KING'S COLLEGE
CAMBRIDGE

Annual Report

and

Financial Statements

for the year ended

30 June 2023

Registered Charity number 1139422

Contents

Reference and administrative information

The formal title of the College is 'The King's College of Our Lady and Saint Nicholas in Cambridge'. The College's address is King's College, King's Parade, Cambridge, CB2 1ST

Charity trustees

The trustees of the College, who are the members of the College Council, during the year were:

Members in *statu pupillari* were:

Ms Michaela Kadlecova, Mr Sergio Russo (to the end of December 2022), Mr Tom Pugh (to 31st December 2022), Ms Madeline Kelly (to the end of December 2022), Mr Jakub Gasienica-Ciulacz (from January 2023), Mr Dan Erwig (from January 2023), Ms Timi Olumide-Wahab (from January 2023)

Senior Officers

Provost	Professor Michael Proctor
	Dr Gillian Tett (from October 2023)
Vice Provost	Professor Robin Osborne
First Bursar	Dr Keith Carne
	Dr Ivan Collister (from October 2022)
Senior Tutor	Dr Tim Flack
	Dr Myfanwy Hill (from September 2022)

Principal advisers

Actuaries	Cartwright Consulting, Mill Pool House, Mill Lane, Godcalming, GU7 1EY
Auditors	Peters Elworthy & Moore, Sailsbury House, Station Road, Cambridge, CB1 2LA
Bankers	Barclays Bank plc, 9-11 St Andrew's Street, Cambridge, CB2 3AA
Investment advisers	Cazenove Capital, 31 Gresham Street, London, EC2V 7QA
Property advisers	Bidwells, Trumpington Road, Cambridge, CB2 2LD
	Savills, Unex House, 132-4 Hills Road, Cambridge, CB2 8PA
Solicitors	Barr Ellison, 39 Parkside, Cambridge, CB1 1PN
	Mills & Reeve, Botanic House, 98-100 Hills Road, Cambridge, CB2 1PH

Membership of the Governing Body

The members of the Governing Body of the College as at 30 November 2023 are set out below:

Provost: Dr Gillian Tett

Fellows (Senior Members of the Governing Body)

Dr Zoe Adams
Dr Ronojoy Adhikari
Dr Tess Adkins
Dr Sebastian Ahnert
Professor Anna Alexandrova
Professor John Arnold
Dr Nick Atkins
Professor Gareth Austin
Dr Seda Basihos
Professor Mike Bate
Dr Francesco Bianchini
Dr Marcus Böick
Dr Giulia Boitani
Dr Shannon Bonke
Professor Richard Bourke
Dr Mirjana Bozic
Professor Angela Breitenbach
Professor Jude Browne
Professor Nick Bullock
Dr Katie Campbell
Professor Matt Candea
Dr Keith Carne
Professor Richard Causton
Rev Dr Stephen Cherry
Dr Ivan Collister
Professor Francesco Colucci
Dr Sarah Crisp
Dr Laura Davies
Professor Anne Davis
Professor Pete de Bolla
Dr James Dolan
Professor John Dunn
Professor George Efstathiou
Professor Brad Epps
Professor Aytek Erdil
Dr Sebastian Eves-Van den Akker
Professor Elisa Faraglia
Professor James Fawcett
Professor Iain Fenlon
Dr Tim Flack
Professor Rob Foley
Professor Matthew Gandy
Professor Chryssi Giannitsarou
Professor Lord Tony Giddens
Professor Ingo Gildenhard
Professor Chris Gilligan CBE
Professor Simon Goldhill
Dr David Good
Professor Caroline Goodson
Professor Gillian Griffiths
Professor Mark Gross
Professor Henning Grosse Ruse-Khan
Professor Chez Hall
Professor Ross Harrison
Dr Tiffany Harte
Mr Api Hasthanasombat
Dr Katie Haworth
Ms Lorraine Headen
Professor John Henderson
Dr Felipe Hernandez
Dr Kate Herrity
Dr Myfanwy Hill
Dr David Hillman
Dr Stephen Hugh-Jones
Professor Dame Carrie Humphrey DBE
Professor Herbert Huppert
Mr Reza Huseini
Professor Alice Hutchings
Mr Daniel Hyde
Professor Martin Hyland
Ms Polly Ingham
Mr Phil Isaac
Professor Ian James
Dr Malar Jayanth
Professor Mark Johnson
Mr Peter Jones
Dr Aileen Kelly
Professor Barry Keverne
Dr Phil Knox
Dr Patrycja Kozik
Dr Joanna Kusiak
Professor James Laidlaw
Professor Richard Lambert
Dr Zhuangnan Li
Professor Charlie Loke
Professor Sarah Lummis
Professor Alan Macfarlane
Professor Nick Marston
Professor Jean Michel Massing
Dame Judith Mayhew Jonas
Professor Dan McKenzie
Professor Cam Middleton
Dr Jonah Miller
Dr Fraz Mir
Dr Perveez Mody
Professor Geoff Moggridge
Dr Kamiar Mohaddes
Dr Ken Moody
Dr Basim Musallam
Dr Rory O'Bryen
Professor Rosanna Omitowoju
Professor Robin Osborne
Dr Tejas Parasher
Professor John Perry
Professor Chris Prendergast
Professor Mike Proctor
Professor Surabhi Ranganathan
Dr Ben Ravenhill
Professor Thomas Roulet
Professor Bob Rowthorn
Dr Angus Russell
Professor Paul Ryan
Professor Hamid Sabourian
Dr Andjela Sarkovic
Professor Jason Sharman
Dr Mira Siegelberg
Dr Mike Sonenscher
Dr Sharath Srinivasan
Professor Gareth Stedman Jones
Dr James Taylor
Professor Nick Tosca
Mr Jim Trevithick
Dr Marco Tripodi
Professor Caroline Van Eck
Professor Bert Vaux
Professor Jamie Vicary
Dr Rob Wallach
Professor Darin Weinberg
Professor Godela Weiss-Sussex
Dr Tom White
Professor John Young
Professor Nicky Zeeman

Members *in Statu Pupillari* (Junior Members of the Governing Body)

Mr Tom Pugh
Ms Madeline Kelly
Mr Jakub Gasienica-Ciulacz
Mr Dan Erwig
Ms Timi Olumide-Wahab
Ms Michaela Kadlecova
Mr Sergio Russo

Trustee's report

Overview

King's College, Cambridge is one of the thirty-one colleges within the University of Cambridge. It is an independent, self-governing community of scholars with its own property and income. The College was founded in 1441 by King Henry VI for 'poor and needy scholar clerks, engaged in study within the University of Cambridge in the diocese of Ely, and bound to study and progress in the different departments of learning and skill'.

Objects and aims

The College's charitable objects are: (i) to maintain a College within the University of Cambridge dedicated to the advancement of education, religion, learning and research; and (ii) to provide for and conduct divine service within the College.

In setting about achieving its charitable objects, the College pursues several aims for the public benefit. These are to:

- Provide an education for undergraduates and graduate students recognised internationally as being of the highest standard, preparing students academically and so that they can play full and effective roles in society.
- Admit people best suited to take academic advantage of the education offered by the College, regardless of their gender, sexual orientation, age or educational, social, ethnic or personal background.
- Foster an intellectual and social environment that supports research at the highest level and offers a fertile ground for novel and collaborative approaches.
- Continue the tradition, preserved since its foundation, of the College Chapel as a place of spiritual and ethical reflection.
- Conserve and improve the College's buildings and grounds, preserving their historic significance and creating outstanding facilities for the intellectual and social life of King's.
- Use the College's resources sustainably, preserving intergenerational equity and securing the future success of the College as an institution of higher education.

The trustees have had due regard throughout the year to the Charity Commission's guidance on public benefit and consider that the College again delivered its planned public benefits in 2022-23.

Governance

The governing documents of the College are its Statutes and Ordinances of 1441, as amended from time to time. The charity trustees are the College Council, which is responsible for the general administration and management of the College and for ensuring compliance with charity law. The members of the Council are the Provost and ten Fellows, elected by the College's Governing Body for one-year terms. Council members may serve a maximum of four consecutive terms. The College Council meets on average five times per term, or more frequently as necessary.

The Governing Body of the College is the ultimate authority in the government of the College. It includes the Provost, all eligible Fellows and four students, at least one of whom is an undergraduate and one a post-graduate. Student representatives are elected by the College's undergraduate and post-graduate students. They attend for the discussion of all matters directly affecting the interests of the College's students. The Governing Body meets twice a term or more frequently as necessary. A register of interests is recorded for all members of the Governing Body.

The principal officers of the College are the Provost, who is responsible for general oversight of the College, the Vice Provost, who deputises for the Provost and looks after the interests of the Fellows, the First Bursar who has responsibility for the overall management of the College and its finances, and the Senior Tutor who has overall charge of education within the College. Additionally, the Domus Bursar is responsible for the College's operations and estate, the Dean is charged with all activities within the College Chapel, the Director of Music is responsible for the College Choirs and music within the College, and the Director of Development oversees fundraising and alumni relations.

The Council and Governing Body are advised by several committees, each addressing a distinct area of College activity and whose members comprise Fellows and student members, elected annually. It is the duty of the Finance Committee to advise Council on the effectiveness of the College's internal systems of financial and other controls. The Governing Body appoints the Audit and Scrutiny Committee to act as internal auditors. It advises on the appointment of external auditors; considers reports from those auditors; monitors the implementation of recommendations; and makes an annual report to the Council and the Governing Body. The College maintains a conflicts of interest policy and systematically requires declarations of interest at all committee meetings.

