



SIDNEY SUSSEX COLLEGE
Sidney Street, Cambridge CB2 3HU

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Charity Registration Number: 1137586

**SIDNEY SUSSEX COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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REFERENCE AND ADMINISTRATIVE DETAILS

Charity Trustees (Members of the Council)

Ex-Officio Members:

Professor R Penty
Dr M Ramage
Ms S Bonnett
Mr M Beber

Fellows Elected by and from Members of the Governing Body:

Professor K Armstrong
Dr C Doran (from 1 Sep 2018)
Dr M Eilstrup Sangiovanni (to 31 Aug 2018)
Dr L Fruk (from 18 Jan 2019)
Dr B Fulda
Professor G Gerstle
Dr B Groisman (to 31 Aug 2018)
Dr T Lambert
Dr S Lee (to 15 Nov 2018)
Dr C Roberts
Professor R Sepulchre (to 31 Aug 2018)
Dr J Seymour
Dr P Sliwa (to 31 Aug 2018)
Dr C Sumnall (from 1 Sep 2018)

Four Elected Student Members:

Mr J Faber (to 31 Dec 2018)
Mr N Froud (from 1 Jul 2018)
Ms G Gledhill (from 1 Jan 2019)
Mr J Glover (from 1 Apr 2019)
Mr P Hirsch (from 1 Apr 2019)
Mr N Jay (to 31 Mar 2019)
Mr J Thompson (to 31 Mar 2019)
Mr M Thornton (from 1 Oct 2018)

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Governing Body

The names of the members of the Governing Body ended 30 June 2019 were as follows:

Master: Professor R Penty
Vice Master: Dr M Ramage
Bursar: Ms S Bonnett
Senior Tutor: Mr M Beber

Professor A Al-Tabbaa
Professor K Armstrong
Professor E Biagini
Dr S Bill
Dr F Bordin
Dr L Cheke (from 10/10/18)
Dr T Demetriou
Dr C Doran
Professor A Dowling
Dr R Duschinsky
Dr M Eilstrup Sangiovanni
Professor A Flewitt
Dr P Flynn
Dr L Fruk
Dr B Fulda
Dr Y Galanakis
Dr R Garcia-Mayoral
Professor G Gerstle
Dr B Gray
Professor A Greer
Dr B Groisman
Professor M Gurnell
Dr F Hall
Dr A Jackson
Dr R Jackson
Mr R Jones
Professor R Kilner
Professor M Lamb
Dr T Lambert
Dr S Lee
Dr H Leggett
Dr J Longley
Professor P McHugh
Dr C McTernan (from 01/09/18)
Dr A Meghji (from 01/09/18)
Dr G Meisl
Dr N Morrison
Professor A Neely
Dr M Noriega-Sanchez
Dr Özge Öner (from 22/05/19)
Dr C Owen (to 31/04/19)
Professor C Page
Professor M Pollitt
Ms E Rampton
Professor C Reynolds (from 10/10/18)
Dr C Roberts
Dr C Roddie
Professor R Sepulchre
Dr J Seymour

Dr M Shirk (from 10/10/18)
Dr D Skinner
Dr P Sliwa
Dr R Stasch
Dr S Strelchuk
Dr C Sumnall
Dr O Weller
Dr E Wilson-Lee
Professor M Zernicka-Goetz

**Elected student members of Council are
also members of the Governing Body**

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Senior officers

| | |
|---------------|---------------------|
| Master: | Professor R V Penty |
| Vice Master: | Dr M Ramage |
| Senior Tutor: | Mr M Beber |
| Bursar: | Ms S Bonnett |

Principal advisers

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

| | |
|----------|--|
| Bankers: | Barclays Bank plc Barclays Corporate PO Box 885 Mortlock House Histon Cambridge CB24 9DE |
|----------|--|

| | |
|------------------------|--|
| Buildings Consultants: | Pleasance, Hookham & Nix 1 Northampton Street Cambridge CB3 0AD |
|------------------------|--|

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

| | |
|----------------------|---|
| Investment Managers: | BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London EC2N 2DL |
|----------------------|---|

| | |
|-----------------|--|
| Legal Advisers: | Mills & Reeve Botanic House 100 Hills Road Cambridge CB2 1PH |
|-----------------|--|

OPERATING AND FINANCIAL REVIEW

1. About Sidney Sussex

Sidney Sussex College was founded in 1596 under the will of Lady Frances Sidney, Countess of Sussex and is one of the ancient colleges of the University of Cambridge. Its purposes are the admission and education of students matriculated in the University of Cambridge and the promotion of academic research by its Fellows. It is an independent, self-governing, corporate body whose affairs are regulated by statutes approved by the Queen in Council. The College was formally registered with the Charity Commission on the 25th August 2010. The College provides accommodation and catering for its junior members through most of the year, and for academic and other conferences during vacations.

Aims and objectives of the College

The College is a place of education, religion, learning and research, and it aims to promote academic excellence and freedom of thought and belief.

Education

The College provides, in conjunction with the University of Cambridge, an education for just over 600 undergraduate and graduate students, which is recognised internationally as being of the highest standard. This education is both academic and personal in the sense that it enhances the students' potential to become leaders and effective communicators, so preparing them to play full and effective roles in society. It is a central aim of the College to promote academic excellence, just as it is to guard freedom of thought and belief, for all its members and for the public good.

In pursuit of these benefits, the College:

- Provides extensive teaching facilities, especially including individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems.
- Provides social, cultural, musical, recreational and sporting facilities enabling all students to realise their academic and personal potential to the full while studying at the College.
- Is committed to the freedom of thought and expression.
- Maintains an extensive library, so providing a valuable resource for students and Fellows of the College.

The College is committed to access:

- The College admits as undergraduate and graduate students those who have the highest potential for benefitting from the education provided by the College and the University.
- The College operates an outreach programme to raise educational aspiration, and to attract outstanding applicants who might not otherwise have considered entering Higher Education at all, so that they may be encouraged to apply to a University, to Cambridge in general and to Sidney Sussex College in particular. This programme involves an extensive round of visits to schools, school visits to the College, open days, taster days devoted to individual academic disciplines and admissions conferences for teachers, as well as extensive guidance and information available on the College website.
- The College's admissions policy ensures that students are selected without regard to their gender, sexuality, social background, geographic location, religious commitment, ethnic origin or financial position. No student is excluded on the grounds, or as a result, of these factors.
- The College charges the following fees:
 - Home and EU undergraduates are charged a combined University and College fee of £9,250 (£9,250 in 2017-18), of which the College's share is £4,625 (£4,625 in 2017-18).
 - Undergraduates from Overseas are charged a College fee of £8,500 (£7,650 in 2017-18).
 - Graduates are charged a combined University and College Fee, which varies according to the course. The total fee income is then allocated across Colleges at an equal average rate per student which for 2018-19 is £3,700 per graduate (£3,490 in 2017-18).
 - Accommodation and meal charges at reasonable rates.

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- In order to assist undergraduates with limited financial means the College provides bursary support through the Cambridge Bursary Scheme, which is operated jointly by Colleges and the University. For the academic year 2018-19, the number of awards made was 58 (2018: 77), out of a Home/EU undergraduate population of 316 (2018: 322); 37 (2018: 45) of the awards were at the maximum value of £3,500 (2018: £3,500); and the average value of the awards was £2,817 (2018: £2,642).
- To support the costs of graduate students, the College provides substantial financial support. This includes studentships to fund fees and living costs and 'top-up' funding to fill funding shortfalls in students' funding packages.
- The College also supports all students through a grants scheme, to assist with the purchase of books and equipment, attendance at conferences, study and research grants and travel grants.
- In addition to its other programmes, the College operates a hardship scheme for all students in financial need.

Public Benefit

The Council has complied with its duty regarding public benefit, having regard to the Charity Commission's guidance. The College follows a rigorous and objective process, in partnership with the University of Cambridge, for selecting members.

As a not-for-profit organisation, the College sets its charges for members only as high as is necessary to cover costs. Bursaries and other financial support are offered to individuals wherever possible, in an effort to ensure that no one is dissuaded from applying, taking up a place or completing their studies because of financial hardship.

Religion

In pursuing its objective as a place of religion, the College carries forward the tradition, continuous since its foundation, of reflection upon the benefits, and moral and ethical commitments, entailed by religious belief, and upon the implications of that belief for the individual and society. It is, further, a central aim of the College to promote freedom of thought and belief among all its members, of any faith and none.

As part of this, the College:

- Maintains, in accordance with its Statutes and the law of the land, its historic connection with the work of the Church of England, particularly through its Anglican services in 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 to visitors.
- Supports the emotional, spiritual and mental wellbeing of all members of the College community through its chaplaincy, and through the stimulus that the chapel can provide to all, regardless of whether they have a particular faith commitment or not, to reflect upon the ethical and wider dimensions of human existence and the accompanying social responsibilities.
- Enriches its services in Chapel through its outstanding choral tradition carried forward by the College's Choir.

The College's religious services (in all senses of the word 'services') are available to every member of the College, and benefit the wider public through the openness of all rites (twice weekly Evensong), alongside a variety of other services, to all members of the public, through charitable collections undertaken by members of the College, and through the promotion and dissemination into society at large of values and practices that foster moral, spiritual and ethical well-being.

