

Hughes Hall
Recommended Cambridge College Accounts
For the year ended 31 July 2010

Hughes Hall

Index

	Page
Responsibilities of the Governing Body	1
Report of the Auditors	2
Statement of Principal Accounting Policies	4
Income and Expenditure Account	7
Statement of Total Recognised Gains and Losses	8
Balance sheet	9
Cash Flow Statement	10
Notes to the Financial Statements	11

Hughes Hall

Financial Statements for the year ended 31 July 2010

Statement of Responsibilities of the Governing Body

In accordance with the College's Statutes, the Governing Body is responsible for the administration and management of the College's affairs.

It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University.

In causing the financial statements to be prepared, the Governing Body has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Governing Body is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Governing Body has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud.

Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

Hughes Hall

Independent Auditors' Report to the Governing Body

Year Ended 31 July 2010

We have audited the financial statements of Hughes Hall, Cambridge for the year ended 31 July 2010 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the College's Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's 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 Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governing Body and Auditors

The Governing Body's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Governing Body.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the College's Statutes and the Statutes of the University of Cambridge.

We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinions

In our opinion:

- the financial statements give a true and fair view of the state of the College's affairs as at 31 July 2010 and of the income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

CAMBRIDGE
Date:

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 and applicable Accounting Standards.

In addition, the financial statements comply with the Statement of Recommended Practice for accounting in Further and Higher Education (the SORP) with the exception of the balance sheet which has been presented in the different format set out in the relevant section of Statutes and Ordinances of the University of Cambridge (RCCA). The provisions of the SORP require Endowments, Deferred Grants and Revaluation Reserves to be disclosed on the face of the balance sheet whereas RCCA requires that part of this information be disclosed in the notes to the accounts.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets and certain land and buildings.

Consolidation

The College and its subsidiary undertaking comprise a small sized group. The College has taken advantage of the exemption given by Financial Reporting Standard Number 2 not to prepare group financial statements and therefore these financial statements are those of an individual undertaking.

Recognition of income

Income from permanent capital funds and short-term deposits is credited to the Income and Expenditure Account in the year in which it becomes receivable.

Donations and benefactions of an income nature are shown as income in the year in which they become receivable.

Benefactions and donations accepted on condition that only the income may be spent are credited to the balance sheet as permanent capital funds. The income from a permanent capital fund is shown as income in the year that it is receivable. Income from a permanent capital fund that is not expended in the year in which it is receivable is, at the year-end, transferred from the income and expenditure account to a restricted or unrestricted expendable capital fund, as appropriate. When there is subsequent expenditure of accumulated income from a restricted capital fund, income is credited back to the income and expenditure account from the restricted expendable capital fund to match the expenditure.

Benefactions and donations that are used to fund capital projects are initially credited to a designated expendable capital fund and then released over the same estimated useful life that is used to determine the depreciation charge for the capital project.

College fee income is recognised in the period for which it is receivable and includes all fees chargeable to students or their sponsors.

Pension schemes

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

Pension schemes (continued)

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

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

Tangible fixed assets

a. Land and buildings

The original part of the main College site is stated at valuation as at 31 July 1985. Other land and buildings are stated at cost. Where buildings have been revalued, they are valued using open market value basis. The valuation was carried out by Messrs Heap and Rodgers, Chartered Surveyors. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 70 years. Depreciation is calculated on the cost/valuation of both land and buildings but the land element is not considered material.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to expendable capital.

Finance costs which are directly attributable to the construction of buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

b. Maintenance of premises

The cost of major refurbishment is capitalised and depreciated over the useful economic life of the asset concerned. The cost of routine maintenance is charged to the Income and Expenditure Account as it is incurred.

c. Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £2,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised at cost and depreciated over their expected useful life as follows:

Fixtures and fittings	20% straight line
Kitchen equipment	12 ½% per straight line.

d. Rare books, silver, works of art and other assets not related to education

Rare books, silver, works of art and other assets not related to education, which are deemed to be inalienable, are not included in the balance sheet.

Investments

Investments are included in the balance sheet at market value. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Stocks

Stocks of provisions and cleaning materials are valued at the lower of cost and net realisable value.

Provisions

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

Taxation

During the year the College was an exempt charity within the meaning of Schedule 2 of the Charities Act 1993. On 1 June 2010 the College ceased to be an exempt charity and, subsequent to the balance sheet date, became a registered charity (number 01137471) on 13 August 2010.

The College is also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 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.

