

**The President and Fellows of Murray Edwards College, founded as
New Hall, in the University of Cambridge**

Senior officers

President

Vice-President

Bursar

Senior Tutor

Dame Barbara Stocking DBE

Dr Rachel Polonsky

Mr Robert Hopwood

Dr Kate Peters

Principal advisors

Auditors (external)

Critchleys Audit LLP

Beaver House, 23-28 Hythe Bridge
Street, Oxford, OX1 2EP

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Operating and Financial Review

Introduction

The College was founded on 11th March 1954 as an unincorporated association to promote a third foundation for women in t

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- x To attract the most academically outstanding young women from all backgrounds to study at Murray Edwards College;
- x To be a centre of educational excellence where every student is able to achieve their full potential;
- x To support and encourage undergraduate and graduate students to develop the confidence and tools to achieve their individual aspirations;
- x To continue to build a stimulating intellectual and research environment for Fellows, students and staff as well as a warm, open culture that allows everyone to achieve their best;
- x To continue to develop our alumnae as a mutually supportive community of women with an active and lively connection to the College;
- x To make Murray Edwards College better known and understood; and
- x To secure the College's financial ability to deliver these objectives.

Senior management

During the financial year 2018-2019, two new senior officers were appointed. On 1

The College has continued to offer a mentoring programme to younger alumnae, supported by more experienced alumnae. The intention is to continue this on an annual basis.

Financial Review

The Statement of Comprehensive Income and Expenditure shows a surplus of £4,225k (2017-18: surplus £3,963k). Adoption of FRS 102 renders results more volatile since the surplus or deficit figure now contains capital donations, the effect of changes in the values of investments and certain pension scheme cost adjustments.

The major element of the surplus is gains in the values of the College's investments together with the receipt of

- x Before telephone fundraising, people the College intends to call, who are all College alumnae are sent a pre-call letter making clear that they can request not to receive the call and the list of those not wishing to receive a call is updated daily.
- x During telephone fundraising calls, a request for a gift is only made twice (the second time at a lower level). Training is given on how to ask in this way without applying pressure to the recipient of the call.
- x Training is also given on how to handle a call when contact is made with an obviously vulnerable person where we have previously been unaware of this vulnerability.
- x We do not persist in asking for personal meetings if there is an indication that a meeting is not welcomed or wanted.

All other fundraising communications are by post and are issued no more than three times a year.

x The Universities Superannuation Scheme (USS) on behalf of academic and some non

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Its principal fund managers during the year were CCLA Investment Management Limited and the Cambridge University Endowment Fund (CUEF). Cambridge Associates manages venture capital and private equity investments. The College manages directly a number of small, maturing private equity investments and a literary estate.

The objectives under the investment policy are: for long-term funds, to generate returns in excess of inflation and generate a return sufficient to support the ongoing activities of the College and to preserve the long-term value of the endowment; for short-term funds, to preserve capital and to

- x Academic risks including the calibre of students seeking admission to the College and ensuring that the Fellowship is attractive to academics
- x Providing buildings and accommodation which are of suitable quality for, and meet the needs of, students and Fellows
- x Reputational risk as the College builds a higher profile especially on the subject of women's education and employment
- x Maintaining the reputation of the College and ensuring that it provides an excellent academic and student experience
- x The impact of Brexit leaving the EU on the attractiveness of Cambridge as a place to study and research.

Operational risks are reviewed at a departmental level and appropriate procedures put in place to monitor and control them. The College maintains a critical incident plan and tests it with simulated incidents.

