000
Balance at beginning of year					
Capital	4,524	-	2,863	7,387	7,730
Accumulated income	-	1,801	206	2,007	2,165
	<u>4,524</u>	<u>1,801</u>	<u>3,069</u>	<u>9,394</u>	<u>9,895</u>
New donations	6,129	-	1,201	7,330	3,861
Fund transfer	-	-	(50)	(50)	1,400
Endowment return transferred	18	641	62	721	745
Other income	35	187	12	234	226
Increase/(decrease) in market value of investments	15	-	55	70	204
Transfers	5	(3)	168	170	7
Release of capital funds spent in year	(6,349)	-	-	(6,349)	(5,888)
Expenditure	-	(448)	(668)	(1,116)	(1,056)
Balance at end of year	<u>4,377</u>	<u>2,178</u>	<u>3,849</u>	<u>10,404</u>	<u>9,394</u>
Capital	4,377	-	3,849	8,226	7,387
Accumulated income	-	2,178	-	2,178	2,007
	<u>4,377</u>	<u>2,178</u>	<u>3,849</u>	<u>10,404</u>	<u>9,394</u>
Analysis of other restricted funds/donations by type of purpose					
Fellowships	-	715	1,629	2,344	2,230
Student Hardship and Bursaries	-	946	32	978	786
Graduate Scholarships	-	222	408	630	713
Undergraduate Scholarships and Prizes	-	133	561	694	673
Travel Awards	-	42	74	116	76
Music, Chapel and Choir	-	43	-	43	37
Student Sports and Culture	-	25	2	27	18
Library Funds	-	49	6	55	65
New Library Funds	4,377	-	-	4,377	4,524
Other Funds	-	3	1,137	1,140	272
	<u>4,377</u>	<u>2,178</u>	<u>3,849</u>	<u>10,404</u>	<u>9,394</u>

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

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

	2020	2019
	£000	£000
Surplus for the year	5,891	7,456
Adjustment for non-cash items		
Depreciation	1,357	1,372
Investment income	(2)	4
(Increase) in stocks	(15)	(20)
(Increase) in trade and other receivables	(11)	1,959
Increase in creditors	(629)	681
Movement in pension deficit	(648)	823
Gain/(loss) on investment	3,548	(4,112)
Donated Heritage Assets	(99)	
Adjustment for investing or financing activities		
Investment income	(4,003)	(3,860)
Interest paid	234	247
Net cash inflow from operating activities	<u>5,623</u>	<u>4,550</u>

19. Cash flows from investing activities

	2020	2019
	£000	£000
Investment income	4,003	3,860
Non-current investment disposal	-	21,967
Endowment funds invested	(1,255)	(22,269)
Payments made to acquire non-current assets	(6,412)	(6,038)
Total cash flows from investing activities	<u>(3,664)</u>	<u>(2,480)</u>

20. Cash flows from financing activities

	2020	2019
	£000	£000
Interest paid	(234)	(247)
New secured loans		
Repayments of amounts borrowed	(470)	(470)
Total cash flows from financing activities	<u>(704)</u>	<u>(717)</u>

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

21. Consolidated reconciliation and analysis of net debt

	At July 2019	Cash Flows	Acquisitions & Disposal of subsidiaries	New finance leases	Other non-cash changes	Changes in market value and exchange rates	At 30 June 2020
	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	9,191	1,255	-	-	-	-	10,446
Borrowings: amounts falling due within one year							
Unsecured loans	(470)	-	-	-	-	-	(470)
Bank overdraft	-	-	-	-	-	-	-
Obligations under finance leases	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
	(470)	-	-	-	-	-	(470)
Borrowings: Amounts falling due after more than one year							
Unsecured loans	(7,285)	470	-	-	-	-	(6,815)
Obligations under finance leases	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
	(7,285)	470	-	-	-	-	(6,815)
	1,436	1,725	-	-	-	-	3,161

22. Financial Instruments

	2020 £000	2019 £000
Financial assets		
Financial assets that are equity instruments measure at cost less impairment		
Other investments	41,561	39,500
Financial assets that are debt instruments measure at amortised cost		
Cash and cash equivalents	10,476	9,069
Other debtors	1,042	1,130
Financial liabilities		
Financial liabilities measure at amortised cost		
Loans	7,285	7,755
Trade creditors	1,355	1,454
Other Creditors	943	1,223

23. Capital commitments

	2020 £000	2019 £000
Capital commitments at 30 June are as follows:		
Authorised and contracted	5,581	11,697

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 30 JUNE 2020

24. Pension Schemes

The College participates in three defined benefit schemes and two defined contribution schemes. The defined benefit schemes are the Universities Superannuation Scheme (USS), the Cambridge Colleges' Federated Pension Scheme (CCFPS) and the Church of England Funded Pensions Scheme (CEFPS). The defined contribution schemes are the NOW: Pensions scheme and the Cambridge Colleges Group Pension Scheme. The details of the schemes are as follows:

Universities Superannuation Scheme

At the financial year end the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2018 (the valuation date). This was carried out using the projected unit method.

