

ORDINANCE - EXPENDITURE OF CORPORATE CAPITAL

1. Notwithstanding its status as unrestricted general reserves, the Corporate Capital of the College shall be treated by the College in the same manner as if it were permanent endowment (as defined by the Charity Act 2011) ("Permanent Endowment"), such that only the income generated from Corporate Capital may ordinarily be used by the College. The College considers that it is in the best interests of the College to preserve the capital and expend only income in the manner set out herein. In the event of the College changing to a total-return policy for some or all of the Corporate Capital then drawings may be used as unrestricted income by the College up to an absolute maximum of 4% of the median value of the previous 3 years' valuations of the Corporate Capital taken at the close of business on 30th June in each year.

2. The Corporate Capital may only be expended where the following conditions are met:
 - (a) an urgent and unforeseen and critically important event requires substantial expenditure and where there is no other source of funding available
and
 - (b) Council approves the expenditure, having due regard to the College's long term goal and strategy that the Corporate Capital is to be treated in the same manner as Permanent Endowment
and
 - (c) all the material risks to the financial wellbeing of the College have been properly assessed following independent and appropriate professional advice.

Corporate Capital is defined as all property held by the College co.25 Tf1 0op

- 3.1. The full agenda or an appropriate special notice of the relevant agenda items has been published and publicised to all Council members at least 12 Clear Days (Clear Days being elapsed days not including the day of issue or the day of the meeting) in advance of the Initial Meeting and the significance of the expenditure item as being subject to this Ordinance has been clearly and unambiguously drawn to the attention of Council members.
- 3.2. All relevant background papers

- 6.5. At least the President and three quarters of those other Council members present and entitled to vote confirm at the Approval Meeting that they have received all the published papers at least 5 Clear days in advance of the Approval Meeting and this confirmation is recorded in the minutes of the Approval Meeting.
- 6.6. The minutes of the Initial Meeting are approved without material change by an Approving Vote.
- 6.7. The Approving Vote, including the grounds for the decision and a summaryW*nQ49(s)56(u)33(m)-21(m)

- i. Indebtedness as a result of loans from banks, financing companies, individuals or any other source; and
- ii. The capitalised value of obligations under any hire purchase agreements and finance leasing agreements (as determined in accordance with applicable accounting principles applicable to the University of Cambridge); and
- iii. Indebtedness evidenced by bonds, debentures, loan stock, notes, commercial paper or similar instruments; and
- iv. Indebtedness (including contingent liabilities) arising under or by virtue of (a) acceptance credits, (b) debt factoring, invoice or trade bill discounting or note purchase facilities (save to the extent that there is no right of recourse against the College or any subsidiary), (c) drawings under bill options provided for in loan facilities, (d) deferred payments for assets or services, (e) guarantees, indemnities or other assurances given by the College or any subsidiary against financial loss in respect of any Indebtedness specified in this definition of any legal person, (f) counter-indemnities in respect of letters of credit, bonds, guarantees, indemnities or other similar obligations issued or created in favour of third parties and (g) any other transaction having substantially the same effect as any of the forgoing, including (without limitation) those where liabilities are not shown as borrowings on the balance

ORDINANCE - BORROWING

1. There is a strong general presumption against the College borrowing money whether directly or indirectly and a preference for fund raising as the normal approach to enabling capital expenditure. Before a loan is considered all other approaches, particularly fund raising and asset sales, must have been carefully considered and reasonably found to be unworkable.

A Loan is any loan

2.1. At a Council meeting (the Initial Meeting) the proposal must be supported by a

Ordinance has been clearly and unambiguously drawn to the attention of Council members, and

- 2.4.3. All relevant background papers and other materials, including those identified in 2.1.2, have been published to all Council members at least 6 Clear Days in advance of the Approval Meeting, These shall include a copy of any report or comments submitted by the Audit Committee, and
- 2.4.4. All material Information is available at least 6 Clear Days before the Approval Meeting and no material new Information emerges closer than 6 Clear Days before the Approval Meeting, and
- 2.4.5. At least the President and three quarters of those other Council members present and entitled to vote confirm at the Approval Meeting that they have received all the published papers at least 5 Clear days in advance of the Approval Meeting and this confirmation is recorded in the minutes of the Approval Meeting.
- 2.4.6. The minutes of the Initial Meeting are approved without material change by an Approving Vote, and
- 2.4.7. The Approving Vote, including the grounds for the decision and a summary of the points made in discussion are recorded in the minutes of the Approval Meeting, and
- 2.4.8. All of the parts of the minutes of the Approval Meeting that are relevant to the Long Loan are approved within 26 Clear Days by an Approving Vote. Approval may be obtained at a meeting of Council or from each Council member separately in writing, including by email.

3. Before approving a Short Loan Council must ensure that

- (a) the Short Loan is essential in the interests of the College and that the matter is sufficiently important to override the strong presumption against borrowing
and
- (b) the College has in place a plan under which it is very confident it can achieve over the full term of the agreement to meet the repayment of principal and interest on the Loan as they fall due
and
- (c) all the material risks have been properly assessed following independent professional advice.

A proposal for approval of such a Short Loan must be approved by the following procedure:

- 3.1. At a Council meeting (the Approval Meeting) the decision to approve the Short Loan must be taken by an Approving Vote. This vote shall not be valid unless:
 - 3.1.1. The agenda of the Approval Meeting has been published and publicised to all Council members at least 12 Clear Days in advance of the Approval Meeting and the significance of the Short Loan item as being subject to this Ordinance has been clearly and unambiguously drawn to the attention of Council members, and
 - 3.1.2. The parts of the agenda and supporting papers dealing with the Short Loan have been published and publicised to all members of the Audit Committee at least 12 Clear Days in advance of the Approval Meeting and the significance of the Short Loan item

as being subject to this Ordinance has been clearly and unambiguously drawn to the attention of Audit Committee members, and

- 4.1.3. All relevant background papers and other materials, including a copy of this Ordinance, or valid electronic link to a copy of this Ordinance, and a supporting paper from the Finance Committee, have been published to all Council members and

12. Borrowings are defined as all Indebtedness in respect of money borrowed or raised including (without limitation):
- i. Indebtedness as a result of loans from banks, financing companies, individuals or any other source; and
 - ii. The capitalised value of obligations under any hire purchase agreements and finance leasing agreements (as determined in accordance with applicable accounting principles applicable to the University of Cambridge); and
 - iii. Indebtedness evidenced by bonds, debentures, loan stock, notes, commercial paper or similar instruments; and
 - iv. Indebtedness (including contingent liabilities) arising under or by virtue of (a) acceptance credits, (b) debt factoring, invoice or trade bill discounting or note purchase facilities (save to the extent that there is no right of recourse against the College or any subsidiary), (c) drawings under bill options provided for in loan facilities, (d) deferred payments for assets or services, (e) guarantees, indemnities or other assurances given by the College or any subsidiary against financial loss in respect of any Indebtedness specified in this definition of any legal person, (f) counter-indemnities in respect of letters of credit, bonds, guarantees, indemnities or other similar obligations issued or created in favour of third parties and (g) any other transaction having substantially the same effect as any of the forgoing, including (without limitation) those where liabilities are not shown as borrowings on the balance sheet of the College or any subsidiary by reason of being contingent, conditional or otherwise for any other reason, but excluding Indebtedness owing between the College and any of its subsidiaries or between such subsidiaries;
13. Indebtedness shall be construed so as to include any obligation for the payment or repayment of money, whether actual or contingent, present or future, secured or unsecured, and whether incurred as principle or surety or otherwise;