The Visitor of the College is the Bishop of Lincoln.

Activities and achievements

Introduction

King's, like many higher education institutions, is facing into considerable headwinds and, while the restrictions of the COVID-19 pandemic have passed, its aftermath continues to affect the College. One of the most visible of these impacts is that King's educated more students in 2022-23 than at any time in its history. Undergraduate numbers swelled because of the generous marking of A-level examinations during the pandemic. The number of graduate students also increased, with many PhD students needing more time to complete their work under COVID restrictions.

A less apparent but equally important effect of the pandemic has been its impact on students' mental health. Successive cohorts of undergraduates have seen their lives and studies drastically disrupted by COVID-19. The impact of those experiences often comes to the fore at university and the College is keenly aware of the need to provide all the support it can to help our students flourish during their time in Cambridge. Both King's and the University have significantly expanded support for student mental health, including specialist help within College. We know, too, that we have a lot more to learn about these challenges and that more and new forms of support may need to be considered.

Alongside these pressures, King's has also had to face into turbulence in the wider economy. Historically high rates of inflation had a marked impact on students and non-academic staff, who were particularly vulnerable to pressures on the cost of living. Input costs rose, most obviously energy prices and food, and anxiety persisted about the ability to raise income from conferencing and visitors to the College.

It was against this background that the year was shaped by two aims:

Recovery

At the beginning of the year King's took the important decision to prioritise the recovery of its academic and social life over immediate financial pressures. This was a careful judgement, based on scenario modelling of financial recovery, known and potential headwinds, and the long-term damage of a sharply restrictive approach to spending.

King's supported almost eight hundred full and part-time students through the academic year. The numbers of undergraduate and postgraduate students in residence and registered with the University were:

	2018-19	2019-20	2020-21	2021-22	2022-23
Undergraduates	419	442	458	454	466
Postgraduates	251	278	294	320	326
Total	**670**	**720**	**752**	**774**	**792**

A considerable proportion of these students were provided with financial support through the College's scholarships, bursaries, and other grants – many of which were made possible through the generous donations of our alumni during and after the pandemic. As well as support for individual students, the College expanded its subsidisation of student social activities.

The College continued to teach students in all subjects, except Land Economy and Veterinary Medicine, and King's delivered over 8,000 hours of teaching during the year. Supervisions were most frequently given to pairs of students. The national marking and assessment boycott has meant that many student results were delayed: a quarter of finalists received their full results and were awarded their degrees in June 2023. Those results received to-date indicate that undergraduates at King's are performing well in the Tripos.

Admissions to King's remained strong, with 922 applications received, 150 students receiving an offer, and 125 admitted to the College. Of this cohort, 46% were female and 54% male. Of our UK entrants in 2023, a record 87% are state school educated and 29% met a range of widening participation criteria. As in previous years, the College was able to offer a number of students mentoring, tutoring, and financial support to help them meet their A-level offers.

King's also continued to support its large Fellowship and, through them, the intellectual diversity and vibrancy of the College. The College provided for 74 Official Fellows in 2022-23, of whom 38 were University professors. Six new Fellows were admitted during the year, whilst four left the College or retired. The College also admitted a number of Bye Fellows, including Peter Frankopan as UNESCO Professor of Silk Roads Studies.

Resilience

The second aim for the year was to continue to strengthening King's for the long term.

One visible aspect of this has been the College's commitment to the sustainability of its estate. The year included the start of works to install solar panels to the roof of the Chapel, the first such scheme in Cambridge, and the completion of accommodation at Croft Gardens, the first major *Passivhaus* development in the city. In both projects the College was helped by extraordinarily generous contributions from our alumni; each of these works, and other projects to conserve and improve the estate, would have been very challenging without this support.

Another critical priority was attention to the community life of the College. A conscious effort was needed among students, Fellows, and non-academic staff not just to return to old habits, but to rediscover a 'zest' for intellectual discourse and sociability of King's. All parts of the College contributed to this, supported by a varied programme of events and new activities designed to bring people together. The *Festival of Nine Lessons & Carols* was a key moment, as ever; another was a summer ‘festival’ of talks, exhibitions and concerts that marked fifty years since the matriculation of women at King’s.

A key element of the College’s development has been a shared commitment to equality, diversity, and inclusion. As part of this, the College completed its research project into the Legacies of Slavery. The project explored connections between the College and enslavement in the British colonies. The financial benefits accrued to the College, including bequests from those who benefitted financially from enslavement, were detailed in the report. The recommendations of the report are being taken forward by a newly formed committee for equality, diversity, and inclusion.

Lastly, the College strengthened various aspects of its administration. These changes ranged across the waterfront of life at King’s with a particularly significant change being the legal separation of the Choir School. The School became a separate charity with its directors taking responsibility for its organisation and conduct; the College’s Choristers will still be educated at the School and the relationship between the School and College will remain strong.

Financial performance

The breadth of the year’s activity was achieved only by a remarkable effort from students, Fellows, and our non-academic staff. King’s retained the vast majority of its staff through the pandemic and, this year, we reaped the benefits in the smooth running of our academic and non-academic work. The College has a remarkable culture of collegiality and it was this, as well as many outstanding individual efforts, that helped see us through the year.

With its emphasis on academic and social recovery, and on building resilience, the College agreed a budget that targeted an operational deficit, in management accounts, of £1.2 million. However, supported by the work of its Fellows and non-academic staff, and buoyed by better-than-expected operating income, the College succeeded in returning a lower deficit of £0.6 million. This was a remarkable performance in such a challenging environment.

Future plans

The overriding task of recent years has been to manage through the challenges and uncertainty caused by the COVID-19 pandemic. As it emerges from that period, the College has begun to look ahead. In the coming year, consideration will be given to strategic priorities for the medium and long term. These will focus on how best to continue the College’s charitable objects, adapting to wider trends in higher education, and making the most of King’s distinctive culture and capabilities.

Financial review

Scope of the financial statements

The consolidated financial statements include the College and the College’s wholly owned subsidiaries, which are:

- King’s College Cambridge Enterprises Limited
- King’s College Cambridge Developments Limited

Together, these entities comprise the Group. References to the College in the Financial Review refer to the results of the Group.

The financial statements are produced by the College having regard to the Recommended Cambridge College Account (RCCA) format introduced through revisions to Statute G,III of the University which replaced the previous format introduced in 1926 by the University of Cambridge Commissioners.

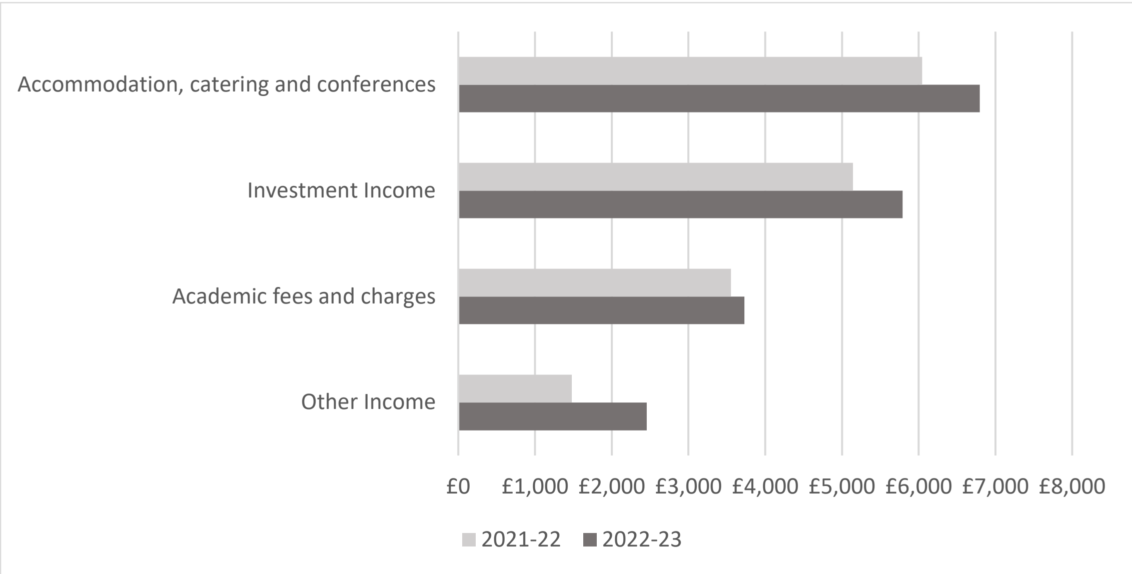
A significant feature of this year's statements is the absence of King's College School. Following the creation of the School as a distinct legal entity, separately regulated and whose relations to the College are managed by contract, the College and School's accounts are now reported independently. For purposes of comparison, the School accounted for £6.9m income and £6.2m expenditure in 2022.

Results overview

Income before donations and endowments

Income before donations and endowments (excluding the School) grew 15.7% from £16.2m in 2022 to £18.8m in 2023. This was driven substantially by the return of incomes from accommodation, catering and conferencing and other income, largely from visitors to the College. These showed healthy growth, albeit not fully recovering to levels achieved before the COVID-19 pandemic.