Learning and Research

Learning and research are capable of increasing knowledge and adding to the store of human well-being. It is a central aim of the College to promote academic excellence, just as it is to guard freedom of expression, thought and belief, for all its members and for the public good.

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In carrying out its objective of advancing research, the College:

- Offers two Research Fellowships per year tenable for a period of 3 years.
- Currently provides seven College Teaching Officer posts tenable for a period of 5 years, the duties of which require that a substantial proportion (at least 50%) of time be devoted to developing the Fellow's research.
- Supports research work pursued by its other Fellows through promoting interaction across disciplines, providing facilities and providing grants for national and international conferences, research trips and research materials.
- Encourages visits from other academics, from home and abroad, through its Visiting Fellowships and other similar programmes.
- Maintains a library and College Archive, including important special collections of great value for which the College has a duty of perpetual and inalienable care, so providing a valuable resource of learning and scholarship.

With a view to improving access to learning and research:

- The academic staff of the College are recruited for their potential to contribute to the College's aim of promoting academic excellence, regardless of their gender, sexuality, social background, religious commitment, ethnic origin or financial position.
- The College supports and encourages the dissemination of research undertaken by members of the College to the public at large through the publication of papers in academic journals or other suitable means, including the mass-media of radio, television, journalism, web and social media.
- Research Fellowships, like College Teaching Fellowships, are awarded to outstanding academics at the early stages of their careers. Research Fellowships 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. Teaching Fellowships combine a proportion of teaching and administrative duties with a similar opportunity to develop and focus on research.

2. Review of Operations

2.1 Student Numbers

During the 2018/19 academic year, the College admitted 108 (2017/18: 104) undergraduate and 104 (2017/18: 104) postgraduate students. The breakdown for each is shown in the tables below. The College also welcomed into the postgraduate cohort 10 students on MB/BChir, VetMB and MMath pathways (2017/18: 16) as well as 1 visiting student.

| <u>Undergraduate Admissions</u> | Arts | | Sciences | | Overall | |
|--|----------------|----------------|-----------------|----------------|----------------|----------------|
| | 2018/19 | 2017/18 | 2018/19 | 2017/18 | 2018/19 | 2017/18 |
| Men | 28 | 23 | 37 | 33 | 65 (60%) | 56 (54%) |
| Women | 28 | 34 | 15 | 14 | 43 (40%) | 48 (46%) |
| Total | 56 | 57 | 52 | 47 | 108 | 104 |

Comprising:

| | | |
|-------------------------|------------|------------|
| Home maintained school | 50 (45%) | 51 (49%) |
| Home Independent School | 35 (32%) | 27 (26%) |
| EU Status | 5 (5%) | 9 (9%) |
| Overseas Status | 18 (17%) | 17 (16%) |
| Total | 108 | 104 |

| <u>Postgraduate Admissions</u> | Arts | | Sciences | | Overall | |
|---------------------------------------|----------------|----------------|-----------------|----------------|----------------|----------------|
| | 2018/19 | 2017/18 | 2018/19 | 2017/18 | 2018/19 | 2017/18 |
| Men | 36 | 43 | 27 | 30 | 63 (61%) | 73 (70%) |
| Women | 30 | 19 | 11 | 12 | 41 (39%) | 31 (30%) |
| Total | 66 | 62 | 38 | 42 | 104 | 104 |

In total, 371 (2018: 374) undergraduate and 266 (2018: 232) postgraduate students were on the register.

2.2 Student Support

In order to assist undergraduates from families with low incomes the College provides financial support, through the Cambridge Bursary Scheme, which is operated jointly by Colleges and the University. In addition, the College provides a number of top up bursaries. Undergraduates in the College received £243k (2018: £289k) in bursaries. In addition, the College provided £57k (2018: £53k) in study awards and hardship grants to students in financial need.

The College provided £170k (2018: £120k) in financial support to postgraduate students in order to assist with their costs. This is in the form of a limited number of full studentships, top ups to external studentships and assistance with research expenses.

To raise educational aspiration and attract outstanding applicants, who might not otherwise have considered applying, the College operates an outreach programme. The programme includes visits to schools, visits by schools, open days and published guidance for prospective applicants. Excluding bursaries the College spent £124k (2018: £124k) on access activity in the year.

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2.3 Academic Achievements

Academic Results 2019

| | No. of students | | Results available to date as % of those who sat classed examinations | | |
|--|-----------------|------|--|-------|--------------------|
| | 2019 | 2018 | 2019 | 2018 | University Average |
| Undergraduates who sat classed examinations | 318 | 318 | | | |
| Classed results available | 318 | 318 | 100% | 100% | 100% |
| of which: | | | | | |
| All First including Distinctions (and Part III Maths Merits) | 94 | 87 | 29.6% | 27.4% | 28.2% |
| II.i and Fourth Year Merits (other than Part III Maths) | 165 | 178 | 51.9% | 56.0% | 53.5% |
| II undivided | 19 | 15 | 6.0% | 4.7% | 5.5% |
| II.ii and Fourth Year Honours Passes | 34 | 32 | 10.7% | 10.1% | 10.5% |
| III | 6 | 5 | 1.9% | 1.6% | 2.1% |
| Failures to satisfy the Examiners | 0 | 2 | 0.0% | 0.6% | 0.1% |

College members graduating in 2018-19 achieved 24 PhDs, 6 MB/BChir and Vet MBs, and 72 Masters-level degrees (2017-18: 25, 11 and 66 respectively) between them.

2.4 Capital Expenditure and Maintenance

The maintenance of the College's operating assets requires a continuing financial commitment from the College.

The major project that the College has been working on during the course of 2018-19 is the build of a new Kitchen. This involves building a new basement underneath the Master's garden, relocation of the kitchen into the basement, expanding the current servery and developing an additional new dining space. The total costs of the project are expected to be in the order of £13m with completion anticipated in 2020. In 2017-18 the preliminary costs for Phase One of the project including archaeology and ground works were expensed at £1.9m.

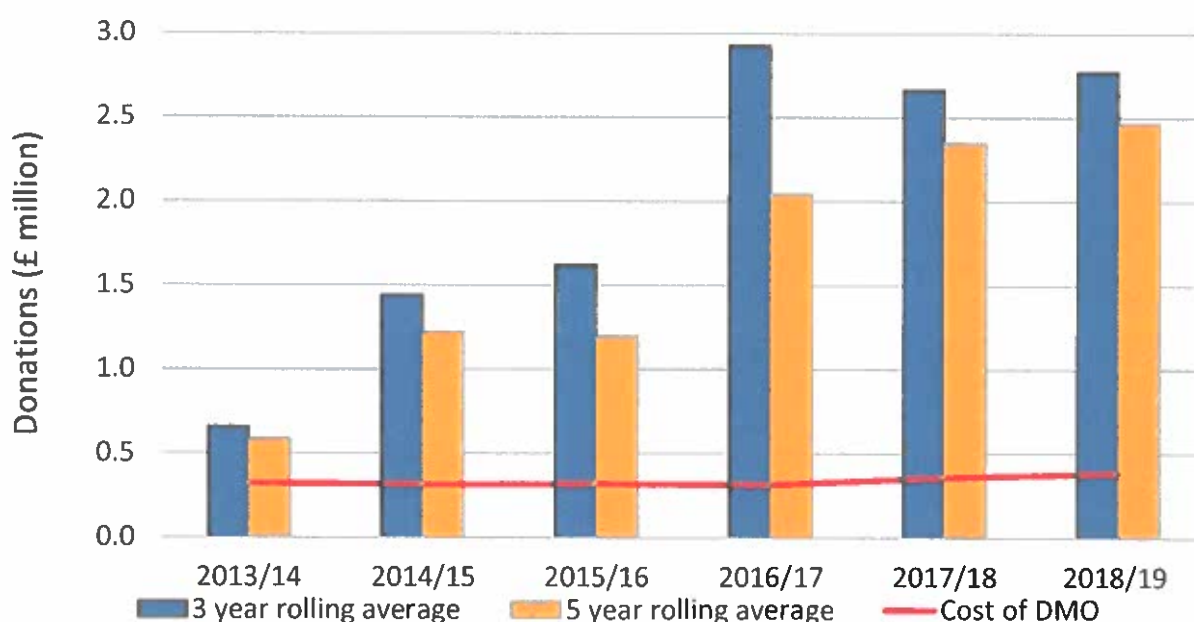
During the 2018-19 financial year, a further £2.8m has been spent on the project in Phase Two with the bulk of the remainder of the costs expected to be incurred in the 2019-20 financial year.

The College has added to its portfolio of property in 2018-19 with the purchase of a further house for Graduate accommodation on Park Parade for £1.1m. There will be some refurbishment costs incurred in the next financial year to modernise the property ready for students (subject to planning permission).

The College also operates a planned maintenance programme designed to maintain and improve the estate.

2.5 Donations and Fundraising

The College's fundraising efforts are primarily directed at raising money from our alumni. Our fundraising approach ensures that we understand and respect individual alumni preferences for contact in relation to approaches seeking support as well as more generally. Key objectives for the College include teaching, research and student support. In the short term, building a new kitchen is now under way which will provide updated facilities for students and conferencing. To date a total of almost £3.8m has been donated specifically for this project. The College is immensely grateful for the £1,439k in donations received over the course of the year (£2,119k in 2017-18). The cost of the Development and Membership Office (DMO), a College department, for the year was £383k compared with £358k in 2017-18. The DMO cost includes fundraising as well as alumni relations activity, such as reunions and other events and publications. As the amount received in donations can vary significantly from year to year, we include below a chart with three and five-year rolling averages of donations received, as well as the annual cost of the DMO.



