

PETERHOUSE

**FOR THE YEAR ENDED
30 JUNE 2020**

**PETERHOUSE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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**PETERHOUSE
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 30 JUNE 2020**

Address

Peterhouse
Trumpington Street
Cambridge
CB2 1TP

Charity Registration number: 1137457

Members of the Governing Body who served during the year

Ms B Kendall MBE (Master)

Dr S.N. Solomou
Professor M.A. Parker
Professor P.C. Woodland
Professor S.F. Deakin
Professor S.E. Jackson
Professor B.P. Simms
Professor M.C. Jones
Dr J.N.B. Carleton Paget
Professor A.M.L. Lever
Dr J.M.B. Wallace
Mr S.H. Mandelbrote
Dr A.J. White
Professor P.A. Midgley
Dr R.I. Ross Russell
Dr M.J. Ryan
The Revd Dr S.W.P. Hampton
Dr A Zsák
Dr C.G. Lester
Dr S.M. Murk Jansen
Professor M Moriarty
Professor S.K. Connor
Mr I.N.M. Wright
Dr J.P. Talbot
Dr T.K. Dickens
Professor R.J. Holton
Dr A. Haldar
Professor J.E. Robb
Dr S.J. Lunn-Rockcliffe
Dr G. Christie
Dr T. Long
Dr N.A.S. Zair
Dr J.B. Hofmann
Dr G.L. Thomas
Dr LS Slater (appointed 1 October 2019)

**PETERHOUSE
SENIOR OFFICERS AND ADVISORS
FOR THE YEAR ENDED 30 JUNE 2020**

Current Senior Administrative Officers

Master:	Ms B Kendall MBE
Senior Tutor:	The Revd Dr S.W.P. Hampton
Senior Bursar:	Mr I.N.M. Wright

Principal Legal Advisers

Mills & Reeve
Francis House
112 Hills Road
Cambridge
CB2 1PH

Property Managers

Bidwells LLP
Trumpington Road
Cambridge
CB2 9LD

Knight Frank LLP
20 Hanover Square
London
W1S 1HZ

Fund Managers / Investment Advisors

Credit Suisse (UK) Ltd
Five Cabot Square
London
E14 4QR

Cantab Asset Management Ltd
50 Station Road
Cambridge
CB1 2JH

Auditors

Price Bailey LLP
Chartered Accountants and Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Bankers

Barclays Bank PLC
Cambridge Business Centre
Cambridge
CB2 3PZ

Tax Advisor

PEM
Salisbury House,
Station Road
Cambridge
CB1 2LA

PETERHOUSE OPERATING REVIEW FOR THE YEAR ENDED 30 JUNE 2020

Introduction

The commentary that follows is intended to give the readers of the financial statements an overview of the finances and operations of Peterhouse and its subsidiaries.

The College is preparing its financial statements in accordance with Recommended Cambridge College Accounts (RCCA) format which has adopted FRS 102.

Scope of the Financial Statements

The consolidated financial statements cover the education, research and religious activities of Peterhouse and also its subsidiary companies. These subsidiaries undertake activities which for legal or commercial reasons are more appropriately carried out by limited companies. The subsidiary companies are listed in note 9.

About the College

Peterhouse is an autonomous, self-governing community of scholars and is the oldest of the 31 colleges within the University of Cambridge.

Formally "The Master (or Keeper) and Fellows of Peterhouse in the University of Cambridge", Peterhouse is a charitable corporation established by Letters Patent dated 31 March, 1284 and granted royal assent by Charter of King Edward I on 28 May, 1285. The College is a registered charity (No. 1137457), with its principal address at Trumpington Street, Cambridge, CB2 1RD.

The College is governed in accordance with its Statutes, made in 1926 and variously amended from time to time by Order of Her Majesty in Council. The Statutes of the University of Cambridge and specific legislation covering the University of Cambridge also apply to the College.

The Statutes of the College lay down the constitution and arrangements for governance of the College. They describe, among other things, the membership and responsibilities of the Governing Body; the election and duties of the Master; the election, admission, tenure and removal of Fellows; and the appointment and duties of College Officers. The Statutes are supplemented by orders for the regulation of the College's affairs, made by the Governing Body in accordance with the Statutes.

The Visitor of the College is the Bishop of Ely.

Aims and objectives of the College

The "laudable design" of Hugo de Balsham, as expressed in the College's founding instruments, was "to introduce scholars in the schools, who are to live together and study in the University of Cambridge; to dwell in the same [College] for ever, and employ themselves with appropriate study, to the praise of God and the perpetual augmentation of the same university."

This forms the basis for the College's statutory purpose, namely to advance education, religion, learning and research through the provision of a College in the University of Cambridge.

As part of a collegiate university, the long-term success of the College, as a centre of academic and educational excellence, is dependent upon the continuance of the University of Cambridge's world-class standing.

PETERHOUSE OPERATING REVIEW CONTINUED FOR THE YEAR ENDED 30 JUNE 2020

Public benefit

The College pursues its charitable objects (to advance education, religion, learning and research) for the public benefit through a wide variety of activities, including:

- admitting undergraduates from a diverse range of educational, social and cultural backgrounds for University courses and admitting graduate students from those accepted by the University;
- providing, in conjunction with the University, a world-class education for undergraduates, particularly through College-based individual or small-group supervision and direction of studies;
- supporting students financially and rewarding excellence and achievement through the provision of bursaries, scholarships, prizes and a range of grants, as well as assisting students in particular financial hardship;
- providing pastoral, administrative and academic support for both undergraduates and graduate students through the Tutorial system and other welfare mechanisms;
- providing library, computing, cultural, musical, sporting and social facilities to enable students to achieve their full potential both academically and otherwise;
- supporting students and Fellows by providing accommodation, catering and other services which also underpin the concept of a multi-disciplinary academic community;
- promoting academic research of the highest quality through annual competitions for election to Research Fellowships and Research Studentships, through supporting the research activities of both Fellows and graduate students, and welcoming academic visitors from other institutions;
- maintaining services in the Chapel regularly during Full Term, promoting the activities of the Choir and fostering the spiritual welfare of College members irrespective of denomination or faith;
- preserving and enhancing the endowments and benefactions, historic buildings and grounds of the College for the benefit of future generations;
- providing access to some of the College's facilities and educational resources to conference guests and also to the general public at times when they are not in use by College members.

Funding

The sources of income of Peterhouse are:

- Fees charged to students for tuition, accommodation and use of other College facilities and services;
- Income from services provided to external customers, including conference activity;
- Benefactions and donations for current use;
- Investment income from our accumulated endowment and other assets.

Achievements and performance

Education

In spite of Covid-19 pandemic, the College continued to deliver teaching to support the University courses and examinations, although some of this was provided remotely, particularly during the countrywide lockdown.

82 full time undergraduates were admitted in the year 2019-20 (2019: 81), bringing the total across all years to 292 (2019: 278); the new intake can be broken down as to 55%/45% (2019: 49/51%) arts and sciences, and 56/44% (2019: 56/44%) male, female; the intake was composed of 64 (2019: 62) Home and EU students and 18 (2019: 19) Overseas students; applicants are assessed on the basis of their potential as well as their achievements to date. The number of graduate students on the College's books totalled 178 (2019: 174), of whom 136 (2019: 139) were fee paying.

The College aims to provide supervision and direction of studies by its own Fellows in most of the principal subjects offered by the University; one Fellow providing teaching in History of Art joined the Fellowship during the year.

PETERHOUSE OPERATING REVIEW CONTINUED FOR THE YEAR ENDED 30 JUNE 2020

Due to the Covid-19 pandemic, a large number of students did not take classed examinations this year; 75 (2019: 232) undergraduates sat classed University examinations in 2020, with 99% (2019: 91%) obtaining grades in the First Class or the upper division of the Second Class (or in the undivided Second Class); in the other examinations there were: 9 Honours Passes, 45 Passes, and 141 allowed to progress; four undergraduates were awarded University prizes (2019: 4); 19 graduate students successfully completed an MPhil or other one-year graduate course (2019: 27), 2 (2019: 2) completed clinical studies and 21 (2019: 20) satisfied the requirement for the degree of PhD.