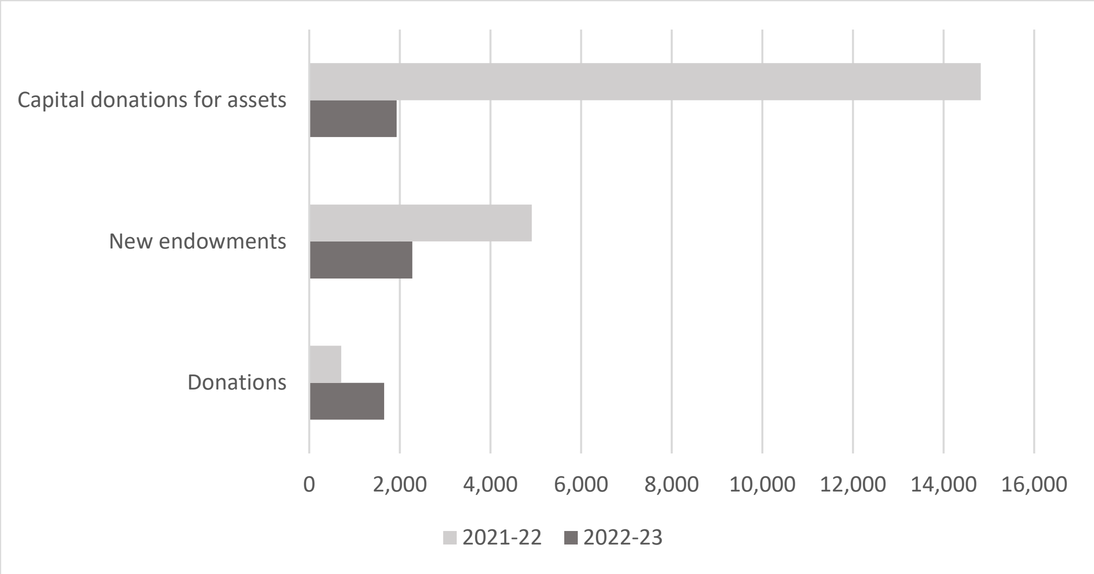
Investment income also grew significantly, largely due to growth in the endowment as capital markets recovered. (The College has a 'spending rule' that sets the maximum withdrawal from the endowment at 3.35% of the average year-end value of the endowment for the preceding five years. This is designed to reduce the effect on income of fluctuations in investment returns.)



Income from donations and endowments

King's fundraising is focused on five areas: student support, including bursaries and scholarships; teaching and research; maintenance and development of the College estate; extracurricular activities; and a 'future fund' to support the College's long-term development.

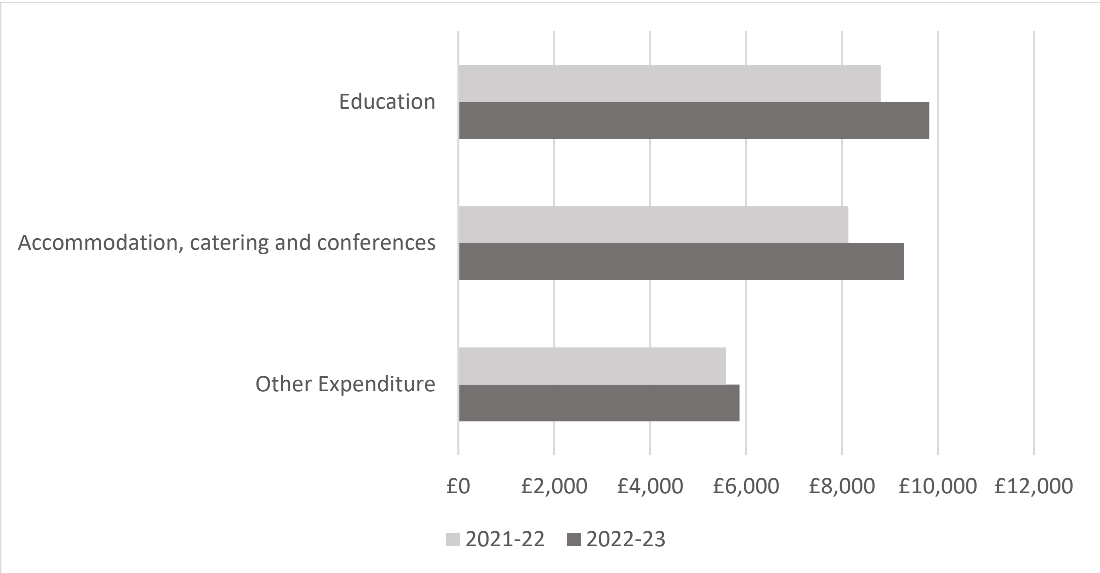
Total donations and endowments were down from an exceptional £20.4m in 2022 to £5.9m in 2023. The College was fortunate last year to receive some exceptional donations, particularly to fund the building of new accommodation at Stephen Taylor Court. Donations recorded in 2023 remain considerably higher than the College's historic run rate.



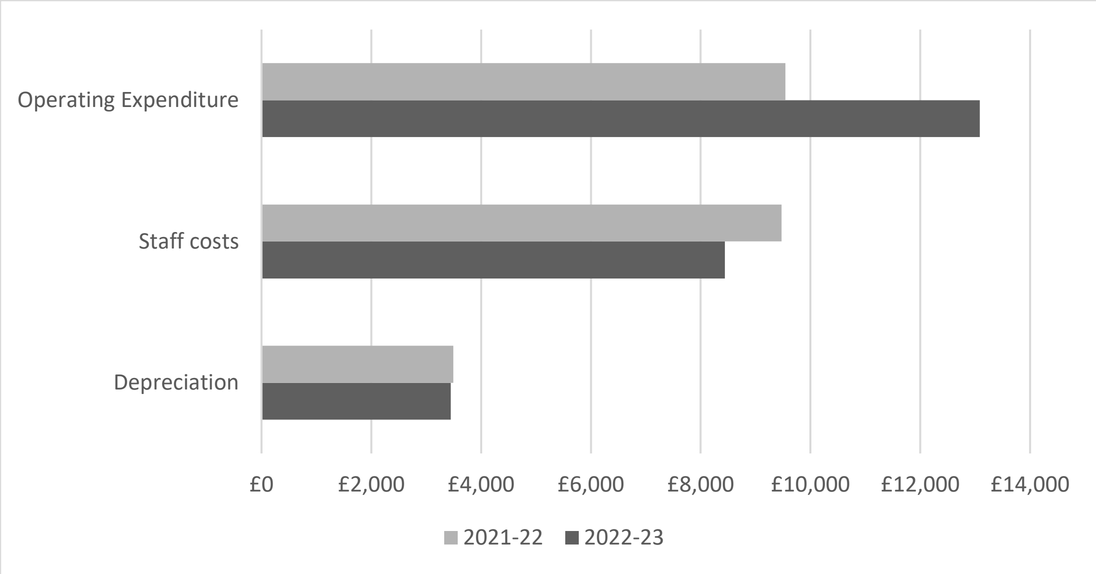
King's College is committed to best practice in relation to all fundraising activities, which are carried out by an in-house Development team who are subject to the scrutiny of the Development Committee and College Council. The College did not engage any third parties to carry out fundraising activities on its behalf during the year. The College is registered with the Fundraising Regulator and has set up internal protocols and procedures to adhere to the Code of Fundraising Practice as a set of guiding principles to ensure fundraising is legal, open, honest and respectful.

Expenditure

Total expenditure (excluding the School) grew 10.9% in the year. This was partly because of the College's return to pre-pandemic levels of activity, but also substantially related to the high-inflation environment and other macro drivers of input costs. These were the principal drivers of increases in expenditure on Education and Accommodation, Catering and Conferences.



The expenditure for each of the activities described above is made up of staff costs, other operating expenses, and depreciation as set out below.



Falls in spending on staffing were the result of changes in pension provision. Excluding these impacts, staffing costs rose 11% in the year driven by increases in pay (to support the cost of living) and a modest growth in headcount.

The College experienced a significant increase in operating expenditure, from £9.5m to £13.0m. This related to a one-off transfer of £1.7m involved in the creation of King's College School as a distinct legal entity. The school had accrued funds, which to College held, and that were transferred to the School's accounts as part of the legal separation. There were also substantial increases in energy costs and funding for students.

Depreciation fell slightly through the College's annual independent valuation, with an impact on the overall depreciation period.

Capital expenditure

The College's capital expenditure on tangible fixed assets during the year was £10.2m, compared to a prior year figure of £20.4m. Expenditure in 2022-23 was driven by the completion of the College's new development at Croft Gardens (£2.0m), renovation of student accommodation in Spalding Hostel (£4.5m), renovation of the roof of the Chapel (£2.7m) and more minor expenditure to repair the roof of the Gatehouse at the front of the College (£0.3m). Other significant items of capital expenditure were necessary improvements in IT infrastructure.

Balance sheet

Consolidated net assets were £431m for the Group, up £8.7m from 2022. This growth was driven mainly by a 9.2% increase in investment assets (see below). The College holds £15.8m debt at a rate of 4.4% repayable between 2043-2053. At 30 June 2023, borrowing stood at 3.5% of total assets less current liabilities. There was no new borrowing in the year.