All fundraising is carried out by the DMO, which reports quarterly results to Council, and all its work is subject to oversight by a dedicated College committee, which meets three times a year. The College is registered with the Fundraising Regulator and was not the subject of any complaints to that body in 2018-19, nor did the College receive complaints about its fundraising activities from any other source. The College does not seek support from the general public and takes active steps to respect the needs of any potential supporter who may be in a vulnerable circumstance or require additional care and support to make an informed decision.

2.6 Data Handling

The College continues to monitor its data handling, reporting and Data Protection Statements in light of the GDPR.

2.7 Equal Opportunities

The College is committed to the principle and practice of equal opportunities and strives to be an equal opportunities employer.

3. Review of Financial Performance

The net assets this year have decreased by £1.6m. This is primarily due to a total increase of £2.2m in provisions across both the Universities Superannuation Scheme (USS) and the Sidney Sussex 1975 Pension Scheme (College Pension Scheme). Total net assets now stand at £131.7m.

The Statement of Comprehensive Income and Expenditure shows an operating deficit (before other gains and losses) of £0.038m for the year, compared with an operating deficit of £0.838m in 2017-18. Due to an increase in the USS pension provision, the associated charge of £1.7m has increased the other expenditure significantly. However, during 2017-18 the expenditure was considerably higher with £1.9m incurred on the first phase of the build of the new kitchen along with £1.1m of expenditure on refurbishment of the Kent and Harrington House accommodation.

Other Gains and Losses in the year totalled a loss on investments of £0.816m compared with a gain of £8.212m for 2017-2018. This year's loss included the £0.645m adjustment in the valuation of Darwin Green which is currently held for sale.

3.1 Income

The College had total income of £11.184m in the year, a decrease of £0.372m (3%) from the £11.556m for 2017-2018.

| | <u>2018-19</u> | | <u>2017-18</u> | | <u>Variance</u> | |
|---|----------------|-----|----------------|-----|-----------------|-------|
| | £m | | £m | | £m | |
| Student Fees | 2.545 | 23% | 2.461 | 21% | 0.084 | 3% |
| Accommodation & catering charges to members | 2.480 | 22% | 2.433 | 21% | 0.047 | 2% |
| Conference & hospitality | 1.379 | 12% | 1.336 | 12% | 0.043 | 3% |
| Investment income | 3.302 | 30% | 3.094 | 27% | 0.208 | 7% |
| Donations & Endowments | 1.439 | 13% | 2.119 | 18% | (0.679) | (32%) |
| Other | 0.038 | 0% | 0.113 | 1% | (0.075) | (66%) |

Income from academic fees and charges increased by £84k (3%) as a result of a higher number of graduate students, and a higher fee per graduate student.

Income from residences, catering and conferences increased by £90k (2%) in the year. The College was able to utilise a greater number of rooms for conference and bed and breakfast lettings in the summer of 2018 as well as increasing income from longer term visitors and students out of term time.

Overall there was a £208k (7%) increase in investment and endowment income, comprising an increased income of £51k from the college's investment portfolio, a £119k increase in commercial rental income and a £38k increase in interest income.

Donations and Endowments have decreased by £679k (32%) from £2,119k to £1,439k. 2017-18 included the receipt of a further £505k donation from the donor who had gifted over £3m the previous year towards funding the relocation of the College's kitchen and the creation of a new servery and dining room.

The academic fees cover only 58% of the cost of providing education and the College runs a deficit of £1.8m on education. The College is dependent on income from conferences, endowments and other investments as well as donations to fund the education deficit. Donations are a source of income with potential to provide a significant increase of funds. The College is extremely grateful for the donations and benefactions it receives as they enable the College to continue to provide high quality personalised teaching and do things it could not otherwise do to deliver its Charitable purpose.

3.2 Expenditure

In 2018-19 expenditure decreased by £1.172m (9%) to £11.222m.

Included in the 2018-19 expenditure is a charge of £1.659m relating to the increase in the provision for the USS deficit by a corresponding amount following the recognition of the obligation of participating employers to fund

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the deficit following the 2017 scheme valuation. However, the expenditure shows a significant decrease on the prior year as this included refurbishment costs of £1.135m, which predominantly related to the refurbishment of student accommodation in Kent and Harrington House. A further £1.894k was impaired for Phase 1 of the Kitchen Project in 2017-18.

3.3 Investment Performance

The value of the investments decreased by £0.373m to £83.540m and generated £3,302k income during the year (this is a combination of equity returns and rent from commercial properties). Of the quoted securities the greater part were held in Index Tracker Funds with BlackRock. Cash not required for immediate investment or to cover expenditure is placed on short term deposit with a number of banks at various rates of interest.

The return of the portfolio invested in BlackRock Funds was 3.8%, slightly ahead of the 3.7% Composite Benchmark. This compares with 8.6% for the year ending June 2018, 20.4% for the year ending June 2017 and 4.9% for the year ending June 2016.

The College adheres to Charity Commission guidance on ethical investments. When investments are made in index tracker funds, the Investment Committee considers the Environmental, Social and Governance (ESG) credentials of the company that manages these funds.

The Investment Committee believes that it is more fruitful to engage with companies rather than adopt policies which force divestment according to inflexible criteria. The Investment Committee encourages all index fund managers who are appointed by the College to adopt the highest governance and corporate engagement standards when they invest the College's assets.

3.4 Reserves

At the Council meeting in July 2019 the College's reserves policy and target reserves were approved.

A reserves policy ensures that the College has sufficient financial resources to continue, but also constrains the extent to which reserves are built up from operating surpluses to help maintain intergenerational equity and balance the needs of current and future students.

Available free reserves represent unrestricted general funds of the College. The calculation involves analysis of the composition of the total reserves shown in the Balance Sheet. The following categories are excluded: Special Trust Funds, restricted capital grants and Permanent Restricted Endowment; Designated Funds; Illiquid investments and Fixed and Heritage Assets.

| £ million | June 2015 | June 2016 | June 2017 | June 2018 | June 2019 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total reserves | 110.0 | 112.1 | 125.8 | 133.3 | 131.7 |
| Less: Restricted reserves* | (36.1) | (36.6) | (43.2) | (33.9) | (34.0) |
| Less: Designated funds* | - | - | (1.4) | (14.4) | (15.1) |
| Less: Illiquid investments | (26.4) | (25.4) | (25.2) | (25.7) | (25.1) |
| Less: Fixed/heritage assets | (42.4) | (46.1) | (46.1) | (49.6) | (53.0) |
| Free reserves available | 5.1 | 4.1 | 10.0 | 9.7 | 4.5 |

The large decrease from June 2018 to June 2019 reflects the use of free reserves on Phase 1 and Phase 2 of the kitchen project, as well as a reduction in the balance sheet value of assets held for sale for Darwin Green, and the increased pension provision.

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The College's target reserves are as follows:

| Reserve | Target Reserve | Rationale |
|------------------------------------|---------------------|---|
| Strategic initiative reserve | £2.5 million | To fund strategic initiatives such as investment in property and facilities for members of College – equivalent to 10% of fixed assets. |
| Contingency Income and Expenditure | £2.5 million | Contingency to cover extreme/unexpected expenditure or cover shortfall in income – equivalent to 25% of turnover. |
| Total | £5.0 million | |

As at 30 June 2019, the College's free reserves were £4.5 million compared with target reserves of £5.0 million, however this does not take into account two major known factors which will affect future reserves:

- As at 30 June 2019 a total of £4.9 million had been spent on the kitchen project. There is £3.9 million of donations in the restricted reserves, and approximately a further £4.2 million from free reserves is committed to be spent by the time the kitchen project is completed in summer 2020.
- Furthermore there is a commitment to spend an estimated £0.6 million on refurbishment of 5 Park Parade (subject to planning consent).

Therefore if all else remains the same the free reserves will reduce to -£0.3 million when the kitchen project completes.

The College is focusing on maximising income and donations, reducing costs, effective use of restricted income from Special Trust Funds and Designated Funds, and investing in the Endowment in order to recover from the impact of the kitchen project and rebuild its free reserves.

3.5 Pension Funds

The College participates in two pension schemes, the College Pension Scheme and the USS. The College Pension Scheme has been closed to new members since 2004 and currently now has only thirteen active members accruing benefits. All other staff are auto enrolled in the USS Scheme (subject to meeting the eligibility criteria) unless they choose to opt out.

The College Pension Scheme deficit increased during the year from £2,760k to £3,322k following changes in assumptions underlying the present value of plan liabilities.

The USS deficit funding provision increased from £786k to £2,410k.

There remains concern about the long term costs of providing these pensions with increases in employer contributions for the College Pension Scheme (from 45.1% to 52.6%) in October 2018.

The USS Scheme remains open for consultation with a further increase in employee and employer contributions expected in October this year (9.6% and 21.1% respectively) and additional increases to follow in October 2021 (currently expected to be 11% and 23.7%) . The first employer increase (from 18% to 18.8%) took effect in April 2019.

