Clare College,

Address

Aims and Objectives of the College

for the year ended 30 June 2022

The College's strategic plan sets out the College's long term aims in the context of national and global changes as follows:

- to maintain its emphasis on the individual in academic and pastoral provision; to deliver a world-class undergraduate education by safeguarding the provision of small-group teaching through the College-based supervision system; and to achieve excellence in education at both undergraduate and postgraduate levels;
- to support a community of Fellows, students and staff, allowing the benefits of a large, internationally renowned university to be realised in a small-scale and close-knit community;
- to foster and support a community of active alumni contributing to the life and future of the College;
- to promote academic research of the highest quality; and
- to maintain and enhance the endowments and benefactions, historic buildings and grounds of the College for the benefit of current and future generations.

Remaining an independent foundation within a collegiate University is fundamental to the College's long-term strategy. The College endorses the University's mission and core values and agrees that the partnership between the University and the Colleges

and

Operating and Financial Review

for the year ended 30 June 2022

Benefactions and Donations

The College is very grateful for the many donations and bequests it has received over the past year from Clare members, corporate donors,

Operating and Financial Review

for the year ended 30 June 2022

Liquidity

The operational cash balances available at 30 June 2022 amounted to £27,200,000 (2021: £28,625,000). This was partly due to continued fundraising success and asset sales. These cash holdings were held in interest bearing accounts with the College's two principal banks. The level of cash held was relatively high, to take account both of construction plans (including current contract commitments and further plans), and also the continuing uncertainties posed by the COVID-19 pandemic for the College's educational and conference activities. It is expected that cash balances will reduce significantly during the 2022-23 financial year.

Inflation Swap Investments

In October 2008 the College borrowed £15 million in the form of a conventional loan from Santander and an inflation swap contract with HSBC, structured to provide 40 year index-linked funding. The £15 million was invested in global equity tracker funds and will be left to accumulate over the 40 year period in a ring-fenced fund, over which HSBC has a security charge to cover the inflation liability. Based on historical experience, the Governing Body considered that this investment in global equity tracker funds should make a positive real return of more than 4% per annum compound, consistent with the performance of global equity markets over each 40 year period since 1900. The Governing Body considered that this positive return would represent a significant addition to the College's Endowment, helping to achieve the goal of financial independence in the long term, and that it outweighed the risks involved. In the event that changed economic circumstances make it appropriate, the College has the right to terminate the loan with Santander and the inflation swap with HSBC early at the prevailing cost of termination.

The interest payments on the Santander loan are set at 4.4% per annum and the HSBC swap contract converts this into a real rate of 1.1% per annum. The annual inflation adjustment to the value of the loan on repayment is capped at a rate of 7%. Through this structure the College was able to take advantage of its ability to invest over the very long term at a time of very low interest rates. The liability to Santander for the conventional loan of £15 million is secured on the College's outlying operational properties, valued at £35 million. During the year to 30 June 2022 the 2048 Fund generated a total return of -3.8% gross and -19.6% net of the increase in inflation-linked liabilities and interest payments. The resulting deficit of £3,510,000 was added to the Total Return reserves as set out in Note 21. The cumulative inflation swap investment net unapplied Total Return decreased to £16,327,000 at 30 June 2022 (note 21).

During the first 13 years of the 40 year inflation swap (from October 2008 to June 2022) the level of RPI has risen by 57.0%, with the result that the College's liability to Santander and HSBC at June 2022 has increased to £22.3 million. At June 2022 the market value of global equity tracker fund investments held in the 2048 Fund amounted to £39.4 million and the outstanding cash balance stood at £813,000. The total value of inflation swap investments amounted to £40.2 million at 30 June 2022.

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Operating and Financial Review

for the year ended 30 June 2022

Public Benefit as a Charity

The College has met its responsibilities regarding public benefit by providing, in conjunction with the University, an education for some 693 (2021: 705) undergraduate and graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, preparing them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision, as well as pastoral, administrative, and academic support through its tutorial and graduate mentoring systems;
- social, cultural, musical, recreational, and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College; and
- x specialist choral musical education for those students in the College's internationally renowned Choir.