Reserves

Unrestricted reserves grew by £1.0m to £260.6m. This included £244.3m of tangible fixed assets and heritage assets, implying 'free reserves' of £16.3m. Free reserves provide working capital to fund unexpected opportunities or to provide a degree of protection against unforeseen expenditure or unanticipated loss of income. The College's free reserves in 2023 are a growth of £5.3m from 2022 and amount to approximately 12 months of operational expenditure.

Restricted reserves for 2023 were £170.6m, an increase of 4.7% (£7.6m) on 2022. This was driven by investment returns and new donations, offset by spending down of expendable funds.

Endowment and investment performance

The College has a pool of capital (known as the 'Endowment') invested for the long-term to support its charitable activities (see note 14).

The College aims to manage the total return from the Endowment so that the long-term capital value is preserved in real terms, such that the College itself can fulfil its charitable objects in perpetuity. The College also believes it has a responsibility for its investments. The Investment Committee monitors both the performance of the College's investments and their environmental, social and governance aims. The College does not hold, and has not held for a long period, any direct investments in fossil fuels. A more detailed statement of the College's approach is available on the College website.

The total value of the Endowment was £205.1m in 2023, up 9.2% from 2022 (£187.8m). The Endowment benefitted from an £11.0m transfer due to the legal separation of the School (with the School now accounted as an investment asset). The remaining growth was driven largely by the College's securities portfolio, which benefitted from rises in global capital markets. These increases were offset by withdrawal of £3.8m to support the College's capital expenditure and cash reserve. A further pressure was a fall in value of the College's investment property holdings, almost all of which are local to Cambridge and which declined in line with the local market.

Principal risks and uncertainties

The major risks to which King's is exposed are assessed by the Finance Committee reporting to Council, using the College's Risk Register. The principal risks the College must address relate to its ability to maintain and develop its educational and research activity and, as part of that, to attract the best academic and non-academic staff, and to maintain and enhance its physical facilities.

Key financial uncertainties and risks, and the measures taken to manage them, are:

- Weak or volatile macro environment preventing recovery of operating surplus: The College has prepared scenario forecasts around the recovery of operating surplus, investment income, and investment valuations, and is reviewing this on an ongoing basis as the macroeconomic, geopolitical, and UK policy contexts evolve. The College's processes for in-year performance management include a regular assessment of income and expenditure across departments and early identification of variances against single and multi-year forecasts.
- Movements in investment markets reducing the value of the Endowment: The College's Investments Committee considers, with independent advice, what is the sustainable investment return and reports this to the Annual Congregation. The target spending rate is set at a prudent level to preserve the Endowment in real terms, and the Investment Committee aims to reduce volatility so as to protect the College's income from rapid changes in the investment markets;
- Unexpected in-year operational or capital expenditure: The College regularly monitors spending across all departments and material variances are discussed by the Finance Committee with appropriate actions taken in response. Any significant in-year changes require approval from the College Council or, for larger sums, from the Governing Body. The condition of the College estate is assessed through regular surveys, the incidence of complaints or accidents, and a long-term maintenance and refurbishment programme is in place with appropriate resourcing to preserve the condition of estate.

The College monitors and manages risks more widely through the internal control processes outlined in the Statement of Internal Control below.

Responsibilities of the College Council

The Council is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the *Statement of Recommended Practice: Accounting for Further and Higher Education*.

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Council 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 for that period. In preparing these financial statements the Council is required to:

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

The College has prepared a detailed budget covering the period to 30 June 2024 as well as a five-year forecast of expected demands on the College's operating position and capital expenditure. Accordingly, the trustees believe the College's financial resources are sufficient to ensure there are no material uncertainties around its ability to continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements, and have therefore prepared the financial statements on the going concern basis.

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

Statement of Internal Control

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

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 2023 and up to the date of approval of the financial statements.

The Council is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established. The Council has sixteen regular meetings each year and, as part of the annual planning round, considers the major risks to which the College and its subsidiary undertakings are exposed and satisfies itself that systems or procedures are established to manage those risks.

Key controls used by the College include:

- Strategic planning, budgeting, management accounting and cashflow forecasting.
- Authorisation and approval levels.
- Clear terms of reference for all committees.
- Formal agendas for all committee and Council meetings.
- Formal written policies in significant areas such as health and safety and safeguarding.

The College is improving these controls through various refinements, including to the risk review processes, processes for in-year performance management, financial reviews of key departments, and increased resourcing of central functions, including Finance, Legal and Governance, and Human Resources.

The Council's oversight of internal controls is informed by the work of the committees and College Officers, including the College Audit and Scrutiny Committee, and by comments made by the external auditors in their management letter and other reports.

Outlook

King's is fortunate in being reasonably well-endowed for the size and scope of its operations. This has allowed the College to weather a very turbulent period. At the same time, both the University and the UK higher education sector will face significant challenges in coming years. These are most visibly financial but relate to wider economic, social, and political challenges regarding the sustainability of world-class research, continued provision of outstanding teaching, support for students' finances, provision for student mental health, and efforts to broaden access to higher education in the UK. As new headwinds have emerged, the College remains focused on securing its medium-term recovery. As it looks to the long-term, however, the College will need to continue to refine its priorities to adapt to the significant challenges facing the University and wider sector.

On behalf of College Council,

Gillian Tett
Provost

Ivan Collister
First Bursar

21 November 2023

Independent Auditors' Report to the Council and Governing Body of King's College, Cambridge

We have audited the financial statements of King's College (the 'College') and its subsidiaries (the 'Group') for the year ended 30 June 2023 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated Statement of Changes in Reserves, the Consolidated and College Balance Sheets, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Council and Governing Body are responsible for the other information. The other information comprises the information included in the Annual Report 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 course of 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.

Opinion on other matters prescribed by the Statutes of the University of Cambridge

In our opinion based on the work undertaken in the course of the audit:

- the contribution due from the College to the University has been 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and College and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees. 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:

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

Responsibilities of the Council and Governing Body

As explained more fully in the responsibilities of the Council and Governing Body statement set out on page 12, the Council and 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 Council and Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council and Governing Body are responsible for assessing the Group's and 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 Group or the College or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with Trustees and other management, and from our knowledge and experience of the education sector;
- we obtained an understanding of the legal and regulatory framework applicable to the College and how the College is complying with that framework;
- we obtained an understanding of the College's policies and procedures on compliance with laws and regulations, including documentation of any instances of non-compliance;
- we identified which laws and regulations were significant in the context of the College. The Laws and regulations we considered in this context were Charities Act 2011, the Statutes of the University of Cambridge and taxation legislation. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items;
- in addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the College's and the Group's ability to operate or to avoid material penalty; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policy were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators and the College's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website. This description forms part of our auditors' report.

Use of our report

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

Peters Elworthy & Moore

Peters Elworthy and Moore
Chartered Accountants and Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA
Date: 11 December 2023

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

Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge, 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 10.

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

Going concern

The global health crisis caused by COVID-19 had a significant impact on all businesses and the recovery is not yet complete. The economic difficulties caused by the war in Ukraine, and financial concerns within the Country have also increased inflation. This adds to the pressure both our students and staff face and requires further resources from the College.

The Trustees have prepared forecasts for the period to 2028 and have considered the impact upon the College and its cash resources and unrestricted reserves. The College has reviewed its cost base in order to combat the reduction in revenues and to extend financial headroom. The College also has significant investments which could be realised if required.

Based upon their review the Trustees believe that the College will have sufficient resources to meet its liabilities as they fall due for the foreseeable future and therefore have continued to adopt the going concern basis in preparing the financial statements.

Basis of accounting

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

Basis of consolidation

The financial statements for 2022-23 incorporate those of the College and the College's subsidiaries, King's College Cambridge Developments Limited and King's College Cambridge Enterprises Limited. The figures for 2021-22 include the School and KCS Facilities Limited.

The accounts do not include the activities of the King's College Student Union and King's College Graduate Society, on the basis that the College does not have control over the operations of these entities.

Recognition of income and investment return

Academic fees

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

Grant Income

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

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

Donations and endowments

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

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

There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.

2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.

3. Restricted expendable endowments – the donor has specified a particular objective and the College can convert the donated sum into income.

4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations with no restrictions are recorded within the 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.

Total return

The College operates a total return policy with regard to its endowment assets (including property). Spendable income equivalent to 3.35% of the average endowment for the last five years is included as endowment income and investment management costs are charged against capital.

Other income

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

Cambridge Bursary Scheme

The Cambridge Bursary Scheme (CBS) administration has changed from 2016/17:

- The Student Loan Company (SLC) assesses the students for CBS eligibility.
- The SLC pays the student direct for the CBS payment and then takes the money from the College by direct debit.
- At the end of term, the University provides the College with a list of students and a breakdown of the University and College contributions.

The College has shown the gross payment made to eligible students and a contribution from the University as Income under "Academic Fees and Charges.

The net payment of £188k is shown within the Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£271k
Expenditure	£459k

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 contracts, at contract rates. The resulting exchange differences are dealt with in the determination of the comprehensive income and expenditure for the financial year.

Pension schemes

The College pays contributions to three pension schemes which provide benefits to its members based on final pensionable salary and one defined contribution pension scheme, 'NOW: Pensions'. The assets of these schemes are held separately from those of the College.