4. Principal Risks and Uncertainties

The principal risks the College must address are the long-term ability to maintain and develop its educational and research activities, to attract the best staff and students, and to maintain and renew its physical facilities. In the short term there are the risks relating to the ongoing kitchen project.

There are, as always, uncertainties regarding the future external environment within which the College will operate, most notably regarding higher education policy and funding.

Members of the Council as trustees have ultimate responsibility for ensuring risk is managed satisfactorily within College. The Council reviewed the arrangements for managing risk in 2018-19 and revised the process.

The principal risks and uncertainties that the College faces, and the measures taken to manage them, have been identified by the Council as follows:

- **Financial Performance:** Risks to income, expenditure or investment performance as a result of external factors e.g. failure of academic fees to keep up with the rise in academic costs; inevitable uncertainties with a significant change to the funding of universities in England; risk to income from commercial properties as a result of decline in high street retail market; Brexit having a significant effect on the financial markets in which the College invests and the possibility that capital values will be highly volatile and investment income may be adversely affected; the terms of any Brexit deal having a negative impact on the cost of recruitment and retention of both academic and support staff.
The College has implemented a robust process of budgeting and forecasting to keep costs associated with the College's core activities under constant review in the light of any changes in funding or other income sources.
- **Kitchen project:** Failure to deliver the kitchen project outcomes on time and budget and/or significant damage to existing estate. There is also the risk of the longer term impact on College finances.
The College established a strong governance structure to oversee the project including a monthly Kitchen Project Advisory Group which is chaired by the Master, and a monthly progress meeting with the Project Architects, Contractor and Consultants. Regular monitoring of movements in the Master's Lodge due to undermining and subsidence is undertaken. Oversight of expenditure against budget is undertaken by the Finance & Needs Committee and Council.
- **Academic Staff:** Failure to attract and retain high quality academic staff to deliver the College's teaching needs.
The College has an ethos of supportive inter-personal relationships within the Fellowship, service from support staff and pastoral support arrangements allowing directors of study/supervisors to retain focus on intellectual engagement. The College has reviewed its University Teaching Officer (UTO) stipend structure to ensure a competitive offering and transparency, and is continually monitoring terms, benefits and contribution. There is a regular review of teaching needs and engagement in UTO Scheme.
- **Student admissions:** Adverse admissions outcomes in terms of potential, commitment, width of participation and/or compliance failures.
The College has a transparent process with academic criteria uniformly applied across all fields and University trained interviewers. The College runs an outreach programme including school visits and hosted residential events. Interactions with school children are monitored through the Universities Higher Education Access Tracker (HEAT). A project to re-design the College's website has been initiated with a focus on prospective students.
- **Student development:** Failure to enable students to flourish academically and personally.
Academic reviews are conducted by Students' Tutors, the Senior Tutor and the Master, alongside analysis of students' questionnaire feedback and Annual Subject reviews undertaken by the Education Committee. Benchmarking against other Colleges via Senior Tutors' Committee (STC) Academic and Welfare Reviews and direct liaison with Cambridge University Students' Union (CUSU) and Graduate Union (GU) where necessary. Engagement with Office for Students (OfS) as PREVENT regulator.
- **Student welfare:** Risk of failures of student welfare and/or pastoral support leading to mental health safeguarding or pecuniary issues for students.

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The College has in-house pastoral provision plus access to external professional expertise. There is a regular review of College rules and codes of conduct to ensure freedom of expression and dignity at study for every member of the College community.

- Estates and Facilities: Risk of poor quality facilities and accommodation due to lack of timely investment, or unexpected high building maintenance expenditure.
The condition of the estate is monitored by a professional surveyor through condition surveys and the incidence of complaints or accidents. A maintenance and refurbishment programme is in place and overseen by the Buildings and Environment Committee.

5. Plans for Future Periods:

The College is a permanent institution and an important constituent of the collegiate University of Cambridge. The charitable purpose is that the College is a place of education, religion, learning and research, and it aims to promote academic excellence and freedom of thought and belief. College plans for the medium term include:

- Review of the College's admissions strategy in the light of the University's Access and Participation Plan (APP) and the wider Admissions Review which has been initiated by the University. Within this the College will evaluate whether the College will volunteer to be involved in the proposed University-wide transition year scheme.
- Ongoing review and implementation of the structure and remuneration of teaching provision within the College.
- Completion of the project to build a new basement kitchen and create a new servery and dining hall – due in summer 2020.
- Refurbishment of the recently acquired house on Park Parade, in the context of the ongoing commitment to increase the size of the graduate community.
- Development of a financial plan to rebuild free reserves following investment in the kitchen project.
- Continuous improvements to governance arrangements, including a review of responsibilities for College offices.
- Succession planning for key offices which will be vacated in the next five years.
- Development of a strategic framework for the College which will be based on a review of the challenges and achievements of the College, and consultation with key stakeholders. [subject to approval by Council in Oct 19].

Approved at the meeting of the Council on 4 December 2019



Professor R Penty
Master

CORPORATE GOVERNANCE

In February 2018 a revised set of Statutes for the College were approved by the Privy Council. The College is governed, under these Statutes, by two principal bodies:

- **The Governing Body:** comprises the Master, all Fellows in classes 1 (teaching), 2 (research) or 3 (administrative) and four students representing the junior members of the College. The Governing Body meets 6 to 8 times a year and it elects the College Council and supervises its work. In addition, it has the authority to make or amend the statutes and ordinances of the College and to resolve issues concerning their interpretation; to authorise any substantial alterations or additions to the College buildings or grounds; to hold the annual Audit Meeting; to elect and decide on the remuneration of the Master (subject to the Remuneration and Benefits Committee); and to elect the Vice-Master.
- **The College Council:** comprises the Master, three Fellows ex officio (the Vice-Master, Bursar and Senior Tutor), nine to twelve Fellows elected for three-year terms by the Annual Meeting of the Governing Body, and four junior members, one of whom is elected ex officio and three directly. The Council usually meets 9 times a year, and deals with all matters of College administration not reserved to the Governing Body. The members of the College Council are the charity trustees of the College.

The Governing Body and the College Council are served by sub-committees of which the principal ones as set out in the Statutes and Ordinances are: Audit, Education, Finance and Needs, Investment, Remuneration and Benefits and Statutes and Ordinances. The Audit, Investment and Remuneration and Benefits Committees contain members who are external to the College.

The **Finance and Needs Committee** is a standing committee of the Council, appointed annually, normally at the Annual Council Meeting. The Committee has the responsibility for the financial affairs of the College, including in the long-term, and for all aspects of financial policy, which includes: priorities and resources for teaching needs identified by the Education Committee, financial strategy and policy, financial planning and resource management, including human resources, College accounts and suitable procedures for financial and other control. The Committee shall act as a remuneration and benefits committee for assistant staff, setting annual policy and pay bands.

The **Audit Committee** is a standing committee of the Governing Body, appointed annually, normally at the Annual Meeting. The Committee has the authority to seek out concerning information and investigate any matter within its remit. Any member of the Committee, and any authorised agent of the Committee, may inspect the financial records of the College. The Committee will scrutinise accounting policy and practice, alongside the internal systems of financial and other control set by the Finance and Needs Committee. It will also set policy and oversee procedures for risk assessment and risk management. It is its duty to manage the annual external audit of the College accounts and it has general oversight of the effectiveness of College governance, with authority to raise any matter of concern with the Governing Body.

The **Investment Committee** is a standing committee of the Council, also appointed annually. Within the terms of policies set by the Council and subject to any specific directions from the Council, the Committee manages cash, including the investment or realisation of operational cash, stocks and shares and other financial instruments, investment funds and land or any interests in land held for investment purposes.

The **Remuneration and Benefits Committee** is a standing committee of the Governing Body. The Committee acts as an independent advisory body with power to set limits on the level of remuneration and other direct and indirect benefits (including the receipt of any salary, stipend, allowance, fund or facility, or any other benefit of a measurable value) of the Master, Fellows and Officers of the College, including the Trustees.

The **Education Committee** is a standing committee of the Council. The Committee has general superintendence of educational policy and provision in the College, keeping all aspects under review. In particular it monitors relevant University policies and general public policies on educational matters, considers proposals and makes recommendations on undergraduate and graduate admissions policy and practice, makes annual assessments of teaching needs and resources and identifies any appropriate changes to teaching provision or admissions practice, including the addition or loss of teaching staff. The Committee takes steps to maintain the quality of College teaching and its cost-effectiveness, and for that purpose take due account of feedback from students, both through formal general consultation and in dialogue with students'

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representatives. It reports annually to the Council on the academic performance of undergraduate and graduate students and proposes measures which may help sustain and improve that performance including, through the appropriate channels (in particular the Graduate Tutors' Committee and Education Sub-Committee of the Senior Tutors' Committee) any aspects of the collegiate University's educational provision for graduates which gives rise to concern.

The **Statutes and Ordinances Committee** is a standing committee of the Governing Body. The Committee provides advice on legal matters which arise, whether within the College or from advice or consultations initiated by bodies in the collegiate University or beyond. It keeps the Statutes and Ordinances of the College under review in the light of University policy and practice, the law of the land and best practice, and makes recommendations for changes to the instruments of governance, providing appropriate draft instruments to give effect to such recommendations.

STATEMENT OF INTERNAL CONTROL

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

The system of internal control is risk based, so is designed to manage and mitigate, rather than eliminate, the risk of failure to achieve policies, aims and objectives.