The principal financial risks and uncertainties remain securing resources to refurbish and/or repair

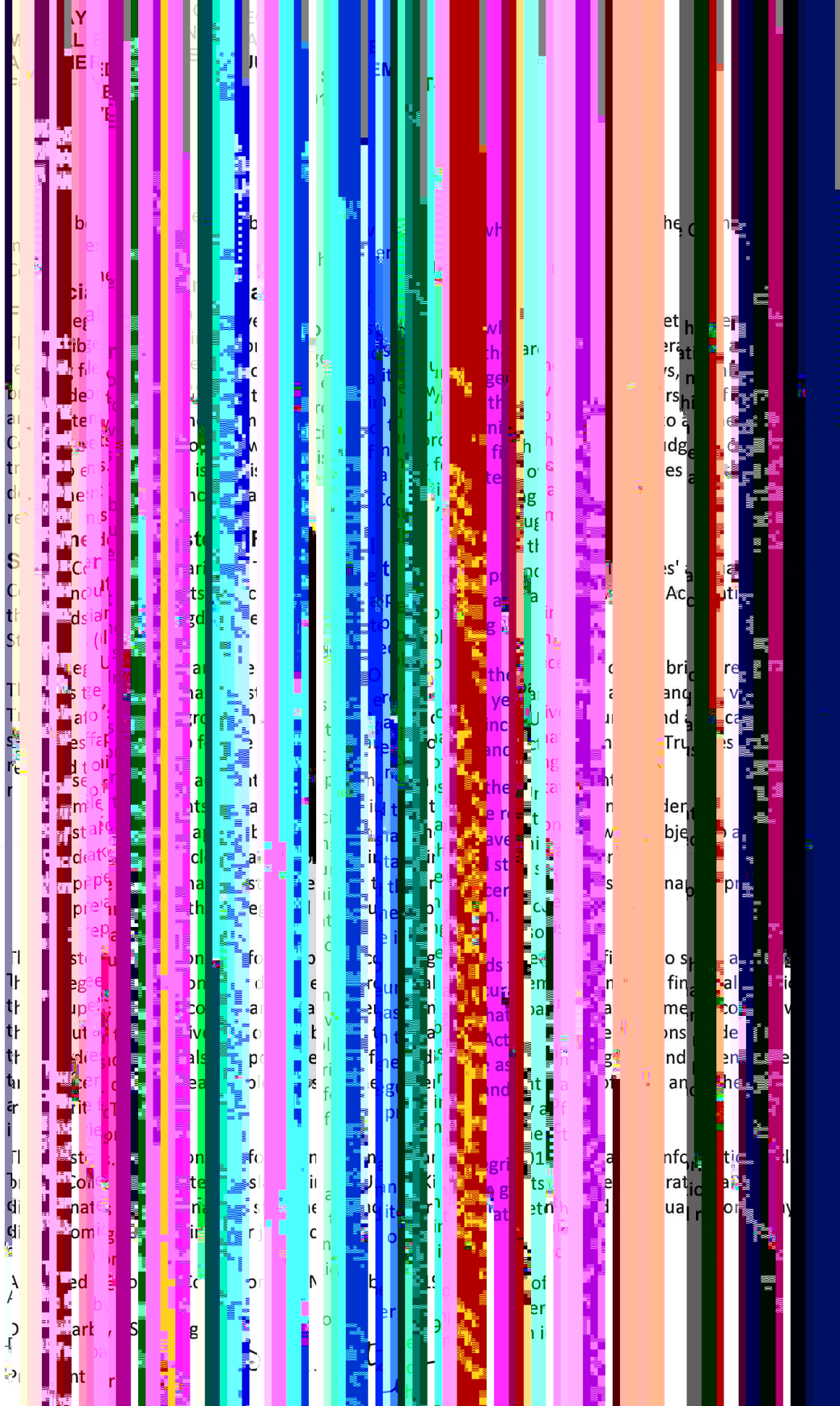
- x to attract the most academically outstanding young women from all backgrounds;
- x to be a centre of educational excellence
- x to support and encourage students to develop confidence to achieve their aspirations
- x to build a stimulating intellectual and research environment for Fellows students and staff and a warm, open culture;
- x to develop our alumnae as a mutually supportive community with an active connection to the College;
- x to make the College better understood;
- x to secure the college's financial ability to deliver these objectives.