Universities Superannuation Scheme

The College participates in Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the College therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since the College has entered into an agreement (the recovery plan) that determines how each employer within the scheme will fund the overall deficit, the College recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised through the Statement of Comprehensive Income and Expenditure.

Cambridge Colleges Federated Pension Scheme

The College also contributes to the Cambridge Colleges Federated Pension Scheme ("CCFPS"), which is a similar defined benefit pension scheme to the USS. However, unlike the USS, this scheme has surpluses and deficits directly attributable to individual colleges. Current service costs, assessed by the scheme actuary, are included as part of expenditure. The expected return on assets less the interest cost is shown as a net amount as part of other income or expenditure. Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income and Expenditure.

Actuarial valuations are obtained at least triennially and are updated at each balance sheet date for accounting purposes. The assets of the Scheme are measured at fair value, and liabilities are estimated on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond. The resulting net asset or liability is presented separately after total assets less current liabilities on the face of the balance sheet.

Church of England Funded Pensions Scheme

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

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

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Comprehensive Income and Expenditure in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

NOW: Pensions

The College also operates a defined contribution scheme NOW: Pensions. This is a UK multi-employer pension fund and the pension charge represents the amounts payable by the College to the fund in respect of the year.

Fixed assets

Land and buildings

College land and buildings used for operational purposes (to house College Members) are stated at depreciated replacement cost at the 30 June 2023 following a revaluation review carried out by professional valuers, Gerald Eve. Freehold buildings are depreciated on a straight-line basis over their expected useful economic lives with a range for the different buildings (excluding the Chapel) between 45 years to 115 years. The Chapel is depreciated over 200 years. Freehold land is not shown separately and is not depreciated. Assets 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.

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.

Maintenance of premises

The cost of major refurbishment is capitalised and depreciated over the expected useful economic life. The cost of routine maintenance under £10,000 is charged to the Statement of Comprehensive Income and Expenditure as it is incurred.

Plant, furniture, fittings and equipment

Plant, furniture, fittings and equipment are capitalised at cost. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets, which are as follows:

Plant	20 years
Furniture and equipment	10 years
Computer equipment	5 years

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 July 2006 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 July 2006 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Investments

Securities

Securities listed on a recognised stock exchange are shown at their market value, i.e. the middle market quotation ruling at the close of business on 30 June, translated for overseas investments into sterling at the rates of exchange ruling at that date. Unlisted securities are shown at the Governing Body's estimate of fair value.

Investment income is included as and when dividends and interest become payable. Interest on bank deposits is included as earned. Interest purchased or sold as part of the price for investments is treated as capital rather than being brought into the statement of comprehensive income and expenditure.

Properties

The College takes advice from its agents each year on the value of its properties and carries out a full valuation periodically.

Other investments

Shared equity housing interests are stated at cost. Royalties are held at valuation and are valued periodically by independent valuers.

Stocks

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

Provisions

Provisions are recognised if, when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities and assets

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

Financial instruments

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

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

Financial assets

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

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 and Expenditure. 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 and Expenditure 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.

Employment benefits

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

Reserves

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

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

Taxation

The College is a registered charity (number 1139422) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G,II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

Critical accounting estimates and judgements

The preparation of the College's accounts requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:

- Income recognition – Judgement is applied in determining the value and timing of certain income items to be recognised in the accounts. This includes determining when performance related conditions have been met and determining the appropriate recognition timing for donations, bequests and legacies. In general, the later are recognised when at the probate stage.

- Useful lives of property, plant and equipment – Property, plant and equipment represent a significant proportion of the College's total assets. Therefore the estimated useful lives can have a significant impact on the depreciation charged and the College's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experiences with similar assets, professional advice and anticipation of future events. Details of the carrying values of property, plant and equipment are shown in note 12.

- Recoverability of debtors – The provision for doubtful debts is based on the College's estimate of the expected recoverability of those debts. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

- Investment property – Properties are revalued to their fair value at the reporting date by either Bidwells or Savills. The valuation is based on the assumptions and judgements which are impacted by a variety of factors including market and other economic conditions.

- Retirement benefit obligations – The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 27.

Management are satisfied that Universities Superannuation Scheme 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 accounts.

As the College is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2020 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2038. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 27.

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

Statement of Comprehensive Income and Expenditure

Year ended 30 June 2023

	Note	Unrestricted £000	Restricted £000	Endowment £000	Total 2023 £000	Unrestricted £000	Restricted £000	Endowment £000	Total 2022 £000
INCOME									
Academic fees and charges	1	3,456	271	-	3,727	3,305	248	-	3,553
Accommodation, catering and conferences	2	6,796	-	-	6,796	6,044	-	-	6,044
School	3	-	-	-	-	6,855	-	-	6,855
Investment income	4	691	458	4,643	5,792	401	212	4,529	5,142
Endowment return transferred	4	3,312	2,811	(6,123)	-	3,393	2,770	(6,163)	-
Other income	5	2,456	-	-	2,456	1,479	-	-	1,479
Total income before donations and endowments		16,711	3,540	(1,480)	18,771	21,477	3,230	(1,634)	23,073
Donations		818	837	-	1,655	175	533	-	708
New endowments		-	2,149	127	2,276	-	4,787	121	4,908
Capital donations for assets		-	1,932	-	1,932	-	14,820	-	14,820
Total Income		17,529	8,458	(1,353)	24,634	21,652	23,370	(1,513)	43,509
EXPENDITURE									
Education	6	5,942	3,878	-	9,820	5,497	3,308	-	8,805
Accommodation, catering and conferences	7	9,198	88	-	9,286	8,062	70	-	8,132
School	8	-	-	-	-	6,230	-	-	6,230
Other expenditure	9	3,554	1,300	912	5,766	3,586	1,123	774	5,483
Contribution under Statute G,II		95	-	-	95	91	-	-	91
Total expenditure		18,789	5,266	912	24,967	23,466	4,501	774	28,741
(Deficit)/surplus before other gains and losses		(1,260)	3,192	(2,265)	(333)	(1,814)	18,869	(2,287)	14,768
Gain/(loss) on investments		1,439	1,759	5,973	9,171	(991)	(1,485)	(999)	(3,475)
Surplus/(deficit) for the year		179	4,951	3,708	8,838	(2,805)	17,384	(3,286)	11,293
Other comprehensive income									
Unrealised surplus on revaluation of fixed assets		188	-	-	188	5,374	-	-	5,374
Actuarial gain/(loss) in respect of pension schemes		(372)	-	-	(372)	815	-	-	815
Total comprehensive income for year		(5)	4,951	3,708	8,654	3,384	17,384	(3,286)	17,482

The notes on pages 31 to 52 form part of these accounts

Statement of Changes in Reserves

Year ended 30 June 2023

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 July 2022	259,546	58,747	104,234	422,527
Surplus from income and expenditure statement	179	4,951	3,708	8,838
Other comprehensive income/(expenditure)	(184)	-	-	(184)
Transfer in year	(24)	24	-	-
Release of restricted capital funds spent in the year	1,040	(1,040)	-	-
Balance at 30 June 2023	260,557	62,682	107,942	431,181

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Balance at 1 July 2021	233,243	63,838	107,964	405,045
Surplus from income and expenditure statement	(2,805)	17,384	(3,286)	11,293
Other comprehensive income	6,189	-	-	6,189
Transfer in year	3,870	(3,426)	(444)	-
Release of restricted capital funds spent in the year	19,049	(19,049)	-	-
Balance at 30 June 2022	259,546	58,747	104,234	422,527

The notes on pages 31 to 52 form part of these accounts

Consolidated and College Balance Sheets

As at 30 June 2023

	Note	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
NON-CURRENT ASSETS					
Tangible assets	12	242,591	242,518	247,136	247,053
Heritage assets	13	1,696	1,696	1,481	1,481
Investment assets	14	205,058	205,058	187,757	187,757
Total non-current assets		449,345	449,272	436,374	436,291
CURRENT ASSETS					
Stocks - good for resale		3,959	34	3,720	41
Trade and other receivables	15	3,230	9,120	3,251	9,137
Cash and cash equivalents	16	3,053	494	7,780	5,000
Total current assets		10,242	9,648	14,751	14,178
CREDITORS: amounts falling due within one year	17	(8,645)	(7,982)	(8,504)	(7,846)
NET CURRENT ASSETS		1,597	1,666	6,247	6,332
TOTAL ASSETS LESS CURRENT LIABILITIES		450,942	450,938	442,621	442,623
CREDITORS: amounts falling due after more than one year	18	(15,769)	(15,769)	(15,974)	(15,974)
Provisions					
Pension provisions	19	(3,992)	(3,992)	(4,120)	(4,120)
TOTAL NET ASSETS		431,181	431,177	422,527	422,529
RESTRICTED RESERVES					
Income and expenditure reserve – endowment reserve	20	107,942	107,942	104,234	104,234
Income and expenditure reserve – restricted reserve	21	62,682	62,682	58,747	58,747
		170,624	170,624	162,981	162,981
UNRESTRICTED RESERVES					
Income and expenditure reserve – unrestricted reserve		255,183	255,179	254,172	254,174
Revaluation reserve		5,374	5,374	5,374	5,374
		260,557	260,553	259,546	259,548
TOTAL RESERVES		431,181	431,177	422,527	422,529

Approved by Council on 21 November 2023 and signed on their behalf by Dr Ivan Collister, First Bursar