The system of internal control is designed to identify the principal risks to the achievement of the College's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The Council has responsibility for agreeing the risk assessment. Risk management is delegated to individual Committees and is overseen by the Audit Committee. The Audit Committee's and Council's review of the effectiveness of the system of internal control is informed by the work of the various Committees, the Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Audit Committee meets without officers being present and can carry out independent investigations of complaints and is a point of independent contact for the Auditors.

RESPONSIBILITIES OF THE COUNCIL

The Council 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 Council 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 Council is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements comply with the Statutes of the University of Cambridge. It is 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 Council 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.

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INDEPENDENT AUDITORS' REPORT TO THE COUNCIL

Opinion

We have audited the financial statements of Sidney Sussex College (the 'College') for the year ended 30 June 2019 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 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

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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 financial statements is inconsistent in any material respect with the Annual Report; 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 Council

As explained more fully in the responsibilities of the Council statement set out on page 12, the Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council 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 Council 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the College's Council as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and the Charities Act 2011. Our work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Council 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: 6 December 2019

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 6.

Basis of accounting

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

Recognition of income

Academic fees

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

Grant income

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

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

Donations and endowments

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

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts. Restricted capital grants are released to general reserves upon completion of the capital project to which they relate.

Special Trust Funds are restricted funds that the College holds in trust. The College is not free to change the regulations for these funds, though, as a result of the new Statutes approved in February 2018, it does have relatively broad powers to use surplus income.

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.

Designated Funds are funds that have been given without restriction, which the Council has decided to designate for a specific purpose. Often this reflects the preferences of the donor. The Council is free to make and amend the regulations for these funds.

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

Investment income and change in value of investment assets

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

All investment income is credited to the Statement of Comprehensive Income and Expenditure in the period in which it is earned. It is then transferred to an Accumulated Income Account, from which the Council declares an annual dividend. This dividend forms the income for the Trust Funds for the year. The scheme is designed to smooth out fluctuations in Trust Fund income.

Other income

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

Cambridge Bursary Scheme

In 2018-19, the College paid Cambridge Bursaries to eligible students, via the SLC, and received a contribution from the University). The College has shown the gross payment made to eligible students and a contribution from the University as Income under "Academic Fees and Charges".

The net payment of £83k is shown within the Statement of Comprehensive Income and Expenditure as follows:

| | |
|---------------------|-------|
| Income (see note 1) | £88k |
| Expenditure | £171k |

Foreign currency translation

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

Fixed assets

Land and buildings

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

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.

Fixed assets

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings and Long Leasehold Buildings are depreciated on a 1% reducing balance basis.

Short Leasehold Buildings are depreciated over the life of the lease up to a maximum of 50 years.

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

Land held specifically for development, investment and subsequent sale is included in current assets at the lower of cost and net realisable value.

The cost of additions to operational property shown in the balance sheet includes the cost of land. Furniture, fittings and equipment costing less than £5,000 per individual item is written off in the year of acquisition unless

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the aggregate value of related items exceeds £50,000. All other assets are capitalised and depreciated over their expected useful life as follows:

| | |
|------------------------|--------------------------------------|
| Furniture and fittings | 2-25% reducing balance/straight line |
| Motor vehicles | 33.3% reducing balance |
| Plant and equipment | 15-25% reducing balance |

Leased assets

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 1st July 2000 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1st July 2000 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Investments

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

Investment properties are included at fair valuation and the aggregate surplus or deficit is transferred to Unrestricted Reserves. A formal valuation of the commercial property holdings was carried out by Cheffins, Chartered Surveyors, as at 31st December 2017.

Stocks

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

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits 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.

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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.

Taxation

The College is a registered charity (number 1137586) and also a charity within the meaning of Section 467 of the Corporation Taxes Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Taxes Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

Contribution under Statute G, II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The 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.

Pension costs

Retirement benefits for employees, who started after the 2nd January 2004, and for the majority of Fellows are provided by the Universities Superannuation Scheme (USS). Benefits for participating employees who started before the 1st January 2004 are provided by the College's own scheme, Sidney Sussex 1975 Pension Scheme, but this is now closed to new entrants.

Universities Superannuation Scheme

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 FRS 102 "Employee benefits", the College therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the 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.

Sidney Sussex College 1975 Pension Scheme

This is a defined benefit scheme which is externally funded and contracted out of the State Second Pension Scheme up to 31 March 2016. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme and is accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' and Fellows' services.

Employment benefits

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

Reserves

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

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

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STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

| | Note | Unrestricted £000 | Restricted £000 | Endowment £000 | 2019 Total £000 | Unrestricted £000 | Restricted £000 | Endowment £000 | 2018 Total £000 |
|--|--------|----------------------|--------------------|-------------------|-----------------------|----------------------|--------------------|-------------------|-----------------------|
| Income | | | | | | | | | |
| Academic fees and charges | 1 | 2,545 | | | 2,545 | 2,461 | | | 2,461 |
| Residences, catering and conferences | 2 | 3,859 | | | 3,859 | 3,769 | | | 3,769 |
| Investment income | 3a | 2,191 | 62 | 1,049 | 3,302 | 2,070 | 43 | 981 | 3,094 |
| Endowment return transferred | | 360 | 689 | (1,049) | 0 | 385 | 596 | (981) | 0 |
| Other income | | 38 | | | 38 | 113 | | | 113 |
| Total income before donations and endowments | | 8,993 | 751 | 0 | 9,744 | 8,798 | 639 | 0 | 9,437 |
| Donations | | | | | | | | | |
| New endowments | 3b | 1,145 | 25 | | 1,170 | 1,194 | 158 | | 1,352 |
| Other capital grants for assets | 3b | | 270 | | 270 | | 764 | 3 | 3 |
| Total income from donations and endowments | | 1,145 | 295 | 0 | 1,439 | 1,194 | 922 | 3 | 2,119 |
| Total income | | 10,138 | 1,046 | 0 | 11,184 | 9,992 | 1,561 | 3 | 11,556 |
| Expenditure | | | | | | | | | |
| Education | 4 | (3,899) | (458) | | (4,357) | (3,809) | (515) | | (4,324) |
| Residences, catering and conferences | 5 | (4,661) | 0 | | (4,661) | (5,659) | 0 | | (5,659) |
| Other expenditure | | (2,108) | (67) | | (2,175) | (428) | (58) | | (486) |
| Kitchen Project Impairment | | (0) | | | (0) | (1,894) | | | (1,894) |
| Contribution under Statute G,II | | (29) | | | (29) | (30) | | | (30) |
| Total expenditure | 6 | (10,697) | (525) | 0 | (11,222) | (11,821) | (573) | 0 | (12,394) |
| Surplus/(deficit) before other gains and losses | | (559) | 521 | 0 | (38) | (1,829) | 988 | 3 | (838) |
| Gain/(loss) on disposal of fixed assets | 8 | | | | | | | | |
| Gain/(loss) on investments | 9 & 11 | (945) | 29 | 100 | (816) | 6,655 | 183 | 1,374 | 8,212 |
| Surplus/(deficit) for the year | | (1,504) | 550 | 100 | (854) | 4,826 | 1,171 | 1,377 | 7,374 |
| Other comprehensive income | | | | | | | | | |
| Actuarial (loss) in respect of pension schemes | 15 | (770) | | | (770) | 78 | | | 78 |
| Total comprehensive income for the year | | (2,274) | 550 | 100 | (1,624) | 4,904 | 1,171 | 1,377 | 7,452 |

**SIDNEY SUSSEX COLLEGE
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STATEMENT OF CHANGES IN RESERVES

| | Income and expenditure reserve | Revaluation reserve | Total | |
|---|--------------------------------|---------------------|-------------------|---------|
| | Unrestricted £000 | Restricted £000 | Endowment £000 | £000 |
| Balance at 1 July 2018 | 56,645 | 5,915 | 27,948 | 133,288 |
| Prior Year Adjustment | 21 | (108) | (88) | 0 |
| Surplus/(Deficit) from income and expenditure statement | (1,504) | 550 | 100 | (854) |
| Other comprehensive income | (770) | | | (770) |
| Release of restricted capital funds spent in the year | 260 | (260) | | 0 |
| Transfers to / from Reserves | 551 | (143) | 0 | 0 |
| Balance at 30 June 2019 | 55,204 | 5,953 | 27,960 | 131,665 |

| | Income and expenditure reserve | | Revaluation reserve | Total |
|---|--------------------------------|--------------------|---------------------|---------|
| | Unrestricted £000 | Restricted £000 | Endowment £000 | £000 |
| Balance at 1 July 2017 | 45,102 | 18,490 | 24,705 | 125,836 |
| Prior Year Adjustment | | | | |
| Surplus/(Deficit) from income and expenditure statement | 11,632 (416) | (13,434) 1,172 | 1,802 1,377 | 7,374 |
| Other comprehensive income | 78 | | | 78 |
| Release of restricted capital funds spent in the year | 260 | (260) | | |
| Transfers to / from Reserves | (11) | (53) | 64 | |
| Balance at 30 June 2018 | 56,645 | 5,915 | 27,948 | 133,288 |