The College advances research through:

- providing Research Fellowships to outstanding academics at the early stages of their careers, enabling them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- the employment of College Teaching Officers who, in addition to their role as Directors of Studies and supervisors of undergraduate students, maintain /F2.041whr

Statement of Corporate Governance
for the year ended 30 June 2022

The College is a registered charity (registered number 1137531) and is subject to regulation by the Charity Commission for England and Wales. It is also governed by Statutes and Ordinances. The following statement is provided by the Trustees of the College to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for its audit.

1. The Trustees of the College are the members of the Council and the Finance Committee (except for the student members of those committees). The Council and the Finance Committee together exercise general control and management of the College, and are responsible for ensuring compliance with charity law. The principal officers of the College are the Master, Senior Tutor and Bursar. The

Statement of Internal Control
for the year ended 30 June 2022

1. The Finance Committee is responsible

Statement of Responsibilities of the Trustees of the College
for the year ended 30 June 2022

1. The Members of the Finance Committee and Council, as Trustees of the College, are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

2. In accordance with the College Statutes, the Finance Committee is responsible for the management of the College's estates and the administration of the College's revenues, subject to the overall control of the Trustees of the College. The Finance Committee is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept.

3. The College Statutes and the Statutes and Ordinances of the University of Cambridge require the Trustees of the College to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that year. In preparing those financial statements the Trustees of the College are required to:
   - select suitable accounting policies and apply them consistently; make judgements and estimates that are reasonable and prudent;
   - state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
   - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

4. The Trustees of the College are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College, and enables them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They

Independent auditor's report to the Trustees of Clare College
for the year ended 30 June 2022

Opinion

for the year ended 30 June 2022
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,

Independent auditor's report to the Trustees of Clare College
for the year ended 30 June 2022

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 lo

Use of our report

This report is made solely to the Trustees
the Charities Act 2011. Our work has been undertaken so that we might state to the Trustees those matters we are required to state to
eport and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to
Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA
Date:

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

for the year ended 30 June 2022

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

Statement of Principal Accounting Policies

for the year ended 30 June 2022

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. When buildings are acquired with the aid of restricted bequests or donations, the policy for accounting for that income is as in the note above under Income Recognition, donations and endowments. Finance costs that are directly

Statement of Principal Accounting Policies
for the year ended 30 June 2022

Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and

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

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

Financial liabilities

Basic financial liabilities include trade and other payables, bank loans and intergroup loans. These liabilities are initiall

Statement of Principal Accounting Policies

for the year ended 30 June 2022

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise fromermines

Consolidated Statement of Comprehensive Income and Expenditure

	Notes	Unrestricted £'000	Restricted £'000	Endowment £'000	Inflation Swap £'000	2022 Total £'000	Unrestricted £'000	Restricted £'000	Endowment £'000	Inflation Swap £'000	2021 Total £'000
Academic fees and charges	1	3,462	-	-	-	3,462	3,433	-	-	-	3,433
Accommodation, catering and conferences	2	4,164	-	-	-	4,164	2,488	-	-	-	2,488
Investment income	3a	-	-	3,354	-	3,354	-	-	2,706	-	2,706
Inflation swap income	3c	-	-	-	48						

Balance Sheet

	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Non-current Assets					
Fixed assets	8	146,680	146,782	145,516	145,620
Heritage assets	8a	342	342	342	342
Investments	9a	161,018	161,018	156,842	156,842
Inflation swap investments	9b	40,181	40,181	41,755	41,755
		348,221	348,323	344,455	344,559
Current assets					
Stock	10	189	189	198	198
Trade and other receivables	11	2,412	2,306	1,016	1,116
Short term investments	12	19,645	19,645	20,279	20,279
Cash and cash equivalents	13	7,555	7,175	8,346	8,054
		29,801	29,315	29,839	29,647
Creditors : amounts falling due within one year	14	(3,965)	(3,506)	(2,275)	(2,107)
Net current assets		25,836	25,809	27,564	27,540
Total assets less current liabilities		374,057	374,132	372,019	372,099
Creditors : amounts falling due after more than one year	15	(42,297)	(42,297)	(40,839)	(40,839)
Inflation swap financial instruments	16	(8,183)	(8,183)	(13,833)	(13,833)
Pension provisions	17	(615)	(615)	(281)	(281)
TOTAL NET ASSETS		**322,962**	**323,037**	**317,066**	**317,146**
Restricted reserves					