69 (2019: 67) undergraduates – some 30% of those potentially eligible – received means-tested awards totalling £216k (2019: 207k) under the centralised Cambridge Bursary Scheme, with 46 (2019: 45) of the awards at the maximum value; the scheme is intended to ensure that no UK or EU student should be deterred from applying to Cambridge because of financial considerations; the Tutors deployed a further £137k (2019: £141k) to make loans and grants to support undergraduates facing particular financial hardship; scholarships and prizes worth some £48k (2019: £57k) were awarded by the Governing Body to recognise and reward excellence and achievement, while grants for recreational travel and vacation study came to £22k (2019: £37k). Grants to support student wellbeing were awarded to address the impact of Covid-19 £22k (2019: £nil).

The College made grants totalling £63k (2019: £74k). to its official student bodies, the Sexcentenary Club (JCR) and Graduate Society to enable them to provide social and sporting support to their members.

The Ward Library added a further 1,022 (2019: 1,577) volumes during the year, on the recommendation of both Fellows and students and as a result of generous gifts; the project to update the catalogue of the College's rare book collections continued. Further improvements to facilities and accommodation were made: a disabled access and a fully accessible accommodation suite was created in the William Stone Building, and a refurbishment of student accommodation on Little St Mary's Lane was completed.

Research

One Research Fellow specialising in Classics and Oriental Studies were appointed through the annual competition, for an initial three year term, which maintained the total number of Research Fellows at twelve (2019: 12); these Fellowships enable outstanding academics at the early stages of their careers to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post.

On the recommendation of the Research Studentships Committee a further 12 (2019: 11) Research Studentships were awarded to graduate students on the basis of merit to cover their academic fees and maintenance expenses, bringing the total to 31 (2019: 21) and the annual cost of the scheme to £743k (2019: £663k); the Tutors made other grants and awards totalling £103k (2019: £124k). to graduate students in order to offset research and maintenance expenses.

Research allowances totalling £46k (2019: £48k) were provided in support of Fellows' research activities; two Bye-Fellows (one in Biological Sciences, one in English), and three Visiting Fellows (one in History, one in Psychology and Neuroscience, one in Anthropology). Five Honorary Research Associates and four Research Associateships were also granted to post-doctoral workers at the University.

Religion

The Chapel occupied its usual place at the heart of the College's spiritual life, with a variety of religious services taking place regularly during Full Term, underpinned by Peterhouse's strong choral tradition. During part of the year services were broadcast and meetings arranged over the internet to continue to provide that spiritual and communal focus for the College during the difficulties caused by the Covid-19 pandemic.

The College welcomed The Revd Adams-Massmann who joined as Assistant Chaplain and who has made a valuable contribution since her arrival. The College again supported an annual spiritual retreat for members of the College. The College continued the further refurbishment of the building which included the ongoing refurbishment of the organ.

Additional information about the College's activities can be found in the Peterhouse Annual Record and the College newsletter, as well as on its website (www.pet.cam.ac.uk).

**PETERHOUSE
FINANCIAL REVIEW
FOR THE YEAR ENDED 30 JUNE 2020**

The financial statements for the year to 30 June 2020 have been prepared in accordance with using the Recommended Cambridge College Accounts (RCCA) format and the external auditors' opinion is unqualified. The College's three wholly-owned subsidiaries have all been consolidated. The three subsidiaries are: Peterhouse Library Charity Limited, which provides the College with library services; Peterhouse Enterprises Limited (PEL), which is engaged in property development, and Peterhouse Conferences and Events Limited, which manages certain Catering and Conference activities undertaken by the College in order to raise funds to further its charitable aims. Peterhouse Library Charity Limited ceased trading on 30 June 2019 and sold its assets to the College with a view to merging its charitable activities into the College. It is now a dormant company.

The College seeks to run the operating income and expenditure account at breakeven over the long term whilst gradually growing spend on its charitable activities. To this end the College has continued to expand its studentship programme for graduates and also continued to invest in the range of services it offers to all its students.

The College remains committed to maintaining and preserving the historic buildings that underpin its charitable objectives and enrich its community. The College also seeks to maintain and gradually enhance its stock of operational properties, and has completed a number of substantial projects during the year in addition to the re-on-going refurbishment of the Organ in the Chapel: a new suite of rooms was created to provide teaching space and accommodation for disabled students; and the refurbishment of undergraduate accommodation in Little St Mary's Lane Hostel has improved the College's stock of accommodation. The College began works to improve graduate accommodation in 23 Parkside and to provide suitably located accommodation for clinical medics on Porson Road, close to Addenbrooke's Hospital. The College also started a project at the Brewhouse to expand the musical facilities available to members of the College.

The College's activities in the latter part of the financial year were shaped to a large degree by Covid-19 and the resulting lockdown. On 18 March 2020 the University asked students, both undergraduate and postgraduate, to return home where possible; and teaching moved online. The physical absence of students in Easter Term helped to push the College towards a modest overall accounting deficit before donations of £679k (2019: deficit £311k). After adjusting for a £334k movement on the USS pension liability deficit, this overall deficit was reduced to £345k (2019: deficit £880k). The underlying deficit before donations partly reflects the fact that a number of initiatives are now being directly and specifically funded by gifts and donations. After adjusting for donations, the College showed a surplus of £491k (2019: surplus £822k). However, a modest decline in the value of our investment portfolio resulted in an overall reduction in reserves of £1.4m (2019: £0.6m).

Peterhouse

Simplified Income and Expenditure

	2020	2019
	Total	Total
	£'000	£'000
Total income before donations and endowments	12,799	12,913
Total expenditure	(13,478)	(13,224)
(Deficit) before donations and USS provision	(679)	(311)
USS provision	334	(569)
(Deficit)/Surplus before donations	(345)	(880)
Donations	830	1,057
New endowments	6	645
Surplus before other gains and losses	491	822
Gains on investments and assets	(1,844)	(1,446)
Deficit for the year	(1,353)	(624)

**PETERHOUSE
FINANCIAL REVIEW CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

Income/Expenditure

Income from Academic Fees and Charges rose by 6.0% (2019: 11.5%) on the prior year reflecting a change in the mix of fee paying students and an increase in undergraduate numbers. Income from Accommodation, Catering and Conferences fell by 14.2% on the prior year (2019: 1.5% increase). The physical absence of students in Easter Term reduced income from room rents and College catering; following lockdown the College suspended its catering and conference activity which also impacted on income. The effects of this loss was to some degree offset by the income from the College's use of the Government's Coronavirus Job Retention Scheme; this is included in Sundry Income and largely explains the increase of £198k year on year. Endowment income remained stable as a significant property at the Technology Park began to generate income for the first time; this offset some planned lease terminations on the commercial property portfolio and some impact from Covid -19 on property income and quoted security returns. Overall total College income before donations and endowments fell by £114k or -0.9% (2019: £457k; 3.8% increase).

The College's total expenditure fell by £649k or 4.7% (2019: £1,253; 10.0% increase). The two most significant factors are: the impact of recognising the expected future liabilities resulting from the recent changes to the USS pension scheme recovery plan (£334k) and reductions in activity in the last quarter of the year.

Total depreciation rose by £25k (2019: £44k) as a result of the additional capitalised expenditure discussed below.