The notes on pages 32 to 45 form part of these accounts

**SIDNEY SUSSEX COLLEGE
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BALANCE SHEET

| | Note | 2019 £000 | 2018 £000 |
|--|------|----------------|----------------|
| Non-current Assets | | | |
| Fixed assets | 8 | 52,767 | 49,404 |
| Heritage assets | 8 | 234 | 234 |
| Investments | 9 | 83,540 | 83,913 |
| | | <u>136,541</u> | <u>133,551</u> |
| Current assets | | | |
| Stocks | 10 | 223 | 203 |
| Trade and other receivables | 11 | 3,558 | 5,193 |
| Cash and cash equivalents | 12 | 5,197 | 6,505 |
| | | <u>8,978</u> | <u>11,901</u> |
| Creditors: amounts falling due within one year | 13 | (1,721) | (2,218) |
| Net current assets | | <u>7,255</u> | <u>9,683</u> |
| Total Assets less current liabilities | | <u>143,797</u> | <u>143,234</u> |
| Creditors: amounts falling due after more than one year | 14 | (6,400) | (6,400) |
| Provisions | | | |
| Pension provisions | 15 | (5,732) | (3,546) |
| Total net assets | | <u>131,665</u> | <u>133,288</u> |
| Represented by: | | | |
| Restricted reserves | | | |
| Income and expenditure reserve – endowment reserve | 16 | 27,960 | 27,948 |
| Income and expenditure reserve – restricted reserve | 17 | 5,953 | 5,915 |
| | | <u>33,913</u> | <u>33,863</u> |
| Unrestricted Reserves | | | |
| Income and expenditure reserve – unrestricted | | 55,204 | 56,644 |
| Revaluation reserve | | 42,548 | 42,781 |
| | | <u>97,752</u> | <u>99,425</u> |
| Total Reserves | | <u>131,665</u> | <u>133,288</u> |

The financial statements were approved by the Master and Fellows on 4 December 2019 and signed on its behalf by:



Professor R Penty
Master



Ms S Bonnett
Bursar

The notes on pages 32 to 46 form part of these accounts

**SIDNEY SUSSEX COLLEGE
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CASH FLOW STATEMENT

| | Note | 2019 £000 | 2018 £000 |
|---|-------------|----------------------|----------------------|
| Net cash inflow from operating activities | 18 | (2,119) | (4,634) |
| Cash flows from investing activities | 19 | 4,293 | 4,931 |
| Cash flows from financing activities | 20 | (282) | (282) |
| Increase/(decrease) in cash and cash equivalents in the year | | <u>1,892</u> | <u>15</u> |
| Cash and cash equivalents at beginning of the year | | 8,477 | 8,462 |
| Cash and cash equivalents at end of the year | 9 & 12 | <u>10,369</u> | <u>8,477</u> |

The notes on pages 32 to 46 form part of these accounts

SIDNEY SUSSEX COLLEGE
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NOTES TO THE ACCOUNTS

| | | | |
|-----------|---|--------------|--------------|
| 1 | Academic fees and charges | 2019 | 2018 |
| | | £000 | £000 |
| | Colleges fees: | | |
| | Fee income received at the Regulated Undergraduate rate | 1,388 | 1,410 |
| | Fee income received at the Unregulated Undergraduate rate | 430 | 351 |
| | Fee income received at the Graduate rate | 639 | 565 |
| | Other income | 0 | 30 |
| | Cambridge Bursaries Income | 88 | 105 |
| | Total | 2,545 | 2,461 |
| 2 | Income from residences, catering and conferences | 2019 | 2018 |
| | | £000 | £000 |
| | Accommodation | | |
| | College members | 2,033 | 1,969 |
| | Conferences | 879 | 790 |
| | Catering | | |
| | College members | 447 | 464 |
| | Conferences | 500 | 546 |
| | Total | 3,859 | 3,769 |
| 3 | Endowment and investment income | 2019 | 2018 |
| | | £000 | £000 |
| 3a | Investments | | |
| | Income from: | | |
| | Land and buildings | 1,361 | 1,242 |
| | Quoted securities | 1,841 | 1,790 |
| | Other interest receivable | 100 | 62 |
| | Total | 3,302 | 3,094 |
| | Represented by: | 2019 | 2018 |
| | | £000 | £000 |
| | Unrestricted Income | 2,191 | 2,070 |
| | Restricted Income | 62 | 43 |
| | Endowment income - Unrestricted Permanent | 360 | 385 |
| | Endowment income - Restricted Permanent | 689 | 596 |
| | Total | 3,302 | 3,094 |
| 3b | Donations and Endowments | 2019 | 2018 |
| | | £000 | £000 |
| | Unrestricted General Donations | 310 | 385 |
| | Unrestricted Designated Donations | 835 | 809 |
| | Restricted Donations | 25 | 158 |
| | New Endowments | 0 | 3 |
| | Other capital grants for assets | 270 | 764 |
| | Total | 1,439 | 2,119 |

SIDNEY SUSSEX COLLEGE
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| 4 | Education expenditure | 2019 £000 | 2018 £000 |
|----------|------------------------------|----------------------|----------------------|
| | Teaching | 1,856 | 1,861 |
| | Tutorial | 641 | 625 |
| | Admissions | 435 | 398 |
| | Research | 460 | 447 |
| | Scholarships and awards | 479 | 428 |
| | Other educational facilities | 486 | 565 |
| | Total | 4,357 | 4,324 |

| 5 | Residences, catering and conferences expenditure | 2019 £000 | 2018 £000 |
|----------|---|----------------------|----------------------|
| | Accommodation | 2,449 | 3,107 |
| | College members | | |
| | Conferences | 722 | 914 |
| | Catering | 911 | 994 |
| | College members | 579 | 644 |
| | Conferences | | |
| | Total | 4,661 | 5,659 |

6a Analysis of 2018/2019 expenditure by activity

| | Staff costs (note 7) £000 | Other operating expenses £000 | Kitchen Project Impairment £000 | Depreciation £000 | Total £000 |
|--------------------------------------|--|--|--|------------------------------|-----------------------|
| Education | 2,331 | 1,886 | | 140 | 4,357 |
| Residences, catering and conferences | 2,417 | 1,910 | | 334 | 4,661 |
| Investment management costs | | 107 | | | 107 |
| Other | 188 | 234 | 0 | 16 | 438 |
| USS Provision Adjustment | 1,659 | 0 | 0 | 0 | 1,659 |
| Totals | 6,595 | 4,137 | 0 | 491 | 11,222 |

Expenditure includes fundraising costs of £199k.

6b Analysis of 2017/2018 expenditure by activity

| | Staff costs (note 7) £000 | Other operating expenses £000 | Kitchen Project Impairment £000 | Depreciation £000 | Total £000 |
|--------------------------------------|--|--|--|------------------------------|-----------------------|
| Education | 2,189 | 1,994 | | 141 | 4,324 |
| Residences, catering and conferences | 2,380 | 2,941 | | 338 | 5,659 |
| Investment management costs | | 122 | | | 122 |
| Other | 157 | 220 | 1,894 | 17 | 2,288 |
| Total | 4,726 | 5,277 | 1,894 | 496 | 12,394 |

Expenditure includes fundraising costs of £191k.

| 6c | Auditors' remuneration | 2019 £000 | 2018 £000 |
|-----------|---|----------------------|----------------------|
| | Other operating expenses include: | | |
| | Audit fees payable to the College's external auditors | 21 | 20 |
| | Other fees payable to the College's external auditors | 8 | 14 |
| | Total | 29 | 34 |

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7 Staff costs

| Consolidated | College Fellows £000 | Other academic £000 | Non- academic £000 | 2019 Total £000 | 2018 Total £000 |
|---|-------------------------------------|------------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| Staff costs: | | | | | |
| Emoluments | 1,038 | 22 | 2,768 | 3,828 | 3,695 |
| Social security costs | 98 | 0 | 221 | 319 | 309 |
| Other pension costs | 196 | 1 | 592 | 789 | 721 |
| USS Provision Adjustment | 448 | 8 | 1,204 | 1,659 | 0 |
| Total | 1,780 | 31 | 4,785 | 6,595 | 4,726 |
| Average staff numbers (full-time equivalents): | | | | | |
| Academic | 57 | 5 | 0 | 62 | 65 |
| Non-academic (full time equiv.) | 7 | 0 | 95 | 102 | 102 |
| Total | 64 | 5 | 95 | 164 | 167 |

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

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. This includes aggregated emoluments paid to key management personnel. Key management personnel for the College include the Master, Bursar and Senior Tutor. Aggregated emoluments consist of salary and taxable benefits but exclude any employer's pension contribution.

| | 2019 Total £000 | 2018 Total £000 |
|---------------------------------|--------------------------------|--------------------------------|
| Key management personnel | 176 | 185 |

The Trustees received no emoluments in their capacity as Trustees of the Charity.