The notes on pages 31 to 52 form part of these accounts

Consolidated Cash Flow Statement

Year ended 30 June 2023

	2023 £000	2022 £000
Surplus for the year	8,838	11,293
Adjustment for non-cash items		
Depreciation	3,445	3,893
Non-cash donations to King's College School	450	-
Non-cash donations or donated shares	(127)	(23)
Loss/(gain) on endowments, donations and investment property	(9,171)	3,475
Pension scheme (credit)/debit	(498)	1,444
(Increase)/decrease in stocks	(254)	137
Decrease/(increase) in debtors	994	(1,146)
Increase/(decrease) in creditors	149	(234)
Adjusting for investing or financing activities		
Investment income	(7,272)	(6,777)
Interest payable	666	666
Profit on sale of non-current assets	-	-
Net cash flows from operating activities	(2,780)	12,728
Cash flows from investing activities		
Investment income	5,034	4,410
Net cash transferred to King's College School	(1,079)	-
Non-current investment disposal	5,859	8,006
Payments to acquire non-current fixed assets	(10,249)	(20,384)
Payments to acquire non-current heritage assets	(216)	-
Payments to acquire non-current investments	(630)	(830)
Net cash flows from investing activities	(1,281)	(8,798)
Cash flows from financing activities		
Interest paid	(666)	(666)
	(666)	(666)
Increase/(decrease) in cash and cash equivalents in the year	(4,727)	3,264
Cash and cash equivalents at beginning of year	7,780	4,516
(Decrease)/increase in cash and cash equivalents in the year	(4,727)	3,264
Cash and cash equivalents at end of the year (note 16)	3,053	7,780

The notes on pages 31 to 52 form part of these accounts

Notes to the Financial Statements
As at 30 June 2023

1. ACADEMIC FEES AND CHARGES

	2023 £000	2022 £000
College fees:		
Fee income received at the Regulated Undergraduate rate	1,783	1,746
Fee income received at the Unregulated Undergraduate rate	667	559
Fee income received at the Graduate rate	967	971
Total fee income	3,417	3,276
Other academic income	39	30
Cambridge Bursary Scheme	271	247
Total	3,727	3,553

2. INCOME FROM ACCOMMODATION, CATERING AND CONFERENCES

	2023 £000	2022 £000
Accommodation		
College members	3,796	3,161
International programmes	44	-
Third parties	526	173
Catering		
College members	1,141	982
International programmes	22	-
Third parties	1,267	1,728
Total	6,796	6,044

3. SCHOOL INCOME

	2023 £000	2022 £000
Fees	-	6,670
Other income	-	185
Total	-	6,855

Notes to the Financial Statements

4. ENDOWMENT RETURN AND INVESTMENT INCOME

	2023 £000	2022 £000
4a. Analysis of Investment Income		
Income drawdown from endowment (note 4b)	6,123	6,163
Other investment income	458	212
Rent from King's College School	370	-
Cash balances and shared equity properties	55	32
Royalties	266	369
	7,272	6,776
(Losses)/gains on investment assets:		
(Losses)/gains on total return investment assets (below)	9,055	(3,564)
Gains on other investment assets	116	89
	9,171	(3,475)
4b. Summary of Total Return		
Income from:		
Freehold land and buildings	1,840	1,549
Quoted securities and cash	2,803	2,980
	4,643	4,529
Gains/(losses) on total return investment assets:		
Freehold land and buildings	(2,225)	3,084
Quoted securities and cash	11,280	(6,648)
	9,055	(3,564)
Investment management costs in respect of:		
Freehold land and buildings	(526)	(366)
Quoted securities and cash	(386)	(408)
	(912)	(774)
Total return for the year	12,786	191
Transfer to income and expenditure reserve (note 4a)	(6,123)	(6,163)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure (see note 22)	6,663	(5,972)

Notes to the Financial Statements

5. OTHER INCOME

	2023 £000	2022 £000
Tourist admissions and shop sales	1,998	980
Chapel and choir	338	281
HMRC Job Retention Scheme grant	-	64
Other income	120	154
Total	2,456	1,479

6. EDUCATION EXPENDITURE

	2023 £000	2022 £000
Teaching	3,113	3,062
Tutorial	872	765
Admissions - General	527	492
Admissions - Access and Widening Participation	944	1,057
Research	1,761	1,318
Scholarships and awards	1,886	1,538
Other educational facilities	717	573
Total	9,820	8,805

7. ACCOMMODATION, CATERING AND CONFERENCES EXPENDITURE

Accommodation		
College members	5,138	4,580
Third parties	1,302	1,158
Catering		
College members	1,974	1,520
Third parties	872	874
Total	9,286	8,132

8. SCHOOL EXPENDITURE

	2023 £000	2022 £000
Staff costs	-	4,530
Other expenditure	-	1,301
Depreciation	-	399
Total	-	6,230

Notes to the Financial Statements

9. OTHER EXPENDITURE

	2023 £000	2022 £000
Investment management costs	1,077	939
Loan interest	666	666
Tourist admission and shop expenditure	351	491
Chapel expenditure	2,060	1,556
Development	187	168
FRS 102 pension provision	(467)	1,492
Other expenditure	1,892	171
Total	5,766	5,483
Included within other costs is auditors' remuneration as follows:		
Fees payable to the College's auditors for the audit of the College's annual accounts	42	31
Fees payable to the College's auditors for the audit of the College's subsidiaries	9	9
Total fees payable	51	40

10. ANALYSIS OF EXPENDITURE BY ACTIVITY

2022/23	Staff costs £000	Other operating expenses £000	Depreciation £000	Total £000
Education	3,871	5,142	807	9,820
Accommodation, catering and conferences	3,792	3,039	2,455	9,286
School	-	-	-	-
Other	778	4,805	183	5,766
Contribution under Statute G,II	-	95	-	95
	8,441	13,081	3,445	24,967

2021/22	Staff costs £000	Other operating expenses £000	Depreciation £000	Total £000
Education	3,649	4,338	818	8,805
Accommodation, catering and conferences	3,278	2,363	2,491	8,132
School	4,530	1,301	399	6,230
Other	2,545	2,753	185	5,483
Contribution under Statute G,II	-	91	-	91
	14,002	10,846	3,893	28,741

The above expenditure includes £577k as the cost of fundraising (2021/22: £501k).

Notes to the Financial Statements

11. STAFF EXPENDITURE

	College fellows £000	Non-academic £000	Total 2023 £000	Total 2022 £000
Staff costs				
Salaries and wages	1,849	5,662	7,511	10,204
National Insurance	154	477	631	883
Pension contributions (see note 27)	32	267	299	2,915
	2,035	6,406	8,441	14,002

Average staff numbers	No. of Fellows	FTE non-academic staff	FTE school staff
2022/23	105	184	-
2021/22	88	179	94

At the balance sheet date there were 133 members of the Governing Body. During the year the average number receiving remuneration was the 105 shown above.

The number of officers or employees of the College, including Head of House and School, who received remuneration (including salary, employer's national insurance contributions, employer's pension contributions plus any taxable benefits either paid, payable or provided gross of any salary sacrifice arrangements) in the following ranges were:

	2023	2022
£100,000-£109,999	1	1
£110,000-£119,999	1	1
£120,000-£129,999	1	2
£130,000-£139,999	1	-
£140,000-£149,999	-	1
£150,000-£159,999	1	-

During the year remuneration paid to key management personnel in their capacity as College Fellows were:	2023 £000	2022 £000
Key management personnel aggregated remuneration	616	595

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. The aggregated remuneration paid to key management personnel consists of salary, employer's national insurance contributions, employer's pension contributions, plus any taxable benefits either paid, payable or provided, gross of any salary sacrifice arrangements. Key management personnel include the trustees, the Provost, the First Bursar, the Domus Bursar and the Senior Tutor.

Notes to the Financial Statements

12. FIXED ASSETS

a) CONSOLIDATED

Cost	Freehold Land	Buildings	Asset in Course of Construction	Plant Furniture and equipment	Computer Equipment	**Group 2023 £000**	**Group 2022 £000**
At 1 July 2022	83,998	113,531	2,063	52,909	2,035	254,536	249,818
Additions	-	2,227	7,146	602	274	10,249	20,384
Disposals	-	-	-	(1,791)	(1,097)	(2,888)	(5)
Revaluation in year	-	-	-	-	-	-	(15,791)
Transfer (to)/from investment properties	-	(14,205)	-	-	-	(14,205)	130
At 30 June 2023	83,998	101,553	9,209	51,720	1,212	247,692	254,536
Depreciation							
At 1 July 2022	-	3,593	-	2,116	1,691	7,400	24,677
Charge for the year	-	1,176	-	2,216	53	3,445	3,893
Revaluation in year	-	-	-	-	-	-	(21,165)
Transfer (to)/from investment properties	-	(3,364)	-	-	-	(3,364)	-
Disposals	-	-	-	(1,375)	(1,005)	(2,380)	(5)
At 30 June 2023	-	1,405	-	2,957	739	5,101	7,400
Net book value – Group	83,998	100,148	9,209	48,763	473	242,591	247,136
Net book value is represented by;							
College	83,998	100,148	9,209	48,763	473	242,591	235,785
School	-	-	-	-	-	-	11,351
Total	83,998	100,148	9,209	48,763	473	242,591	247,136

b) COLLEGE

Cost	Freehold Land	Buildings	Asset in Course of Construction	Plant, Furniture and equipment	Computer Equipment	**College 2023 £000**	**College 2022 £000**
At 1 July 2022	83,998	113,537	2,063	52,681	1,952	254,231	249,521
Additions	-	2,228	7,146	592	272	10,238	20,378
Disposals	-	-	-	(1,791)	(1,099)	(2,890)	(7)
Revaluation in year	-	-	-	-	-	-	(15,791)
Transfer (to)/from investment properties	-	(14,205)	-	-	-	(14,205)	130
At 30 June 2023	83,998	101,560	9,209	51,482	1,125	247,374	254,231
Depreciation							
At 1 July 2022	-	3,592	-	1,975	1,611	7,178	24,477
Charge for the year	-	1,175	-	2,195	52	3,422	3,871
Revaluation in year	-	-	-	-	-	-	(21,165)
Transfer (to)/from investment properties	-	(3,364)	-	-	-	(3,364)	
Disposals	-	-	-	(1,375)	(1,005)	(2,380)	(5)
At 30 June 2023	-	1,403	-	2,795	658	4,856	7,178
Net book value - College	83,998	100,157	9,209	48,687	467	242,518	247,053