Staff costs and pensions

Total staff costs (academic and non-academic) remain the most significant cost for the College at £4.7m (2019: £5.3m). Staff costs excluding actuarial adjustments to the pension schemes under FRS102 increased by £324k or 6.8% (2019: £398k or 9.2%). This reflected the cost of living increase for the year, the full year impact of the planned increase in Research Fellows, the appointment of a Mental Health Advisor to strengthen the welfare team, some other modest increases in staff numbers, the cost of sabbatical cover, the ongoing impact of auto-enrolment, the increase in USS pension contribution rates; and the College's continued commitment to paying its staff at least in line with the Living Wage.

The staff CCFPS pension scheme remains significantly in deficit (under FRS102) in 2020, and the deficit increased by £1,187k (2019: reduced by £1,146k). The changes in actuarial assumptions underlying the plan are the largest component of the increase in the liabilities (£1,658k); these were driven by changes to the discount rate and inflation rate applied to the scheme's liabilities. This scheme is closed to new entrants.

The College includes a share of the USS Scheme's current deficit. Under IFRS the College is obliged to account for it under money purchase scheme rules, although it is a multi-employer defined benefit scheme. The recent changes to the recovery plan following the latest revaluation has resulted in a £344k credit (2019: £569k debit) being recognised in Income and Expenditure statement; this largely relates to the recognition of future payments by the College that are expected under the recovery plan. Details of this scheme and the CCFPS scheme are included in notes 15 and 22.

Overall the pension scheme liabilities measured under FRS102 have increased by 16.1% from £5.4m to £6.3m (2019: increased by 46.7% from £3.6m to £5.4m).

Capital expenditure

The College continued work on the refurbishment of the Chapel (£0.3m) which focussed on renovating the organ. Other refurbishment works (£0.9m) were carried out on a mix of graduate and undergraduate accommodation at 23 Parkside and Little St Mary's Lane Hostel. In addition; a new suite of rooms was created to provide teaching space and accommodation for disabled students (£0.4m). The College also began its refurbishment of the Brewhouse which will expand the music facilities available to members of the College.

The College takes very seriously its responsibility to maintain the College's operational buildings, most of which are listed and of historic importance, to ensure their compliance with new regulations, and to meet higher energy efficiency standards. The cost of doing this places a significant financial burden on the College.

PETERHOUSE
FINANCIAL REVIEW CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020

The College continues to invest in its IT infrastructure and software; during the year the College began the introduction of a new accommodation and conference database system. The new database will not only help to meet the requirements of the recently introduced GDPR legislation, but will also improve the College's ability to manage its room stock efficiently.

Endowment and investment performance

The College's survival in its present form is dependent on its endowment capital, which contributes over half its income and has additionally to absorb deficits and provide the funds for necessary building works. The College's investment objective, implemented under the supervision of its Estates & Investments Committee, is to manage its endowment to produce a steadily rising income stream whilst ensuring the long-term preservation of capital value in real terms.

The composition and performance of the College's endowment is summarised in the table below:

	2020	2019
	£'000	£'000
Property	160,404	164,782
Pooled property funds	4,018	4,285
Equities	66,436	67,718
Cash, loans and fixed interest securities	2,044	2,406
Cash in hand and at investment managers	1,836	2,412
Other cash held for the Endowment	10,467	5,176
Other investments	177	324
Total Investments	245,382	247,103
Loans	(37,887)	(37,849)
Net Endowment Assets	207,495	209,254

Endowment return and investment income	2020	2019
	£'000	£'000
Income from:		
Land and buildings	5,222	4,944
Pooled property funds	220	333
Equities	2,058	2,175
Other interest receivable	210	272
Total income	7,710	7,724
Equities management costs	(118)	(133)
Direct costs of property management, agency fees and maintenance	(511)	(460)
Net income before financing costs	7,081	7,131
Interest and finance costs	(1,332)	(1,325)
Total net income after financing costs	5,749	5,806
Capital gains on investments (realised and unrealised)	(1,844)	(1,471)
Total return	3,905	4,335

In July 2017 the College exchanged contracts with a third party to sell freehold land for a total net sum (excluding VAT) of £17,390,000. Under the terms the land is to be drawn down and paid for in three tranches. Net consideration (excluding VAT) for the second tranche (£6,642,000) took place August 2018 and net consideration (excluding VAT) for the final tranche (£6,642,000) completed in August 2019.

**PETERHOUSE
FINANCIAL REVIEW CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

On 4 August 2020 the College purchased land at Fulbourn for £18.5m and then immediately granted a long leasehold on this land to a third party for a premium of £9.25m.

Risk Management

The Governing Body has the overall responsibility for identifying and managing the major risks facing the College. Discussion of risks are a routine part of the work of the Governing Body and the associated College Committees. A formal high level risk register is maintained by the Finance Committee and reviewed on an annual basis by the Governing Body. In addition to this, other College Committees review and discuss individual risks which fall within their respective terms of reference on a more frequent basis. College Committees also develop and update College policies to manage and mitigate risks as and when appropriate. Responsibility for the implementation of College policies is delegated to the relevant College Officers and members of staff.

Fundraising

The existence and success of Peterhouse is a reflection of the outstanding generosity over time of Petreans and other benefactors. The College's development campaign continued to make a valuable contribution over the year, with donations and legacies of £0.8m (2019: £1.7m). Of these £6k was raised for permanent endowments (2019: £645k). The combined net costs of fundraising and member relations was £327k (2019: £282k).

The College is registered with the Fundraising Regulator and adheres to its Code of Practice. The College does not use external professional fundraisers and carries out fundraising activities through its Development Office, in collaboration with Cambridge University Development and Alumni Relations Office as appropriate. In addition to seeking financial and other support for the College, the Development Office is also responsible for alumni relations. Fundraising techniques used include face to face meetings, the promotion of legacy giving, annual telephone campaigns and occasional mass mailings to members of the College's community. The College takes very seriously its responsibility to ensure that its assets and resources are used only for the purposes for which they were given. The College does not engage in intrusive or unreasonably persistent methods of fundraising and training is given to all individuals who undertake fundraising activities to ensure that they know how to handle an obviously vulnerable person. There have been no formal complaints made about fundraising (prior year none).

Principal risks and uncertainties

Peterhouse faces a range of risks in meeting its charitable purposes which include financial, operational and reputational risks. These include its long-term ability to attract the best staff and students, to maintain and develop its research and educational offering, and to conserve, refresh, and renew its physical facilities. In addition, the College faces reputational risks in a world where modern communication methods have resulted in higher levels of transparency and scrutiny in wide range of areas.

The College has recently invested in a range of measures to improve further the pastoral support it offers its students. It seeks to foster a supportive and collegiate culture amongst Fellows, students and staff. The College also seeks opportunities to contribute positively to the communities in which it operates and takes seriously its responsibilities as a significant landowner.

While Peterhouse is fortunate in being a relatively well-endowed College, it continues to face financial challenges many of which are common to the University and other Cambridge colleges.

The recent pandemic and the outcome of the referendum on membership of the EU has made the political, economic and educational landscape increasingly uncertain. This is against a back drop of cuts by Government to funding for teaching and research, coupled with fees for students rising steeply in recent years. Operating costs in the meantime have been subject to ongoing inflationary pressures. In addition, the two defined benefit pension schemes which the College is part of have moved into significant funding deficits in recent years due to adverse movements in the financial markets.

**PETERHOUSE
FINANCIAL REVIEW CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

Peterhouse seeks to respond to these financial challenges by focussing on efficient financial management of its operational activities, and the prudent stewardship of its endowment assets for the long term. However, if it is to develop further the activities that are critical to its mission such as research studentships, and to continue to progress its capital expenditure plans across its substantial operational estate, the College will need to raise additional funds over the coming years.

Plans for the future

The College aims to pursue and develop its existing strategy, with a particular focus over the next few years on:

- The challenges and consequences of the Covid-19 pandemic;
- The further development of staffing and pastoral care to promote and support student well-being;
- Continued support of its Research Fellowship and Research Studentship scheme to offer financial support for the most talented early-career academics and graduate students;
- Increasing the College's Admissions and Outreach initiatives to attract outstanding applicants for undergraduate and graduate courses from a diverse range of educational, social and cultural backgrounds.