Since the institution cannot identify its share of the USS Retirement Income Builder 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. More detail is set out in the Statement of Funding Principles

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a
Discount rate (forward rates)	Years 1-10: CPI + 0.143% 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%

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:

2018 valuation

Pre-retirement:

71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females

Mortality base table

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.

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

24. Pension Schemes continued

The current life expectancies on retirement at age 65 are:

	2018	2017
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:

	2020	2019
Discount rate	2.59%	2.44%
Pension increases (CPI)	4.20%	2.11%

Cambridge Colleges' Federated Pension Scheme

The College is a member of the Cambridge Colleges' Federated Pension Scheme which is a defined benefits plan.

The liabilities of the plan have been calculated, 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 required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

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

	2020	2019
	% p.a.	% p.a.
Discount rate	1.45	2.25
Increase in salaries	2.70	2.90
Retail Prices Index (RPI) assumption	3.10	3.40
Consumer Prices Index (CPI) assumption	2.20	2.40
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% p.a., 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 of 1.25% p.a.). This results in the following life expectancies:

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

Members are assumed to retire at their normal retirement age (65) apart from in the following indicated cases:

	Male	Female
Active Members – Option 1 Benefits	65	63
Deferred Members – Option 1 Benefits	62	60

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

24. Pension Schemes continued

Allowance has been made at retirement for non-retired members to commute part of their pension for a lump sum on the basis of the current commutation factors in these calculations.

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

	2020	2019
	£	£
Present value of plan liabilities	(8,581,688)	(8,065,689)
Market value of plan assets	6,548,515	6,217,173
Net defined benefit asset/(liability)	(2,033,173)	(1,848,516)

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

	2020	2019
	£	£
Current service cost	14,430	8,572
Administrative expenses	13,562	13,562
Interest on net defined benefit (asset)/liability	41,828	47,320
Loss/(gain) on plan changes	-	43,180
Total	69,820	112,634

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:

	2020	2019
	£	£
Present value of plan liabilities at beginning of period	8,065,689	7,576,329
Current service cost	14,430	8,572
Employee contributions	1,153	2,034
Benefits paid	(223,205)	(276,112)
Interest on plan liabilities	179,160	201,016
Actuarial losses/(gains)	544,461	510,670
Loss/(gain) on plan changes	-	43,180
Present value of plan liabilities at end of period	8,581,688	8,065,689

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:

	2020	2019
	£	£
Market value of plan assets at beginning of period	6,217,173	5,833,732
Contributions paid by the College	72,405	75,092
Employee Contributions	1,153	2,034
Benefits paid	(223,205)	(276,112)
Administrative expenses paid	(20,275)	(18,761)
Interest on plan assets	137,332	153,696
Return on assets, less interest included in Profit & Loss	363,932	447,492
Market value of plan assets at end of period	6,548,515	6,217,173
Actual return on plan assets	501,264	601,188

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 30 JUNE 2020

24. Pension Schemes 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:

	2020	2019
	£	£
Market value of plan assets at beginning of period	6,217,173	5,833,732
Contributions paid by the College	72,405	75,092
Employee Contributions	1,153	2,034
Benefits paid	(223,205)	(276,112)
Administrative expenses paid	(20,275)	(18,761)
Interest on plan assets	137,332	153,696
Return on assets, less interest included in Profit & Loss	363,932	447,492
Market value of plan assets at end of period	6,548,515	6,217,173
Actual return on plan assets	501,264	601,188

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

	2020	2019
Equities	49%	57%
Bonds & 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 remeasurement 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:

	2020	2019
	£	£
Return on assets, less interest included in Profit & Loss	363,932	447,492
Expected less actual plan expenses	(6,713)	(5,199)
Experience gains and losses arising on plan liabilities	202,282	171,085
Changes in assumptions underlying the present value of plan liabilities	(746,743)	(681,755)
Remeasurement of net defined benefit liability recognised in OCI	(187,242)	(68,377)