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8 Fixed assets

| | Freehold Land and buildings | Leasehold Land and buildings | Vehicle, Equipment and Furniture | Assets in construction | 2019 Total | 2018 Total |
|--------------------------|--|---|---|-----------------------------------|-----------------------|-----------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation | | | | | | |
| At beginning of year | 48,691 | 1,366 | 1,341 | 214 | 51,612 | 47,496 |
| Additions | 1,102 | | | 2,751 | 3,853 | 7,145 |
| Transfers | | | | | 0 | 0 |
| Disposals | | (165) | | | (165) | |
| Transfer to SOCIE | | | | | 0 | (3,029) |
| At end of year | 49,793 | 1,201 | 1,341 | 2,965 | 55,300 | 51,612 |
| Depreciation | | | | | | |
| At beginning of year | (1,542) | (296) | (370) | | (2,208) | (1,674) |
| Charge for the year | (377) | (28) | (86) | | (491) | (534) |
| Eliminated on disposals | | 165 | | | 165 | |
| At end of year | (1,919) | (159) | (456) | 0 | (2,534) | (2,208) |
| Net book value | | | | | | |
| At end of year | 47,874 | 1,042 | 885 | 2,965 | 52,767 | 49,404 |
| At beginning of year | 47,149 | 1,070 | 971 | 214 | 49,404 | 45,822 |

The insured value of land and buildings as at 30 June 2019 was £135m (2018: £131m).

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8 Fixed assets (continued)

Heritage assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance.

As stated in the statement of principal accounting policies, heritage assets acquired since 1 July 2000 have been capitalised. However, the majority of assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result the total included in the balance sheet is partial.

Amounts for the current and previous four years were as follows:

| | 2019 £000 | 2018 £000 | 2017 £000 | 2016 £000 | 2015 £000 |
|--|--------------|--------------|--------------|--------------|--------------|
| Acquisitions purchased with specific donations | | | | | |
| Acquisitions purchased with College funds | | | | | |
| Total cost of acquisitions purchased | | | | 80 | 5 |
| Value of acquisitions by donation | | | | | |
| Total acquisitions capitalised | 234 | 234 | 234 | 80 | 5 |

9 Investments

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Balance at beginning of year | 83,913 | 80,950 |
| Additions | 0 | 8,841 |
| Disposals | (3,409) | (3,007) |
| Depreciation | 0 | 0 |
| Transfers out | 4 | (4,425) |
| Gain/(loss) | (170) | 2,440 |
| Increase/(decrease) in cash balances held at fund managers | 3,202 | (886) |
| Balance at end of year | 83,540 | 83,913 |
| Represented by: | | |
| Property | 22,631 | 22,631 |
| Property Held for Sale | | |
| Quoted securities – equities | 53,158 | 56,721 |
| Fixed interest securities | 2,071 | 2,029 |
| Unquoted securities – equities | 447 | 505 |
| Cash on Short Term Deposit | 5,163 | 1,971 |
| Cash in hand and at investment managers | 11 | 1 |
| Other investments | 59 | 55 |
| | 83,540 | 83,913 |

SIDNEY SUSSEX COLLEGE
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| | | | |
|-----------|--|--------------|--------------|
| 10 | Stocks and work in progress | 2019 | 2018 |
| | | £000 | £000 |
| | Goods for resale | 184 | 173 |
| | Other stocks | 39 | 30 |
| | Total | 223 | 203 |
| 11 | Trade and other receivables | 2019 | 2018 |
| | | £000 | £000 |
| | Members of the College | 179 | 165 |
| | Other receivables | 220 | 336 |
| | Prepayments and accrued income | 458 | 416 |
| | Provision for bad debts etc | (19) | (23) |
| | Assets Held for Sale (Due less than 1 year) | 931 | 931 |
| | Assets Held for Sale (Due greater than 1 year) | 1,789 | 3,368 |
| | Total | 3,558 | 5,193 |
| 12 | Cash and cash equivalents | 2019 | 2018 |
| | | £000 | £000 |
| | Short-term money market investments | 4,588 | 5,344 |
| | Current accounts | 609 | 1,161 |
| | Total | 5,197 | 6,505 |
| 13 | Creditors: amounts falling due within one year | 2019 | 2018 |
| | | £000 | £000 |
| | Payments on account | 308 | 283 |
| | Trade creditors | 431 | 357 |
| | Taxation and Social Security | 90 | 145 |
| | University fees | 39 | |
| | Contribution to Colleges Fund | 29 | 30 |
| | Other creditors | 294 | 285 |
| | Accruals and deferred income | 530 | 1,118 |
| | Total | 1,721 | 2,218 |
| 14 | Creditors: amounts falling due after more than one year | 2019 | 2018 |
| | | £000 | £000 |
| | College Bond (30 year) £2.9m - Issue | 2,900 | 2,900 |
| | College Bond (30 year) £1.2m - Issue | 1,200 | 1,200 |
| | College Bond (40 year) £2.3m - Issue | 2,300 | 2,300 |
| | Total | 6,400 | 6,400 |

During 2013-14, the college borrowed from institutional investors, collectively with other Colleges, the College's share being £6.4 million. The loans are unsecured and repayable during the period 2043-2053, and are at fixed interest rates of approximately 4.4%. The College has agreed a financial covenant of the ratio of Borrowings to net Assets, and has been in compliance with the covenant at all times since incurring the debt.

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15 Pension provisions

| | Sidney Sussex College 1975 Pension Scheme | USS | 2019 | 2018 |
|---|--|--------------|-----------------------|-----------------------|
| | £000 | £000 | Total £000 | Total £000 |
| Balance at beginning of year | 2,760 | 786 | 3,546 | 3,882 |
| Balance at beginning of year - Prior Year Adjustment | | | | |
| Movement in year: | | | | |
| Current service cost including life assurance | 157 | 2,155 | 2,312 | 641 |
| Contributions | (474) | (548) | (1,022) | (989) |
| Other finance (income)/cost | 109 | 17 | 126 | 90 |
| Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure | 770 | | 770 | (78) |
| Balance at end of year | 3,322 | 2,410 | 5,732 | 3,546 |

See notes 24 and 25 for further analysis

16 Endowment funds

Restricted net assets relating to endowments are as follows:

| | Restricted permanent endowments £000 | Unrestricted permanent endowments £000 | 2019 Total £000 | 2018 Total £000 |
|--|---|---|--------------------------------|--------------------------------|
| Balance at beginning of year | | | | |
| Capital | 17,070 | 10,878 | 27,948 | 24,705 |
| Prior Year Adjustment: Change of Fund Classification | (88) | | (88) | 1,802 |
| New donations and endowments | | | | 3 |
| Increase/(decrease) in market value of investments | 61 | 39 | 100 | 1,374 |
| Transfers to / from Reserves | | | | 64 |
| Balance at end of year | 17,043 | 10,917 | 27,960 | 27,948 |

Analysis by type of purpose

| | | | | |
|--------------------|---------------|---------------|---------------|---------------|
| Fellowship Funds | 8,820 | | 8,820 | 9,513 |
| Scholarship Funds | 3,159 | | 3,159 | 3,147 |
| Prize Funds | 171 | | 171 | 171 |
| Hardship Funds | 254 | | 254 | 253 |
| Bursary Funds | 222 | | 222 | 221 |
| Travel Grant Funds | 217 | | 217 | 305 |
| Other Funds | 4,200 | | 4,200 | 3,460 |
| General endowments | | 10,917 | 10,917 | 10,878 |
| Total | 17,043 | 10,917 | 27,960 | 27,948 |

Analysis by asset

| | | | | |
|--------------|---------------|---------------|---------------|---------------|
| Property | | | | |
| Investments | 17,043 | 10,917 | 27,960 | 27,948 |
| Cash | | | | |
| Total | 17,043 | 10,917 | 27,960 | 27,948 |

SIDNEY SUSSEX COLLEGE
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17 Restricted Reserves

Reserves with restrictions are as follows:

| | Capital grants unspent £000 | Permanent unspent and other restricted income £000 | Restricted expendable endowment £000 | 2019 Total £000 | 2018 Total £000 |
|--|--------------------------------|---|---|--------------------|--------------------|
| Balance at beginning of year | | | | | |
| Capital | 3,788 | | 964 | 4,752 | 16,298 |
| Accumulated income | | 944 | 219 | 1,163 | 2,192 |
| | 3,788 | 944 | 1,183 | 5,915 | 18,490 |
| Prior Year Adjustment: Change of Fund Classification | | (29) | (79) | (108) | (13,435) |
| New grants | 270 | | | 270 | 764 |
| New donations | | | 25 | 25 | 158 |
| Other investment income | 40 | 689 | 22 | 751 | 639 |
| Increase/(decrease) in market value of investments | 26 | | 3 | 29 | 184 |
| Expenditure | | (463) | (61) | (524) | (572) |
| Capital grants utilised | (260) | | | (260) | (260) |
| Transfers to / from Reserves | 43 | (136) | (51) | (144) | (53) |
| Balance at end of year | 3,906 | 1,005 | 1,042 | 5,953 | 5,915 |
| Comprising of: | | | | | |
| Capital | | | 890 | 890 | 4,752 |
| Accumulated income | 3,906 | 1,005 | 152 | 5,063 | 1,163 |
| | 3,906 | 1,005 | 1,042 | 5,953 | 5,915 |
| Analysis of other restricted funds/donations by type of purpose | | | | | |
| Fellowship Funds | | 389 | | 389 | 542 |
| Scholarship Funds | | 280 | | 280 | 272 |
| Prize Funds | | 5 | | 5 | 6 |
| Hardship Funds | | 40 | 18 | 58 | 69 |
| Bursary Funds | | 37 | 707 | 744 | 784 |
| Travel Grant Funds | | 23 | 88 | 111 | 29 |
| Other Funds | 3,906 | 231 | 229 | 4,366 | 4,213 |
| Total | 3,906 | 1,005 | 1,042 | 5,953 | 5,915 |
| Analysis by asset | | | | | |
| Property | | | | | |
| Investments | | | 780 | 780 | 3,943 |
| Cash | 3,906 | 1,005 | 262 | 5,173 | 1,972 |
| Total | 3,906 | 1,005 | 1,042 | 5,953 | 5,915 |