PETERHOUSE
CORPORATE GOVERNANCE AND STATEMENT OF INTERNAL CONTROL
FOR THE YEAR ENDED 30 JUNE 2020

1. The following statement is provided by the Governing Body to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.
2. The College is a registered charity (registered number No. 1137457) and subject to regulation by the Charity Commission for England and Wales. The members of the Governing Body are the charity trustees and are responsible for ensuring compliance with charity law.
3. The Trustees are Governing Body which is advised in carrying out its duties by a number of Committees.
 - a. Governance Committee
 - b. Remuneration Committee
 - c. Finance Committee
 - d. Estates and Investments Committee
 - e. Development Committee
 - f. Education Committee
 - g. Admissions Committee
 - h. Examination Failures Committee
 - i. Grants Committee
 - j. Honorary & Visiting Fellowships Committee
 - k. Research Studentships Committee
 - l. Research Fellowships Committee
 - m. Travel Grants Committee
 - n. Charitable Applications Committee
 - o. Co-Ordinating Committee
 - p. Peterhouse Boat Club Fund Management Committee
 - q. Staff Committee
 - r. Food and Wine Committee
 - s. Buildings, Fabric and Gardens Committee
4. The principal administrative Officers of the College are the Master, the Senior Bursar, and the Senior Tutor.
5. It is the duty of the Finance Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Governing Body on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Governing Body. Membership of the Finance Committee includes: The Chairman (a Fellow of the College), Senior Tutor, Senior Bursar and several other Fellows of the College.
6. There are Registers of Interests of Members of the Governing Body, the Finance Committee and of the senior administrative officers. Declarations of interest are routinely made at all College committee meetings.
7. The College's Trustees (Members of the Governing Body) during the year ended 30 June 2020 are set out on page 2.
8. The Trustees are the Governing Body which 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 Governing Body is responsible, in accordance with the College's Statutes.
9. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
10. The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2020 and up to the date of approval of the financial statements.

PETERHOUSE
CORPORATE GOVERNANCE AND STATEMENT OF INTERNAL CONTROL
FOR THE YEAR ENDED 30 JUNE 2020

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

- a. The Governing Body meets regularly (typically 13 times) throughout the year to consider the plans and strategic direction of the College; it also reviews and approves the annual financial results and budget.
 - b. The Governing Body receives interim reports from the Finance Committee which reviews key financial information and statistics on an ongoing basis, including quarterly progress against budget.
 - c. A Committee Structure has been put in place to review key areas of College activity.
 - d. Appropriate levels of segregation of duties have been established together with authority limits. These are reviewed periodically.
 - e. Two Fellows (not already on the Finance Committee) review and audit the College accounts in detail, and provide an independent report on their findings to the Governing Body.
 - f. A Project Accountant has been employed to review and improve the internal systems and controls.
11. A Fellow on the Governing Body has been designated SIRO (Senior Information Risk Officer) and is responsible for reporting to Governing Body on data protection and information risk issues.
12. The Governing Body's review of the effectiveness of the system of internal control is informed by the work of various Committees, the Senior Bursar, and other 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.

**PETERHOUSE
RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 30 JUNE 2020**

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

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, the Governing Body are required to:

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

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

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

On behalf of the Governing Body of the Master (or Keeper) and Fellows of Peterhouse in the University of Cambridge


Ms B Kendall MBE
Master


Mr I.N.M. Wright
Senior Bursar

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF PETERHOUSE FOR THE YEAR ENDED 30 JUNE 2020

Opinion

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

In our opinion:

- the financial statements give a true and fair view of the state of the College's and Group's affairs as at 30 June 2020 and of its incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge.

Basis for opinion

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

Conclusions relating to going concern

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

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

Emphasis of Matter in relation to the property valuation

We draw attention to Note 9 of the financial statements which describes that included within investments at the year end is part of a property portfolio with Bidwells valued at £54,975k and a property portfolio with Knight Frank valued at £44,870k. The values of these properties have been included based on professional valuations at the year end, however the valuers stated that these valuations were subject to a material uncertainty related to COVID-19. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF PETERHOUSE (continued) FOR THE YEAR ENDED 30 JUNE 2020

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Governing Body

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF PETERHOUSE
(continued)
FOR THE YEAR ENDED 30 JUNE 2020**

Use of our report

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

Price Bailey LLP

PRICE BAILEY LLP

Chartered Accountants and Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ
Date: 1 December 2020

Price Bailey LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

PETERHOUSE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020

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

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.

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

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments and certain operational properties which is included at valuation. The accounts are shown in pound sterling and rounded to the nearest thousand pounds.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary undertakings included are set out in note 9. Intra-group balances are eliminated on consolidation.

Recognition of income

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

Grant income

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

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

Donations and endowments

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

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

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.

**PETERHOUSE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020**

Statement of Principal Accounting Policies

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.

Recognition of income (continued)

Donations and endowments (continued)

Donations with no restrictions are recorded within the Consolidated 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.

Other income

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

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. Certain items of fixed assets, including the majority of our operational buildings, that had been revalued to fair value on or prior to 1 August 2014, the date of transition to SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. These assets had useful economic lives ranging between 5 to 150 years and are depreciated on a straight line basis.

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.

Statement of Principal Accounting Policies

Fixed assets (continued)

Freehold land is not depreciated as it is considered to have an indefinite useful life. Additions to Freehold Buildings, in the form of capitalised refurbishment works or new buildings, are depreciated on a straight line basis over their expected useful lives 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.

The cost of additions to operational property shown in the balance sheet includes the cost of land. Furniture, fittings and equipment costing less than £3,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10.0% per annum
Computer equipment	25.0% per annum
Motor vehicles	20.0% per annum

**PETERHOUSE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020**

Leased assets

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 1 August 2014 have not been capitalised since reliable estimates of cost or value are not available on a cost benefit basis, and also the volume of items and valuation issues mean that it is neither practical nor beneficial to identify and value them. Acquisitions since 1 August 2014 and valued at over £10k are capitalised and recognised in the Balance Sheet at the cost or, where the assets are donated, at valuation on receipt of these assets where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. Expenditure which is required to preserve or prevent further deterioration of individual items within the heritage assets is recognised in the Income and Expenditure Account when it is incurred. The Colleges' management policy in respect of its heritage asset is summarised in note 8.

Investments

Fixed asset investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value/market value.

Stocks

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

Debtors

Short term debtors are measured at transaction price, less impairment.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price.

Financial Instruments

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

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

PETERHOUSE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020

Financial assets

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

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

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

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

Financial Liabilities

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

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

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

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

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

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

PETERHOUSE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020

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.

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 1137457). It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

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.

PETERHOUSE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020

Pension costs

Universities Superannuation Scheme (USS)

The College participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2017 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution 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 and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

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

Cambridge Colleges Federated Pension Scheme (CCFPS)

The College participates in the Cambridge Colleges Federated Pension Scheme, a defined benefit scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the Scheme and are accounted for on the basis of providing pensions over the period during which the College benefits from the employees' services.

Other pension schemes

The College also operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the College. The annual contributions payable are charged to the Income and Expenditure Account.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In order to calculate the discounted pension liability, the College makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

PETETHOUSE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020

Pension costs (continued)

Critical accounting estimates and areas of judgement (continued)

The present value of the USS and CCFPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2018 has been used by the actuary in valuing the pensions liability at 30 June 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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.

Legacy accounting

For legacies, entitlement is taken as the earlier of the date of which either: the College is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the College has been notified of the executor's intention to make a distribution. Where legacies have been notified to the College, or the College is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

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.