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:

	2020	2019
	£	£
Net defined asset/(liability) at beginning of year	(1,848,516)	(1,742,597)
Recognised in Profit and Loss	(69,820)	(112,634)
Contributions paid by the College	72,405	75,092
Remeasurement of net defined benefit liability recognised in OCI	(187,242)	(68,377)
Net defined benefit asset/(liability) at end of year	(2,033,173)	(1,848,516)

MAGDALENE COLLEGE, CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 30 JUNE 2020

24. Pension Schemes continued

Funding Policy

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

The last such actuarial 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 2019 and are as follows:

- Annual contributions of not less than £48,974 p.a. payable for the period from 1 July 2018 to 31 July 2033.

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

Other Pension Schemes

The College participates in three other pension schemes:

NOW: Pensions

The College appointed NOW: Pensions to provide its workplace pension scheme for its non-academic staff from 1 April 2014. NOW: Pensions provides a defined contribution scheme which invests employer and employee contributions to provide a member specific fund that will be converted into pension on the member's retirement. There were contributions of £19k (2019: £16k) outstanding as at the year end due to NOW: Pensions.

Cambridge Colleges Group Personal Pension Scheme

The College offered a defined contribution pension scheme to its non-academic staff until April 2014. The pension cost for this scheme represents contributions payable by the College, plus the set-up costs. There were contributions of £nil (2019: £3k) outstanding as at the year end due to the Cambridge Colleges Group Personal Pension Scheme.

Church of England Funded Pensions Scheme

The College participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- Increase in pensionable stipends of 3.4% p.a. (and pension increases consistent with this);
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

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24. Pension Schemes continued

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are set out in the table below.

% of pensionable stipends	Jan-18 to Dec-20	Jan-21 to Dec-22
Deficit repair contributions	11.9%	7.1%

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025. As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and over 2018 is set out in the table below.

	2019	2018
Balance sheet liability at 1 January	19,000	24,000
Deficit contribution paid	(3,000)	(3,000)
Remaining change to the balance sheet liability* (recognised in SOCIE)	<u>(10,000)</u>	<u>(2,000)</u>
Balance sheet liability at 31 December	<u>6,000</u>	<u>19,000</u>

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	Dec-19	Dec-18	Dec-17
Discount rate	1.1% pa	2.1% pa	1.4% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to total pensionable payroll	1.3% pa	1.6% pa	1.5% pa

The legal structure of the scheme is such that if another Responsible Body fails, Magdalene College (Cambridge) could become responsible for paying a share of that Responsible Body's pension liabilities.

The total pension cost, after personal health insurance contributions, for the year to 30 June (see note 7) was as follows:

	2020	2019
	£000	£000
USS: Contributions	278	263
CCFPS: Charged to SOCIE	8	42
Other Schemes	<u>127</u>	<u>108</u>
	<u>413</u>	<u>413</u>

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25. Related Party Transactions

Owing to the nature of the College's operations and the composition of the Governing Body, it is inevitable that transactions will take place with organisations in which a Governing Body member 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.

The College maintains a register of interests for all Governing Body members and where any member of the 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, research and other duties within the College. Fellows are billed for any private catering. The Trustees remuneration is overseen by the Remuneration Committee.

The salaries paid to Trustees in the year are summarised in the table below:

		2020	2019
From	To		
£1	£10,000	25	26
£10,001	£20,000	5	6
£20,001	£30,000	2	2
£30,001	£40,000	-	1
£40,001	£50,000	3	1
£50,001	£60,000	-	-
£60,001	£70,000	1	1
£70,001	£80,000	1	1
£80,001	£90,000	1	1
£90,001	£100,000	-	-
£100,001	£110,000	1	1
	Total	39	40

The total Trustee salaries were £699k for the year (2019: £661k).

The trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £194k for the year (2019 £167k).

The College has one trading subsidiary, Cloverleaf Limited, which are consolidated into these accounts. Cloverleaf Limited is 100% owned by the College and are registered and operating in England and Wales.

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

26. Principal subsidiary and associated undertakings and other significant investments

	Cost £	Class of shares	Holding
Cloverleaf Limited	1	Ordinary	100%

The principal activity of the above company is the development of the grounds and buildings of Magdalene College, Cambridge. This company is included in these consolidated financial statements.