12. FIXED ASSETS (continued)

	Freehold Land	Buildings	Asset in Course of Construction	Plant, Furniture and equipment	Computer Equipment	**College 2023 £000**	**College 2023 £000**
Net book value is represented by;							
College	83,998	100,157	9,209	48,687	467	242,518	235,702
School	-	-	-	-	-	-	11,351
Total	83,998	100,157	9,209	48,687	467	242,518	247,053

c) The insured value of freehold land and buildings as at 30 June 2023 was £309 million (£305 million at 30 June 2022).

13. HERITAGE ASSETS

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

As stated in the statement of principal accounting policies, heritage assets acquired since 1 July 2006 have been capitalised. However, the majority of assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result the total included in the balance sheet is partial.

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

	2023 £000	**2022 £000**	**2021 £000**	**2020 £000**	**2019 £000**	**2018 £000**
Balance at beginning of year	1,481	1,481	1,481	1,481	1,466	1,466
Acquisitions purchased with specific donations	215	-	-	-	-	-
Acquisitions purchased with College funds	-	-	-	-	15	-
Total cost of acquisitions purchased	215	-	-	-	15	-
Balance at end of year	1,696	1,481	1,481	1,481	1,481	1,466

14. INVESTMENTS ASSETS

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Balance at beginning of year	187,757	187,757	196,145	196,145
Additions	-	-	4,316	4,316
Disposals	(3,797)	(3,797)	(5,726)	(5,726)
Gain/(loss)	8,943	8,943	(3,736)	(3,736)
Transfer to operational buildings	11,000	11,000	(130)	(130)
Increase/(decrease) in cash balances held	1,155	1,155	(3,112)	(3,112)
Balance at end of year	205,058	205,058	187,757	187,757
Represented by:				
Quoted securities and unit trusts	146,551	146,551	142,398	142,398
Quoted securities – fixed interest	951	951	843	843
Freehold land and buildings	42,255	42,255	32,364	32,364
Investment in subsidiary undertakings	-	-	-	-
Unlisted securities	10,333	10,333	8,342	8,342
Cash with fund managers	1,671	1,671	541	541
College joint equity scheme	2,195	2,195	2,055	2,055
Literary royalties	1,102	1,102	1,214	1,214
Total	205,058	205,058	187,757	187,757

Subsidiary Undertakings

At 30 June 2023, Kings College held an investment in the following companies:	Holding	Proportion of voting rights	Country of Incorporation	Nature of Business
King's College Cambridge Enterprises Ltd	Ordinary	100%	United Kingdom	Provision of conference facilities
King's College Cambridge Developments Ltd	Ordinary	100%	United Kingdom	Provision of developmen t facilities

15. TRADE AND OTHER RECEIVABLES

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Members of the College	84	84	74	74
Trade debtors	338	326	441	341
Amounts due from subsidiary companies	-	5,927	-	7,256
Other debtors	2,808	2,783	2,736	1,466
	3,230	9,120	3,251	9,137

Included in other debtors is £769,231 (2022: £Nil) that is due in more than one year.

16. CASH AND CASH EQUIVALENTS

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Bank deposits	78	78	75	75
Current accounts	2,970	412	7,701	4,921
Cash in hand	5	4	4	4
	3,053	494	7,780	5,000

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Bank loan	205	205	205	205
Members of the College	185	185	140	140
Trade creditors	1,637	1,439	515	302
Accruals and deferred income	2,733	2,322	2,850	1,910
Social security, pension and taxes	185	185	251	251
University fees	71	71	1,795	1,795
Contribution to Colleges fund	95	95	91	91
Amounts due to subsidiary companies	-	100	-	888
Other creditors	3,534	3,380	2,657	2,264
	8,645	7,982	8,504	7,846

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Project Tintagel loan	15,000	15,000	15,000	15,000
School bank loan	769	769	974	974
	15,769	15,769	15,974	15,974

In 2014 the College borrowed from institutional investors (Project Tintagel loan), collectively with other Colleges. The College's share was £15 million. The loans are unsecured and repayable during the period 2043-2053 and are at fixed interest rates of approximately 4.4%. Although issued through a funding vehicle, the College has no responsibility for the obligations of any other of the issuing Colleges.

In 2018 the College took out a bank loan of £2 million on behalf of the School to help fund the building of the Sports Centre. The loan is to be repaid over 10 years at a fixed interest rate of 2.99%. The balance falling due after more than one year at 30 June 2023 was £769,231.

Notes to the Financial Statements

19. PENSION PROVISIONS

	CCFPS £000	USS £000	Total 2023 £000	Total 2022 £000
Balance at beginning of year	(1,489)	(2,631)	(4,120)	(3,493)
Movement in year:				
Current service cost	-	-	-	-
Contributions paid by the College	28	-	28	39
Change in expected contribution	-		-	(1,403)
Finance cost	(85)	(87)	(172)	(80)
Actuarial gains recognised in statement of comprehensive income and expenditure	(370)	642	272	817
Balance at end of year	(1,916)	(2,076)	(3,992)	(4,120)

20. ENDOWMENTS

Group and College	Restricted Permanent Endowments 2023 £000	Unrestricted Permanent Endowments 2023 £000	Total 2023 £000	Total 2022 £000
Balance at beginning of year:				
Capital	38,699	65,535	104,234	107,964
New donations and endowments	127	-	127	121
Increase in market value of investments	1,416	2,165	3,581	(3,407)
Transfer from General Reserves	-	-	-	(444)
Balance at end of year	40,242	67,700	107,942	104,234
Analysis by type of purpose:				
Student support	26,409	-	26,409	25,415
Fellowship	5,405	-	5,405	5,209
Chapel and choir	4,016	-	4,016	3,783
Other funds	4,412	-	4,412	4,292
General endowments	-	67,700	67,700	65,535
	40,242	67,700	107,942	104,234

20. ENDOWMENTS (continued)

Analysis by asset:	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Total 2023 £000	Total 2022 £000
Property	8,428	14,178	22,606	17,106
Investments	31,481	52,962	84,443	84,741
Cash	333	560	893	2,387
	40,242	67,700	107,942	104,234

21. RESTRICTED RESERVES

Group and College	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	Total 2023 £000	Total 2022 £000
Balance at beginning of year	350	9,413	48,984	58,747	63,838
Comprising:					
Capital	-	-	48,984	48,984	49,033
Unspent income	350	9,413	-	9,763	14,805
Balance at beginning of year	350	9,413	48,984	58,747	63,838
New grants	1,930	-	-	1,930	14,820
New donations	-	685	2,149	2,834	5,228
Endowment return transferred	-	1,445	1,365	2,810	2,769
Other income	-	458	271	729	459
Increase/(decrease) in market value of investments	-	108	1,651	1,759	(1,486)
Expenditure	-	(1,888)	(3,222)	(5,110)	(4,409)
Capital grants utilised	(1,040)	-	-	(1,040)	(19,049)
Transfer	-	(69)	92	23	(3,423)
Balance at end of year	1,240	10,152	51,290	62,682	58,747
Comprising:					
Capital	-	-	51,290	51,290	48,984
Unspent income	1,240	10,152	-	11,392	9,763
Balance at end of year	1,240	10,152	51,290	62,682	58,747

21. RESTRICTED RESERVES (continued)

Analysis of other restricted funds/donations by type of purpose:	Capital grants unspent £000	Permanent unspent and other restricted income £000	Restricted expendable endowment £000	Total 2023 £000	Total 2022 £000
Student support	-	6,509	18,162	24,671	23,239
Fellowship	-	906	7,394	8,300	7,993
Chapel and choir	-	1,768	17,894	19,662	18,693
Buildings	1,240	-	2,958	4,198	3,211
Other funds	-	969	4,882	5,851	5,611
	1,240	10,152	51,290	62,682	58,747

22. MEMORANDUM OF UNAPPLIED TOTAL RETURN

Memorandum of Unapplied Total Return	2023 £000	2022 £000
Within reserves the following amounts represent the Unapplied Total Return of the College:		
Unapplied total return at the beginning of year	107,033	113,005
Unapplied total return for the year (note 4b)	6,663	(5,972)
Unapplied total return at end of year	113,696	107,033