Going Concern

As a result of the Covid-19 pandemic the Governing Body has considered various future scenarios and the impact of possible continued and new reductions to income, particularly conferences, accommodation and investment income. These future budgets and forecasts indicate how the College is able to respond to possible income reductions in a timely manner so that there is no interruption to its services to students. The Governing Body has also reviewed the implications of further lockdowns. As a result of its assessment of the implications of the pandemic and various strategies and options to deal with these, the Governing Body has confirmed the College's ability to continue in operation and on that basis it has adopted the going concern assumption within these financial statements. The Governing Body confirms the College's ability to continue as a going concern.

PETERHOUSE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2020

	Note	Unrestricted £'000	Restricted £'000	Endowment £'000	2020 Total £'000	Unrestricted £'000	Restricted £'000	Endowment £'000	2019 Total £'000
Income									
Academic fees and charges	1	2,221	2	-	2,223	2,096	2	-	2,098
Accommodation, catering and conferences	2	2,547	-	-	2,547	2,970	-	-	2,970
Investment income	3	7,218	492	-	7,710	7,238	486	-	7,724
Other income		319	-	-	319	121	-	-	121
Total income before donations and endowments		12,305	494	-	12,799	12,425	488	-	12,913
Donations		169	661	-	830	491	566	-	1,057
New endowments		-	-	6	6	-	-	645	645
Total income		12,474	1,155	6	13,635	12,916	1,054	645	14,615
Expenditure									
Education	4	4,971	952	-	5,923	4,809	977	-	5,786
Accommodation, catering and conferences	5	4,722	78	-	4,800	4,658	76	-	4,734
Other expenditure		2,221	-	-	2,221	3,064	-	-	3,064
Contribution under Statute G, II		200	-	-	200	209	-	-	209
Total expenditure	6	12,114	1,030	-	13,144	12,740	1,053	-	13,793
Surplus before other gains and losses		360	125	6	491	176	1	645	822
Revaluation of fixed assets	8	-	-	-	-	25	-	-	25
(Loss)/gain on investments	9	(1,411)	(15)	(418)	(1,844)	(2,361)	29	861	(1,471)
(Deficit)/surplus for the year		(1,051)	110	(412)	(1,353)	(2,160)	30	1,506	(624)
Other comprehensive income									
Miscellaneous capital receipts and payments		-	-	-	-	179	-	-	179
Actuarial loss in respect of pension schemes	15	(1,030)	-	-	(1,030)	(1,031)	-	-	(1,031)
Total comprehensive income for the year		(2,081)	110	(412)	(2,383)	(3,012)	30	1,506	(1,476)

The notes on pages 29 to 46 form part of these accounts.

PETERHOUSE
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated	Income and expenditure reserve			Total
	Unrestricted	Restricted	Endowment	
	£'000	£'000	£'000	£'000
Balance at 1 July 2018	307,159	6,051	15,020	328,230
Surplus from income and expenditure statement	(2,160)	30	1,506	(624)
Other comprehensive income	(852)	-	-	(852)
Balance at 30 June 2019	304,147	6,081	16,526	326,754

Consolidated	Income and expenditure reserve			Total
	Unrestricted	Restricted	Endowment	
	£'000	£'000	£'000	£'000
Balance at 1 July 2019	304,147	6,081	16,526	326,754
Surplus from income and expenditure statement	(1,051)	110	(412)	(1,353)
Other comprehensive income	(1,030)	-	-	(1,030)
Balance at 30 June 2020	302,066	6,191	16,114	324,371

The notes on pages 29 to 46 form part of these accounts.

PETERHOUSE
CONSOLIDATED AND COLLEGE BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 Consolidated £'000	2020 College £'000	2019 Consolidated £'000	2019 College £'000
Non-current Assets					
Fixed assets	8	118,722	118,722	118,536	118,536
Investments	9	234,915	234,365	241,927	241,230
		353,637	353,087	360,463	359,766
Current assets					
Stocks	10	430	430	412	412
Trade and other receivables	11	2,735	3,915	2,484	3,040
Cash and cash equivalents	12	14,142	13,029	9,240	8,001
		17,307	17,374	12,136	11,453
Creditors: amounts falling due within one year	13	(14,409)	(14,399)	(2,591)	(2,581)
Net current assets		2,898	2,975	9,545	8,872
Total Assets less current liabilities		356,535	356,062	370,008	368,638
Creditors: amounts falling due after more than one year	14	(25,887)	(25,887)	(37,849)	(37,849)
Provisions					
Pension provisions	15	(6,277)	(6,277)	(5,405)	(5,405)
Total net assets		324,371	323,898	326,754	325,384
Restricted reserves					
Income and expenditure reserve – endowment reserve	16	16,114	16,114	16,526	16,526
Income and expenditure reserve – restricted reserve	17	6,191	6,191	6,081	6,081
Total Restricted reserves		22,305	22,305	22,607	22,607
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		302,066	301,593	304,147	302,777
Total Reserves		324,371	323,898	326,754	325,384

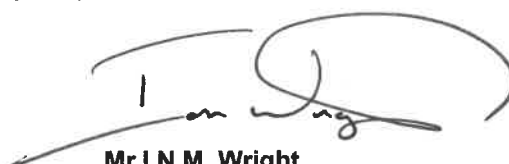
The accompanying notes on pages 29 to 46 are an integral part of this balance sheet.

The financial statements were approved by the Governing Body on 23 November 2020 and signed on their behalf by:



Ms B Kendall MBE

Master



Mr I.N.M. Wright

Senior Bursar

PETERHOUSE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £'000	2019 £'000
Net cash outflow from operating activities	18	(4,105)	(4,242)
Cash flows from investing activities	19	10,479	6,740
Cash flows from financing activities	20	(1,299)	(537)
Increase in cash and cash equivalents in the year		5,075	1,961
Cash and cash equivalents at beginning of the year		8,901	6,940
Cash and cash equivalents at end of the year	21	13,976	8,901

The notes on pages 29 to 46 form part of these accounts.

PETERHOUSE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020

1. Academic fees and charges

	2020	2019
	£'000	£'000
College Fees		
Fee income received at the Regulated Undergraduate rate	1,040	1,009
Fee income received at the Unregulated Undergraduate rate	476	374
Fee income received at the Graduate rate	525	493
Other income	182	222
	<u>2,223</u>	<u>2,098</u>

2. Income from accommodation, catering and conferences

		2020	2019
		£'000	£'000
Accommodation	College members	1,489	1,816
	Conferences	361	310
Catering	College Members	364	499
	Conferences	333	345
Total		<u>2,547</u>	<u>2,970</u>

3. Endowment return and investment income

	2020	2019
	£'000	£'000
Income from:		
Land and buildings	5,222	4,944
Pooled Property Funds	220	333
Quoted securities	2,058	2,175
Other interest receivable	210	272
Total	<u>7,710</u>	<u>7,724</u>

Investment management costs

	2020	2019
	£'000	£'000
Land and buildings	135	138
Quoted securities – equities	118	133
Total	<u>253</u>	<u>271</u>

PETERHOUSE

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

4. Education expenditure

	2020 £'000	2019 £'000
Teaching	1,761	1,764
Tutorial	692	690
Admissions	567	562
Research	969	924
Scholarships and awards	1,243	1,146
Other educational facilities	691	700
Total	5,923	5,786

5. Accommodation, catering and conferences expenditure

	2020 £'000	2019 £'000
Accommodation		
College members	2,658	2,557
Conferences (including meeting rooms)	373	360
Catering		
College Members and staff	1,382	1,435
Conferences	387	382
Total	4,800	4,734

6a. Analysis of 2019/2020 expenditure by activity

	Staff costs (Note 7) £'000	Other Operating Expenses £'000	Depreciation £'000	2020 Total £'000
Education	2,563	2,733	627	5,923
Accommodation, catering and conferences	2,242	972	1,586	4,800
Other	(87)	2,508	-	2,421
Total	4,718	6,213	2,213	13,144