The College continues to be undercapitalised in an uncertain political and economic environment, while facing the challenges of the higher education sector. It will endeavour to continue to improve its financial position through scrutiny of costs and the pursuit of new sources of income, consistent with its charitable objects and having regard to public benefit. In addition it will continue careful stewardship of its endowment. The College will continue to raise benefactions to increase its endowments generally to ensure that the College can exist in perpetuity and, in particular, the income from endowments can support the cost of educating students which is not currently fully covered by the College's other sources of academic income.

- x Academic Policy (Sub-Committee: Admissions);
- x Art;
- x Domestic and Estates & Events (Sub-Committees: Gardens, Health and Safety);
- x Fellowship Review Group;
- x Finance (Sub-Committee: Investment);
- x Fundraising and External Relations (supported by the Communications Scheduling Group)
- x IT Strategy;
- x Personnel (Sub-Committee: Staff Council);
- x Student Funding;

- x Prevent Committee;
- x Remuneration.

The



Independent Auditor's Report to the Members of the Council of Murray Edwards College

We have audited the financial statements of Murray Edwards College (the "Charity")C

- x give a true and fair view of the state of the group and charity's affairs as at 30 June 2019 and of the group's income and expenditure for the year then ended;
- x have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- x have been prepared in accordance with the requirements of the Charities Act 2011.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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

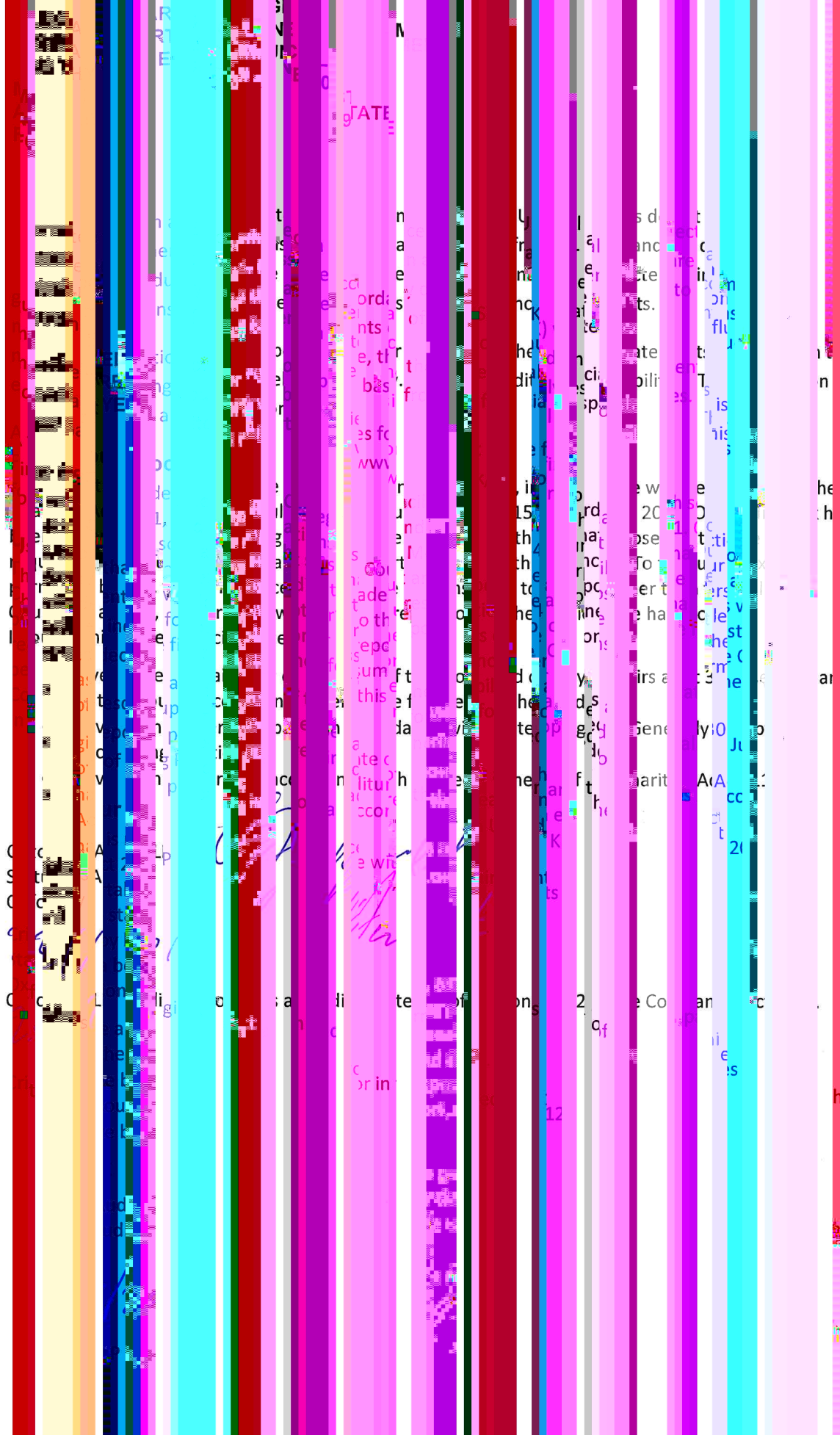
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members of the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members of the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt

- x sufficient accounting records have not been kept;
- x the financial statements are not in agreement with the accounting records and returns; or
- x we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Members of the Council

As explained more fully in the Statement of Accounting and Reporting Responsibilities set out on page 18



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Buildings under construction are valued at cost, based on the value of the architects' c

- x Universities Superannuation Scheme (USS) –The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme’s assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The 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. As required by FRS 102 “Employee benefits”, the College therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount held in the scheme is reported as a liability on the balance sheet. (en-3.6 (r) 5.3 (erp.3 (en-3.6 (r) 2.7 (ef) 5.08 1(i) 2.7 (d)-.6 08 (r)

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MUNICIPAL ANNUAL FINANCIAL REPORT

GENERAL FUND BALANCE SHEET

ACCOUNT	2019	2018
Current Assets	2,715,333	2,715,333
Fixed Assets	9,783,311	9,783,311
Liabilities	1,022,374	1,022,374
Net Assets	11,476,270	11,476,270
Total Assets	11,476,270	11,476,270
Current Liabilities	1,022,374	1,022,374
Long-Term Liabilities	0	0
Total Liabilities	1,022,374	1,022,374
Current Assets	2,715,333	2,715,333
Fixed Assets	9,783,311	9,783,311
Total Assets	11,476,270	11,476,270

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Supervisors on this 20th day of June 2019.

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	2019 £000s	2018 £000s
Current service cost	25	24
Administrative expenses	11	11
Interest on net defined benefit (asset)/liability	44	49
(Gain)/loss on plan changes	16	-
Curtailement (gain)/loss	-	-
Total	<u>96</u>	<u>84</u>

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

	2019 £000s	2018 £000s
Present value of plan liabilities at beginning of period	5,951	6,233
Current service cost	25	24
Employee contributions	7	7
Benefits paid	(236)	(235)
Interest on plan liabilities	158	159
Actuarial (gains)/losses	495	(237)
(Gain)/Loss	495	(237)

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

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Funding Policy

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

The last such actuarial valuation was as at 31 March 2017. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall. These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 28 June 2018 and are as follows:

Annual contributions of not less than £2,097 per annum payable for the period from 1 July 2018 to 30 September 2028.

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

University Superannuation Scheme

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed 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 unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines

Years 1-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21
Years 21 +: CPI 1.7%

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

Mortality base table	2017 valuation
	<u>Pre-retirement:</u>
	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	<u>Postretirement:</u>

Company	Principal Activities
Murray Edwards Conferences Limited	Conferencing and Catering
Murray Edwards Developments Limited	Dormant

26 Related party transactions

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