23. RECONCILIATION AND ANALYSIS OF NET DEBT

	At 30 June 2022 £000	Cash Flows £000	New finance leases £000	Other non-cash changes £000	At 30 June 2023 £000
Cash and cash equivalents	7,780	(4,727)	-	-	3,053
Borrowings: Amount falling due within one year:					
Secured loans	(205)	-	-	-	(205)
Borrowings: Amount falling due after more than one year:					
Secured loans	(15,974)	205	-	-	(15,769)
Total net debt	(8,399)	(4,522)	-	-	(12,921)

24. FINANCIAL INSTRUMENTS

	2023 £000	2022 £000
Financial assets at fair value through Statement of Comprehensive income		
Listed equity investments (note 14)	147,502	143,241
Other equity investments (note 14)	10,333	8,342
Financial assets that are debt instruments measured at amortised cost		
Cash and cash equivalents (note 14 and 16)	4,724	8,321
Other equity investments (note 14)	2,195	2,055
Other debtors (note 15)	-	-
Financial liabilities		
Financial liabilities measured at amortised cost		
Bank overdraft		
Loans (note 17 and 18)	15,974	16,179
Trade creditors (note 17)	1,637	515
Other creditors (note 17)	4,931	4,931

25. CAPITAL COMMITMENTS

Authorised future capital expenditure amounted to £3,064,000 at 30 June 2023 including works on Spalding, the Chapel and the Porters' Lodge (£11,167,500 at 30 June 2022). In addition, the College has committed to invest a further £555,000 in Private Equity funds.

26. FINANCIAL COMMITMENTS

At 30 June 2023 and 2022 the College had no annual commitments under non-cancellable operating leases.

27. PENSION SCHEMES

The College and its subsidiary undertakings participate in four defined benefit schemes and one defined contribution scheme.

The total pension cost for the year was as follows:

27. PENSION SCHEMES (continued)

	2023 £000	2022 £000
University Superannuation Scheme (includes FRS 102)	(47)	2,112
Cambridge Colleges' Federated Pension Scheme (includes FRS 102)	85	78
Teachers' Pension Scheme (King's College School in 2022)	-	491
Church of England Funded Pension Scheme	9	15
NOW: Pensions	252	219
	299	2,915

University Superannuation Scheme (USS)

The total cost charged to the statement of comprehensive income and expenditure is (£47k) (2021/22 £2,112k).

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2020 (the valuation date), and was carried out using the projected unit method.

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

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

27. PENSION SCHEMES (continued)

Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2023	**2022**
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	**2022**
Discount rate	5.52%	3.31%
Pensionable salary growth	3.20%	3.25%

Cambridge Colleges Federation Pension Scheme (CCFPS)

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

The liabilities of the plan have been calculated, at 30 June 2023, for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

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

	2023 **% p.a.**	**2022** **% p.a.**
Discount rate	5.20	3.80
RPI assumption	3.40	3.45
CPI assumption	2.80	2.75

27. PENSION SCHEMES (CCFPS continued)

For 1 year only, we have assumed that RPI will be 9% and CPI will be 7% (2022: 11% and 9%). The caps under the Rules are applied to assumed pension increases.

The underlying mortality assumption is based upon the standard table known as S3PA on a year of birth usage with CMI_2022 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 (2022: S3PA with CMI_2021 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 21.4 years (previously 21.9 years).
- Female age 65 now has a life expectancy of 23.9 years (previously 24.3 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 22.6 years (previously 23.2 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.3 years (previously 25.7 years).

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

	Male	**Female**
Deferred Members – Option 1 Benefits	63	62

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

The amounts recognised in the Balance Sheet as at 30 June 2023 (with comparative figures as at 30 June 2022) are as follows:

	2023	**2022**
	£000	**£000**
Present value of plan liabilities	(11,595)	(13,302)
Market value of plan assets	9,679	11,812
Net defined benefit asset/(liability)	(1,916)	(1,490)

The amounts to be recognised in Profit and Loss for the year ending 30 June 2023 (with comparative figures for the year ending 30 June 2022) are as follows.

	2023	**2022**
	£000	**£000**
Current service cost & ongoing expenses	28	28
Interest on net defined benefit (asset)/liability	57	41
Total	85	69

27. PENSION SCHEMES (CCFPS continued)

Changes in the present value of the plan liabilities for the year ending 30 June 2023 (with comparative figures for the year ending 30 June 2022) are as follows:

	2023 £000	2022 £000
Present value of plan liabilities at beginning of period	13,302	16,597
Current service cost (including Employee contributions)	-	-
Benefits paid	(583)	(529)
Interest on plan liabilities	494	294
Actuarial (gains)/losses	(1,618)	(3,060)
Present value of plan liabilities at end of period	11,595	13,302

Changes in the fair value of the plan assets for the year ending 30 June 2023 (with comparative figures for the year ending 30 June 2022) are as follows:

	2023 £000	2022 £000
Market value of plan assets at beginning of period	11,812	14,320
Contributions paid by the College	29	39
Employee contributions	-	-
Benefits paid	(619)	(561)
Interest on plan assets	437	253
Return on assets, less interest included in Profit & Loss	(1,980)	(2,239)
Market value of plan assets at end of period	9,679	11,812
Actual return on plan assets (including interest)	(1,543)	(1,986)

The major categories of plan assets as a percentage of total plan assets for the year ending 30 June 2023 (with comparative figures for the year ending 30 June 2022) are as follows:

	2023	2022
Equities	49%	52%
Bonds & Cash	38%	34%
Property	13%	14%
Total	100%	100%

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

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2023 (with comparative figures for the year ending 30 June 2022) are as follows:

	2023 £000	2022 £000
Actual return less expected return on plan assets	(1,980)	(2,239)
Experience gains and losses arising on plan liabilities	(496)	(861)
Changes in assumptions underlying the present value of plan liabilities	2,106	3,917
Actuarial (loss)/gain recognised in OCI	(370)	817

27. PENSION SCHEMES (CCFPS continued)

Movement in surplus/(deficit) during the year ending 30 June 2023 (with comparative figures for the year ending 30 June 2022) are as follows:

	2023 £000	2022 £000
Surplus/(deficit) in plan at beginning of year	(1,490)	(2,277)
Recognised in Profit and Loss	(85)	(69)
Contributions paid by the College	29	39
Actuarial (loss)/gain recognised in OCI	(370)	817
Surplus/(deficit) in plan at the end of the year	(1,916)	(1,490)

Funding Policy

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

The last such valuation was as at 31 March 2020. 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 21 May 2021 and are as follows:

- Annual contributions of not less than £136,777 p.a. payable for the period to 30 June 2021 only.

These payments are subject to review following the next actuarial valuation, due as at 31 March 2023.

27. PENSION SCHEMES (continued)

Church of England Funded Pensions Scheme (CEFPS)

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Comprehensive Income and Expenditure in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.
- RPI inflation of 3.6% p.a. (and pension increases consistent with this).
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards.
- Increase in pensionable stipends in line with CPIH.
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a. and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

27. PENSION SCHEMES (CEFPS continued)

	1 January 2018 to 31 December 2020	1 January 2021 to 31 December 2022
Deficit repair contributions	11.9%	7.1%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 **£'000**	**2021** **£'000**
Balance sheet liability at 1 January	2	11
Deficit contribution paid	(1)	(3)
Interest cost	-	-
Remaining change to the balance sheet liability*	(1)	(6)
Balance sheet liability at 31 December	-	2

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	2022 **% p.a.**	**2021** **% p.a.**	**2020** **% p.a.**
Discount rate	n/a	0.0	0.2
Price inflation	n/a	n/a	3.1
Increase to total pensionable payroll	n/a	-1.5	1.6

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

NOW: Pensions

The College operates a defined contribution pension scheme in respect of certain employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the College amounting to £252,000 (2021/22 £219,000).

28. CONTINGENT LIABILITIES

With effect from 16 March 2007, the Universities Superannuation Scheme (USS) positioned itself as a "last man standing" scheme so that in the event of an insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers.

29. RELATED PARTY TRANSACTIONS

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

The College maintains a register of interests for all College Council members and where any member of the College Council has a material interest in a College matter they are required to declare that fact.

During the year no fees or expenses were paid to Fellows in respect of their duties as Trustees.

Fellows are remunerated for teaching, research and other duties within the College. Fellows are billed for any private catering. The Trustees remuneration is overseen by the Fellows' Remuneration Committee.

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

From	To	2023 Number	2022 Number
£0	£10,000	14	11
£10,001	£20,000	-	2
£20,001	£30,000	1	-
£30,001	£40,000	1	2
£40,001	£50,000	-	1
£50,001	£60,000	-	-
£60,001	£70,000	-	-
£70,001	£80,000	-	1
£80,001	£90,000	-	-
£90,001	£100,000	-	1
£100,001	£110,000	-	-
£110,001	£120,000	-	1
£120,001	£130,000	1	-
	Total	17	19

29. RELATED PARTY TRANSACTIONS (continued)

The total Trustee salaries were £212,568 for the year (2021/22 £263,085)

The trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £47,037 for the year (2021/22 £58,747)

The College has a number of trading and dormant subsidiary undertakings which are consolidated into these accounts. All subsidiary undertakings are 100% owned by the College and are registered and operating in England and Wales.

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