6b. Analysis of 2018/2019 expenditure by activity

	Staff costs (Note 7) £'000	Other Operating Expenses £'000	Depreciation £'000	2019 Total £'000
Education	2,352	2,817	617	5,786
Accommodation, catering and conferences	2,155	1,008	1,571	4,734
Other	800	2,473	-	3,273
Total	5,307	6,298	2,188	13,793

Other expenditure includes fundraising costs of £168k (2019: £153k). This expenditure does not include the costs of alumni relations

PETERHOUSE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

6c. Auditors remuneration

Other operating expenses include:	2020 £'000	2019 £'000
Audit fees payable to the College's external auditors	19	17
Other fees payable to the College's external auditors	2	7
Total	21	24

7. Staff and external teaching costs

	College Fellows 2020 £'000	Academic 2020 £'000	Non Academic 2020 £'000	Total 2020 £'000
Staff and external teaching costs:				
Emoluments	1,209	-	2,673	3,882
External teaching costs	-	174	-	174
Social Security costs	114	-	239	353
Other pension costs	(72)	-	381	309
Total	1,251	174	3,293	4,718

College Fellows include Academic Emoluments (£946k), Social Security costs (£81k), Other pension costs (£59k).

	College Fellows 2019 £'000	Academic 2019 £'000	Non Academic 2019 £'000	Total 2019 £'000
Staff and external teaching costs:				
Emoluments	1,107	-	2,586	3,693
External teaching costs	-	171	-	171
Social Security costs	103	-	225	328
Other pension costs	764	-	351	1,115
Total	1,974	171	3,162	5,307

College Fellows include Academic Emoluments (£876k), Social Security costs (£64k), Other pension costs (£616k).

Average number of staff:	2020	2019
Academic (Full-time)	22	21
Academic (Part-time)	38	34
Non-academic (Full-time)	61	60
Non-academic (Part-time)	97	81
Total	218	196

The Governing Body comprised 34 Fellows, of which 32 are stipendiary.

PETERHOUSE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

7. Staff costs (continued)

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. During the year there were 3 (2019: 3) members of the key management team and total remuneration (including pensions and national insurance contributions) and other benefits were £348,000 (2019: £330,000).

Trustees Remuneration

No Trustee is remunerated for being a Trustee.

Trustees are required to make disclosure of potential conflicts of interest at all College Committee meetings. A register of interests for all Trustees is maintained by the College.

The Trustees are remunerated for specific College offices which have associated duties of Teaching, Tutorial, Research, and Administration. The Trustees remuneration is overseen by the Remuneration Committee. This Committee consists of three independent members.

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

From	To	2020 Number	2019 Number
£1	£10,000	13	15
£10,001	£20,000	9	9
£20,001	£30,000	2	4
£30,001	£40,000	2	-
£40,001	£50,000	-	-
£50,001	£60,000	2	2
£60,001	£70,000	-	1
£70,001	£80,000	2	1
£80,001	£90,000	3	3
£90,001	£100,000	-	-
Total		33	35

The total Trustee salaries were £848,000 for the year (2019: £822,000). No individual Trustee's salary exceeded £100,000 during the year.

The Trustees were also paid other taxable benefits (including employer contributions to pensions) which totalled £196,000 (2019: £159,000).

The Trustees also received grants from the College towards their research totalling £26,000 (2019: £32,000).

Travel and other business expenses reimbursed by Trustees in their capacity as officers of the College totalled £13,000 (2019: £21,000).

The Trustees are entitled to a daily meal at College expense.

No trustees had loans with the College at the year end.

PETERHOUSE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

8. Fixed assets

Group	Land and buildings £'000	Equipment £'000	2020 Total £'000	2019 Total £'000
Cost/valuation				
At beginning of year	126,091	2,584	128,675	126,638
Additions	2,197	202	2,399	2,374
Disposals	-	(65)	(65)	(362)
Revaluation	-	-	-	25
At end of year	<u>128,288</u>	<u>2,721</u>	<u>131,009</u>	<u>128,675</u>
Accumulated depreciation				
At beginning of year	9,342	797	10,139	8,313
Charge for the year	2,012	201	2,213	2,188
Eliminated on disposals	-	(65)	(65)	(362)
At end of year	<u>11,354</u>	<u>933</u>	<u>12,287</u>	<u>10,139</u>
Net book value				
At 30 June 2020	<u>116,934</u>	<u>1,788</u>	<u>118,722</u>	<u>118,536</u>
At 1 July 2019	<u>116,749</u>	<u>1,787</u>	<u>118,536</u>	<u>118,325</u>
College	Land and buildings £'000	Equipment £'000	2020 Total £'000	2019 Total £'000
Cost/valuation				
At beginning of year	126,091	2,519	128,610	124,791
Additions	2,197	202	2,399	3,819
At end of year	<u>128,288</u>	<u>2,721</u>	<u>131,009</u>	<u>128,610</u>
Accumulated depreciation				
At beginning of year	9,342	732	10,074	7,951
Charge for the year	2,012	201	2,213	2,123
At end of year	<u>11,354</u>	<u>933</u>	<u>12,287</u>	<u>10,074</u>
Net book value				
At 30 June 2020	<u>116,934</u>	<u>1,788</u>	<u>118,722</u>	<u>118,536</u>
At 1 July 2019	<u>116,749</u>	<u>1,787</u>	<u>118,536</u>	<u>116,840</u>

The insured value of freehold land and buildings as at 30 June 2020 was £140m (2019: £131m).

The College has not made any heritage asset acquisitions since 1 August 2014 and, therefore, have not included any heritage assets in the Balance Sheet. Operational assets are those that the College uses in the course of meeting its charitable purposes of education, religion, learning, and research. Once an asset has been classified as an operational asset it is not reclassified as a heritage asset.

PETERHOUSE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

9. Investments

	Group	College	Group	College
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
At beginning of year	241,927	241,230	244,681	250,160
Additions	11,875	11,795	20,134	20,134
Disposals	(16,467)	(15,439)	(22,130)	(28,094)
Loss	(1,844)	(2,645)	(1,471)	(1,683)
Increase in cash balances held at fund managers	(576)	(576)	713	713
At end of year	234,915	234,365	241,927	241,230

	Group	College	Group	College
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Represented by:				
Property	160,404	159,571	164,782	163,949
Pooled Property Funds	4,018	4,018	4,285	4,285
Quoted securities – securities	66,436	66,436	67,718	67,718
Loans and fixed interest securities	2,044	2,044	2,406	2,406
Investment in subsidiary undertakings	-	460	-	460
Cash in hand and at investment managers	1,836	1,836	2,412	2,412
Other investments	177	-	324	-
	234,915	234,365	241,927	241,230

Investment assets and endowment assets are managed as a single pool and are both included within the note above.

The investment properties were valued by Knight Frank LLP and Bidwells LLP as at 30 June 2020. Included within investments at the year end is part of a property portfolio with Bidwells valued at £54,975k and a property portfolio with Knight Frank valued at £44,870k which were subject to a material uncertainty related to COVID-19 however the Trustees have used this valuation within the financial statements at the year end.

The investment in subsidiaries represents 100% of the issued share capital of Peterhouse Enterprises Limited ("PEL"), Peterhouse Library Charity Limited ("PLCL") and Peterhouse Conference and Events Limited ("PCEL"). All companies are registered in the United Kingdom.

PEL develops property and holds property for rental. Any taxable revenue surplus is paid, under the Gift Aid scheme, to the College. At 30 June 2020 the company had share capital and reserves totalling £473,327 (2019: £473,327) and the profit after tax (but before deed of covenant) for the year then ended was £810,819 (2019: £224,217).