SIDNEY SUSSEX COLLEGE
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| | | | |
|-----------|--|----------------|----------------|
| 18 | Reconciliation of surplus for the year to net cash inflow from operating activities | 2019 | 2018 |
| | | £000 | £000 |
| | Surplus (deficit) for the year | (854) | 7,374 |
| | Adjustment for non-cash items | | |
| | Depreciation | 491 | 534 |
| | Loss/(gain) on disposal of fixed assets | | |
| | Loss/(gain) on investments | 170 | (7,682) |
| | Decrease/(increase) in stocks | (20) | 11 |
| | Decrease/(increase) in trade and other receivables | 1,635 | (370) |
| | Increase/(decrease) in creditors | (497) | 689 |
| | Pension costs less contributions payable | 1,416 | (258) |
| | Adjustment for investing or financing activities | | |
| | Investment income | (3,302) | (3,094) |
| | Interest payable | 282 | 282 |
| | Donations and Legacies | (1,170) | (1,355) |
| | Donations for Capital Grants | (270) | (764) |
| | Net cash inflow/(outflow) from operating activities | (2,119) | (4,634) |
| 19 | Cash flows from investing activities | 2019 | 2018 |
| | | £000 | £000 |
| | Proceeds from sales of non-current fixed assets | | |
| | Non-current investment disposal | (4) | 7 |
| | Investment income | 3,302 | 3,094 |
| | Withdrawal of deposits | 3,408 | 60 |
| | Payments made to acquire non-current fixed assets | (3,853) | 302 |
| | Payments made to acquire non-current investment assets | 0 | (651) |
| | Donations and Legacies | 1,170 | 1,355 |
| | Donations for Capital Grants | 270 | 764 |
| | Total cash flows from investing activities | 4,293 | 4,931 |
| 20 | Cash flows from financing activities | 2019 | 2018 |
| | | £000 | £000 |
| | Interest paid | (282) | (282) |
| | Repayments of amounts borrowed | | |
| | Total cash flows from financing activities | 1,893 | 15 |

SIDNEY SUSSEX COLLEGE
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21 Analysis of cash and cash equivalents

| | At beginning of year £000 | Cash flows £000 | At end of year £000 |
|----------------------------|------------------------------------|--------------------|---------------------------|
| Cash at bank and in hand | 8,476 | 1,894 | 10,369 |
| Cash held at Fund Managers | 1 | (1) | 0 |
| Net Funds | <u>8,477</u> | <u>1,893</u> | <u>10,369</u> |

22 Capital commitments

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Capital commitments at 30 June 2019 are as follows: | | |
| Authorised and contracted | <u>6,480</u> | <u>0</u> |

23 Lease obligations

At 30 June 2018 the College had annual commitments under non-cancellable operating leases as follows:

| | 2019 £000 | 2018 £000 |
|--------------------------|--------------|--------------|
| Land and buildings: | | |
| Expiring within one year | 0 | 4 |
| Expiring in over 5 years | 1 | 1 |

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24 Pension schemes

The College participates in 2 defined benefit schemes:

Universities Superannuation Scheme

The total cost charged to the profit and loss account is £2,172,132 (2018: £519,301). This includes £50,231 (2018: £48,415) outstanding contributions at the balance sheet date.

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

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

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

The key financial assumptions used in the 2017 valuation are described below. 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 – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7% |

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

| 2017 Valuation | |
|----------------------------------|--|
| Mortality base table | Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females |
| Future improvements to mortality | CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females. |

The current life expectancies on retirement at age 65 are:

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

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

| | 2019 | 2018 |
|---------------------------|-------|-------|
| Discount Rate | 1.58% | 2.14% |
| Pensionable salary growth | n/a | n/a |
| Pension increases (CPI) | 2.11% | 2.02% |

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 30 June 2019, and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision in the College's Balance Sheet of £1,406k, a decrease of £1,004k from the current year end provision and a lower charge through the Statement of Comprehensive Income of £1,168k.

Sidney Sussex College 1975 Pension Scheme

The College operates a defined benefits plan, the Sidney Sussex College 1975 Pension Scheme.

The liabilities of the plan have been estimated for the purposes of FRS102 based on the results of the actuarial valuation as at 1 July 2017, adjusted for the different assumptions required under FRS102 and taking into consideration subsequent cash flows.

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

| | 2019 % p.a | 2018 % p.a |
|--|---------------|---------------|
| Discount rate | 2.25 | 2.70 |
| Increase in salaries | 4.45 | 4.35 |
| RPI assumption | 3.45 | 3.35 |
| CPI assumption | 2.25 | 2.15 |
| Increases to deferred pensions in excess of the GMP | 2.25 | 2.15 |
| Increases to pensions in payment for service pre 6/4/97 in excess of GMP | 3.30 | 3.25 |
| Increases to pensions in payment for service from 6/4/97 | 3.05 | 3.00 |

Members are assumed to retire at the plan normal retirement age.

The underlying mortality assumption is based upon 110% of the rates in the standard table known as PNXA on a year of birth usage with CMI_2013 future improvement factors and a long-term rate of future improvement of 1% p.a. (2016: same).

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

| | 2019 £ | 2018 £ |
|---|-------------|-------------|
| Present value of defined benefit obligation | 7,770,500 | 6,593,400 |
| Fair value of plan assets | (4,448,400) | (3,833,000) |
| Net defined benefit liability | 3,322,100 | 2,760,400 |

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Sidney Sussex College 1975 Pension Scheme (Continued)

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

| | 2019 | 2018 |
|--|----------------|----------------|
| | £ | £ |
| Current service cost | 157,200 | 140,100 |
| Interest on the net defined benefit liability | 70,200 | 76,100 |
| Loss on plan changes | 38,700 | - |
| Losses (or gains) on settlements or curtailments | - | - |
| Total | 266,100 | 216,200 |

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

| | 2019 | 2018 |
|---|------------------|------------------|
| | £ | £ |
| Present value of plan liabilities at beginning of period | 6,593,400 | 6,273,400 |
| Current service cost | 157,200 | 140,100 |
| Employee contributions | 18,000 | 17,500 |
| Benefits paid and DIS premiums | (17,800) | (6,600) |
| Interest on plan liabilities | 180,100 | 165,100 |
| Actuarial (gains)/losses | 800,900 | 3,900 |
| (Gain)/loss on plan changes | 38,700 | - |
| Curtailment (gain)/loss | - | - |
| Settlement | - | - |
| Present value of plan liabilities at end of period | 7,770,500 | 6,593,400 |

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

| | 2019 | 2018 |
|---|------------------|------------------|
| | £ | £ |
| Market value of plan assets at beginning of period | 3,833,000 | 3,181,400 |
| Contributions paid by the College | 474,100 | 469,600 |
| Employee contributions | 18,000 | 17,500 |
| Benefits paid and DIS premiums | (17,800) | (6,600) |
| Administrative expenses | - | - |
| Interest on plan assets | 109,900 | 89,000 |
| Return on assets, less interest included in Profit & Loss | 31,200 | 82,100 |
| Settlement | - | - |
| Market value of plan assets at end of period | 4,448,400 | 3,833,000 |
| Actual return on plan assets | 141,100 | 171,100 |

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

| | 2019 | 2018 |
|-------------------|-------------|-------------|
| | % | % |
| Equities | 90 | 95 |
| Property | 5 | 5 |
| Corporate bonds | - | - |
| With profit funds | 2 | - |
| Cash | 3 | - |
| Total | 100% | 100% |

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Sidney Sussex College 1975 Pension Scheme (Continued)

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 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

| | 2019 £ | 2018 £ |
|---|------------------|---------------|
| Actuarial gain/(loss) on plan assets | 31,200 | 82,100 |
| Actuarial gain/(loss) on plan liabilities | (800,900) | 3,900 |
| Remeasurement of net defined benefit liability recognised in OCI | (769,700) | 78,200 |

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

| | 2019 £ | 2018 £ |
|--|--------------------|--------------------|
| Net defined benefit asset/(liability) at beginning of year | (2,760,400) | (3,092,000) |
| Recognised in Profit and Loss | (266,100) | (216,200) |
| Contributions paid by the College | 474,100 | 469,600 |
| Remeasurement of net defined benefit liability recognised in OCI | (769,700) | 78,200 |
| Net defined benefit asset/(liability) at end of year | (3,322,100) | (2,760,400) |

25 Post Balance Sheet Event

As set out in Note 24 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed post year end. This results in a decrease of £1,004k in the provision for the obligation to fund the deficit on the USS pension which would instead be £1,406k. As the Schedule of Contributions was not in place at the financial year end this adjustment will be reflected in the Financial Statements for the year ended 30 June 2020. No contingent liability has been recognised.

26 Contingent Liabilities

No contingent liability has been recognised.

27 Related Party Transactions

Owing to the nature of the College's operations and the composition of its Governing Body it is possible that transactions will take place with organisations in which a member of the Governing Body may have an interest. For example with a Department of the University where a member of the Governing Body is Head of the Department. 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.