PLCL is currently a dormant company. At 30 June 2020 the company had a surplus on members' reserves totalling £0 (2019: £892,135) and the net expenditure/income for the year then ended was £892,135 (Net expenditure 2019: £126,192). Peterhouse Library Charity Limited ceased trading on 30 June 2019 and sold its assets to the College to merge its charitable activities into the College. To this end Peterhouse Library Charity Limited gifted £892,135 to the College at the start of the financial year.

PCEL runs conference and events facilities. Any taxable surplus is paid, under the Gift Aid scheme, to the College. At 30 June 2020 the company had share capital and reserves totalling £1 (2019: £1) and the profit after tax (but before deed of covenant) for the year then ended was £19,717 (2019: £21,561).

The Group has an investment through Manor Farm Stretham LLP in a residential housing development in Cambridgeshire. PEL holds an investment at cost of £106k (2019: £106k) in the LLP. Manor Farm Stretham LLP had borrowed on commercial terms £2,044k at 30 June 2020 (2019: £2,406k) from the College.

The Group has an investment in a property called Fornham Business Court and this is partially funded by a loan from a third party (see note 14: Other loans).

PETERHOUSE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

10. Stocks and work in progress

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Other stocks	430	430	412	412

11. Trade and other receivables

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Members of the College	111	111	140	136
Amount due from subsidiary undertaking	-	1,180	-	563
Other receivables	1,053	1,053	1,086	1,083
Prepayments and accrued income	1,571	1,571	1,258	1,258
Total	2,735	3,915	2,484	3,040

12. Cash and cash equivalents

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank deposits	13,579	12,479	9,176	7,955
Current accounts	563	550	64	46
Total	14,142	13,029	9,240	8,001

13. Creditors: amounts falling due within one year

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank overdraft	166	166	339	339
Members of the College	234	234	151	151
Amounts due to subsidiary undertakings	-	1	-	-
Bank loans	12,000	12,000	-	-
University fees	52	52	11	11
Contribution to Colleges Fund	200	200	209	209
Other Creditors (e.g. VAT)	1,242	1,236	1,393	1,385
Accruals and deferred income	515	510	488	486
Total	14,409	14,399	2,591	2,581

Included within creditors due in less than one year is the following loan:

£12 million term loan due for repayment by 30/06/2021. The loan bears fixed interest rates of 1.42%.

PETERHOUSE

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank loans	24,000	24,000	36,000	36,000
Other loans	1,887	1,887	1,849	1,849
	<u>25,887</u>	<u>25,887</u>	<u>37,849</u>	<u>37,849</u>

Included within creditors due in more than one year are the following loans and facilities:

£8 million due for repayment by 27/02/2031. The loan bears fixed interest rates of 4.345% on £1 million, 4.415% on £2 million and 4.575% on £5 million.

£16 million due for repayment by 12/11/2057. The loan bears fixed interest rates of 4.970% on £8 million and 5.005% on £8 million.

15. Pension Provisions

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Balance at 1 July 2019	5,405	5,405	3,684	3,684
Movement in year:				
Current service cost including life assurance	208	208	1,051	1,051
Contributions	(487)	(487)	(460)	(460)
Other finance cost	121	121	99	99
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	1,030	1,030	1,031	1,031
Balance at 30 June 2020	<u>6,277</u>	<u>6,277</u>	<u>5,405</u>	<u>5,405</u>

Split as follows:

CCFPS

Pension Provisions

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Balance at 1 July 2019	4,552	4,552	3,406	3,406
Movement in year:				
Current service cost including life assurance	284	284	271	271
Contributions	(230)	(230)	(249)	(249)
Other finance cost	103	103	93	93
Actuarial loss/(gain) recognised in Statement of Comprehensive Income and Expenditure	1,030	1,030	1,031	1,031
Balance at 30 June 2020	<u>5,739</u>	<u>5,739</u>	<u>4,552</u>	<u>4,552</u>

PETERHOUSE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

15. Pension Provisions

USS
Pension Provisions

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Balance at 1 July 2019	853	853	278	278
Movement in year:				
Current service cost including life assurance	(76)	(76)	780	780
Contributions	(257)	(257)	(211)	(211)
Other finance cost	18	18	6	6
Balance at 30 June 2020	538	538	853	853

16. Endowment funds

Restricted net assets relating to endowments are as follows:

	Restricted Permanent Endowments 2020 Total £'000	Restricted Permanent Endowments 2019 Total £'000
Group and College		
Balance at beginning of year		
Capital	16,526	15,020
New donations and endowments	6	645
Increase in market value of investments	(418)	861
Balance at end of the year	16,114	16,526
Analysis by type of purpose:		
Research, studentship, scholarship funds	12,862	13,196
Student hardship	2,281	2,334
Prizes	421	432
Travel grants	333	342
Library fund	65	66
Garden fund	137	140
Kelvin fund	15	16
	16,114	16,526
Analysis by asset		
Investments	16,114	16,526

PETERHOUSE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

17. Restricted Reserves

Reserves with restrictions for the current year are as follows (full comparatives follow on the next page):

Group and College

	Permanent and other unspent restricted income £'000	Restricted expendable endowment £'000	2020 Total £'000	2019 Total £'000
Balance at beginning of year				
Capital	-	5,812	5,812	5,754
Accumulated income	269	-	269	297
New grants	-	2	2	2
New donations	-	661	661	566
Transfers of income	(440)	440	-	-
Other investment income	476	16	492	486
Increase in market value of investments	-	(15)	(15)	29
Expenditure	-	(1,030)	(1,030)	(1,053)
Balance at end of year	305	5,886	6,191	6,081

**Analysis of other restricted
funds/ donations by type of
purpose:**

	Permanent and other unspent restricted income £'000	Restricted expendable endowment £'000	2020 Total £'000	2019 Total £'000
Music	-	70	70	79
Works of art	-	7	7	8
Research, studentship, scholarship funds	174	547	721	675
Student hardship	108	204	312	275
Boat club fund	-	418	418	384
Cricket club	-	3	3	3
Prizes	21	14	35	29
Perme Library	-	7	7	7
Travel grants	2	33	35	33
Library fund	-	13	13	18
Chapel	-	1,028	1,028	965
Lectures	-	48	48	48
Buildings fund	-	3,494	3,494	3,557
	305	5,886	6,191	6,081

PETERHOUSE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

17. Restricted Reserves (continued)

Reserves with restrictions for the previous year were as follows:

Group and College

	Permanent and other unspent restricted income £'000	Restricted expendable endowment £'000	2019 Total £'000	2018 Total £'000
Balance at beginning of year				
Capital	-	5,754	5,754	5,397
Accumulated income	297	-	297	266
New grants	-	2	2	13
New donations	-	566	566	801
Transfers of income	(498)	498	-	-
Other investment income	470	16	486	476
Increase in market value of investments	-	29	29	7
Expenditure	-	(1,053)	(1,053)	(909)
Balance at end of year	269	5,812	6,081	6,051

**Analysis of other restricted
funds/ donations by type of
purpose:**

	Permanent and other unspent restricted income £'000	Restricted expendable endowment £'000	2019 Total £'000	2018 Total £'000
Music	-	79	79	102
Works of art	-	8	8	9
Research, studentship, scholarship funds	144	531	675	804
Student hardship	107	168	275	252
Boat club fund	-	384	384	293
Cricket club	-	3	3	3
Prizes	16	13	29	19
Perme Library	-	7	7	2
Travel grants	2	31	33	26
Library fund	-	18	18	23
Chapel	-	965	965	883
Lectures	-	48	48	48
Buildings fund	-	3,557	3,557	3,587
	269	5,812	6,081	6,051

PETERHOUSE

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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

	2020 £'000	2019 £'000
Deficit for the year	(1,353)	(624)
Adjustment for non-cash items:		
Depreciation	2,213	2,188
Loss on endowments	1,844	1,471
Revaluation of fixed assets	-	(25)
Increase in stock	(18)	(38)
Increase in trade and other receivables	(251)	(1,002)
Decrease in creditors	(9)	(575)
Pension costs less contributions payable	(158)	690
Adjustment for investing or financing activities:		
Investment Income	(7,710)	(7,652)
Loan interest payable	1,337	1,325
Net cash outflow from operating activities	(4,105)	(4,242)

19. Cash flows from investing activities

	2020 £'000	2019 £'000
Non-current investment disposal	17,043	21,596
Investment income	7,710	7,652
Endowment funds invested	(11,875)	(20,134)
Payments to acquire tangible fixed assets	(2,399)	(2,374)
Total cash flows from investing activities	10,479	6,740

20. Cash flows from financing activities

	2020 £'000	2019 £'000
Interest paid	(1,337)	(1,325)
New secured loans	38	788
Net cash inflow / (outflow) from financing activities	(1,299)	(537)

PETERHOUSE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

21. Analysis of cash and cash equivalents

	At beginning of year £'000	Cash flows £'000	At end of year £'000
Bank overdraft	(339)	173	(166)
Cash at bank and in hand	9,240	4,902	14,142
Net Funds	8,901	5,075	13,976

22. Pension Schemes

Universities Superannuation Scheme (USS)

The total cost (credited)/charged to the profit and loss account is £(76k) (2019: £780k)

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete. Since the institution 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 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table

Pre-retirement:

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

Post retirement:

97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females

Future improvements to mortality

CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

PETERHOUSE

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

22. Pension Schemes (continued)

The current life expectancies on retirement at age 65 are:

	2020	2019
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

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

	2020	2019
Discount rate	2.59%	2.44%
Pensionable salary growth	n/a	n/a
Pensions increases (CPI)	4.20%	2.11%

Cambridge Colleges Federated Pension Scheme (CCFPS)

The College operates a defined benefits plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme.

The liabilities of the plan have been calculated, at 30 June 2020, for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

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

	30 June 2020 % p.a.	30 June 2019 % p.a.
Discount rate	1.45	2.25
Increase in salaries	2.90	2.90
Retail Prices Index (RPI) assumption	3.10	3.40
Consumer Prices Index (CPI) assumption	2.20	2.40
Pension increases in payment (RPI max 5% p.a.)	3.00	3.30
Pension increases in payment (CPI max 2.5% p.a.)	1.80	1.90

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

This results in the following life expectancies:

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

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

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

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

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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

22. Pension Schemes (continued)

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

	30 June 2020 £'000	30 June 2019 £'000
Present value of plan liabilities	(17,975)	(16,024)
Market Value of plan assets	12,236	11,471
Net defined benefit liability	(5,739)	(4,553)

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

	30 June 2020 £'000	30 June 2019 £'000
Current service cost	267	231
Administrative expenses	17	17
Interest on net defined benefit liability	103	93
Loss on plan changes	-	23
Total	387	364

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

	30 June 2020 £'000	30 June 2019 £'000
Present value of plan liabilities at beginning of period	16,024	13,911
Current service cost (including Employee contributions)	324	285
Benefits paid	(449)	(393)
Interest on plan liabilities	359	374
Actuarial (gain)/loss	1,718	1,823
Loss on plan changes	-	23
Present value of plan liabilities at end of period	17,976	16,023

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

	30 June 2020 £'000	30 June 2019 £'000
Market value of plan assets at beginning of period	11,471	10,505
Contributions paid by the College	230	249
Employee contributions	57	54
Benefits paid	(449)	(393)
Administrative expenses paid	(29)	(27)
Interest on plan assets	256	281
Return on assets, less interest included in Profit & Loss	701	802
Market value of plan assets at end of period	12,237	11,471
Actual return on plan assets	957	1,084

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

22. Pension Schemes (continued)

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

	2020	2019
Equities	49%	57%
Bonds and cash	41%	34%
Property	10%	9%

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

Analysis of the re-measurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020 £'000	2019 £'000
Return on assets, less interest included in Income and Expenditure	701	802
Expected less actual plan expenses	(12)	(10)
Experience gains and losses arising on plan liabilities	(61)	(124)
Changes in assumptions underlying the present value of plan liabilities	(1,658)	(1,699)
Re-measurement of net defined benefit liability recognised in OCI	(1,030)	(1,031)

Movement in surplus/ (deficit) during the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020 £'000	2019 £'000
Surplus deficit in Scheme at beginning of the year	(4,552)	(3,406)
Recognised in Profit and Loss	(387)	(364)
Contributions paid by the College	230	249
Actuarial gain recognised in OCI	(1,030)	(1,031)
Surplus deficit in plan at the end of the year	(5,739)	(4,552)

Funding Policy

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

The last such valuation was as at 31 March 2017. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 28 June 2019 and are as follows:

- Annual contributions of not less than £44,764 per annum payable for the period from 1 July 2019 to 31 March 2034.

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

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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

22. Pension Schemes (continued)

Stakeholder Scheme

The College also operates a defined contribution scheme under the stakeholder rules for employees. The pension charge for the year was £101k (2019: £64k).

The total pension cost for the College for the year to 30 June 2020 shown in note 8 was as follows:

	2020	2019
	£'000	£'000
USS: Charged to Income and Expenditure Account	(76)	780
CCFPS: Charged to Income and Expenditure Account	284	271
CCGPS: Defined Contribution Scheme Employer contributions	101	64
	<u>309</u>	<u>1,115</u>

23. Capital Commitments

	2020	2019
	£'000	£'000
Capital commitment at 30 June 2020 are as follows:		
Authorised and contracted	<u>2,624</u>	<u>1,645</u>

24. Operating Leases - Lessor

At 30 June 2020 the College had granted non-cancellable operating leases in respect of its freehold investment properties as follows:

	2020	2019
	£'000	£'000
Expiring within one year	1,276	1,520
Expiring between two and five years	1,670	1,634
Expiring in over five years	2,492	1,613
	<u>5,438</u>	<u>4,767</u>

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

25. Consolidated reconciliation and analysis of net debt

	At 1 July 2019 £'000	Other non-cash changes* £'000	Cash Flows £'000	At 30 June 2020 £'000
Cash and cash equivalents	9,240	-	4,902	14,142
Borrowings-				
Amounts falling due within one year:				
Unsecured bank loans	-	(12,000)	-	(12,000)
Bank overdraft	(339)	-	173	(166)
Borrowings-				
Amounts falling due after more than one year:				
Unsecured bank loans	(36,000)	12,000	-	(24,000)
Unsecured other loans	(1,849)	-	(38)	(1,887)
Net total debt	(28,948)	-	5,037	(23,911)

* Re-classification from Amounts falling due after more than one year to Amounts falling due within one year

26. Related Party Transactions

No disclosure of transactions with Peterhouse Library Charity Limited, Peterhouse Enterprises Limited or Peterhouse Conference and Events Limited has been made as those financial statements at 30 June 2020 have been consolidated within these accounts. Transactions with Trustees appear in note 7 within Trustees Remuneration. There are no other related party transactions (2019: None).

27. Post balance sheet events

On 4 August 2020 the College purchased land at Fulbourn for £18.5m and then immediately granted a long leasehold on this land to a third party and received a premium of £9.25m.

In March 2020 a national lockdown and associated Covid-19 restrictions were introduced and students were asked to return home where possible. Subsequently many of these restrictions were lifted which have allowed students to return to residence in the College. However, in light of the ongoing pandemic, the College has cancelled all Catering Events and Conferences for third parties for the foreseeable future and it remains uncertain when this activity will restart. This has inevitably led to the loss of all conference and event income since the year end (2020: £694k; 2019: £655k). To date the impact on property income from the Endowment has not been material, but there has been a significant reduction in dividend income from marketable securities. However, the consequences of a second lockdown in November 2020 remain to be seen.