Hughes Hall

Income and Expenditure Account

For the Year Ended 31 July 2010

	Note	2010 £	2009 £
Income			
Academic fees and charges	1	1,368,412	1,304,475
Residences, catering and conferences	2	1,644,751	1,627,299
Investment income	3	150,381	206,687
Donations and benefactions		42,148	66,604
Other income		38,802	40,601
Total income		3,244,494	3,245,666
Expenditure			
Education	4	1,373,986	1,417,582
Residences, catering and conferences	5	1,585,509	1,491,528
Other		13,528	14,946
Total expenditure	6	2,973,023	2,924,056
Operating surplus		271,471	321,610
Transfer to accumulated income within restricted expendable capital (unspent income for the year from Trust Funds carried forward)		29,656	18,027
Net surplus		241,815	303,583

Hughes Hall

Statement of Total Recognised Gains and Losses

For the Year Ended 31 July 2010

	Note	Restricted Funds <u>Collegiate Purposes</u> £	Unrestricted Funds <u>Designated Funds</u> £		<u>Undesignated Funds</u> £	2010 <u>Total</u> £	2009 <u>Total</u> £
Balance as at 1 August 2009		528,945	-	20,709,096		21,238,041	20,863,347
Retained surplus for the year		-	1,466	240,349		241,815	303,583
Appreciation/(diminution) in value of investments	8	14,432	(1,418)	392,850		405,864	(374,377)
Spent trust or other restricted fund income retained by funds		29,656	-	-		29,656	18,027
Benefactions and donations		-	-			-	100,997
Capital grant received from Colleges Fund		-	-	383,400		383,400	371,400
Transfers		296,490	750,000	(1,046,490)		-	-
Actuarial gains and losses on pension scheme assets and liabilities	20			(38,179)		(38,179)	(44,936)
Total recognised gains/(losses) for the year		<u>340,578</u>	<u>750,048</u>	<u>(68,070)</u>		<u>1,022,556</u>	<u>374,694</u>
Balance as at 31 July 2010	15	<u>869,523</u>	<u>750,048</u>	<u>20,641,026</u>		<u>22,260,597</u>	<u>21,238,041</u>

Hughes Hall

Balance Sheet

As at 31 July 2010

	Note	<u>2010</u> £	<u>2009</u> £
Fixed Assets			
Tangible assets	7	16,822,075	16,759,481
Investments	8	7,072,158	3,818,531
		<u>23,894,233</u>	<u>20,578,012</u>
Current Assets			
Stock		14,126	11,802
Debtors	9	96,708	687,945
Cash	10	1,506,841	3,091,041
		<u>1,617,675</u>	<u>3,790,788</u>
Creditors: amounts falling due within one year	11	<u>(1,287,451)</u>	<u>(1,130,877)</u>
Net Current Assets		<u>330,224</u>	<u>2,659,911</u>
Total Assets Less Current Liabilities		24,224,457	23,237,923
Creditors: amounts falling due after more than one year	12	<u>(1,893,818)</u>	<u>(1,956,091)</u>
Net Assets excluding Pension Liability		22,330,639	21,281,832
Pension Liability		<u>(70,042)</u>	<u>(43,791)</u>
Net Assets including Pension liability		<u><u>22,260,597</u></u>	<u><u>21,238,041</u></u>
Capital and Reserves			
Restricted funds held for collegiate purposes	13	869,523	528,945
Unrestricted funds - designated	13	750,048	-
Unrestricted funds - undesignated	13	20,711,068	20,752,887
Pension Reserve		<u>(70,042)</u>	<u>(43,791)</u>
		<u><u>22,260,597</u></u>	<u><u>21,238,041</u></u>

Approved by the College Council on behalf of the Governing Body on

Dr S Melville
Member of the College Council and Governing Body

Hughes Hall

Cash Flow Statement

For the Year Ended 31 July 2010

	<u>2010</u> £	<u>2009</u> £
Operating Activities		
Net surplus	241,815	303,583
Depreciation	284,809	288,793
Investment income	(150,381)	(206,687)
Interest payable	112,245	116,376
Movement in pension surplus/deficit	(11,928)	(12,683)
(Increase)/decrease in stocks	(2,324)	1,691
(Increase)/decrease in debtors	591,237	(618,159)
(Decrease)/Increase in creditors	(17,944)	(30,728)
Net Cash (Outflow)/Inflow from Operating Activities	<u>1,047,529</u>	<u>(157,814)</u>
Returns on Investments and Servicing of Finance		
Unspent trust income	29,656	18,027
Investment income	150,381	206,687
Net Cash Inflow from Returns on Investments and Servicing of Finance	<u>180,037</u>	<u>224,714</u>
Capital Transactions and Financial Investment		
Payments to acquire tangible fixed assets	(347,403)	(1,211,115)
Payments to acquire investment assets	(3,028,766)	(562,734)
Total capital expenditure	<u>(3,376,169)</u>	<u>(1,773,849)</u>
Receipts from sale of investment assets	181,003	329,189
Capital grant received from Colleges Fund	383,400	371,400
Benefactions and donations received	-	100,997
Total capital receipts	<u>564,403</u>	<u>801,586</u>
Net cash (Outflow) from Capital Transactions	<u>(2,811,766)</u>	<u>(972,263)</u>
Increase/(Decrease) in Cash	<u>(1,584,200)</u>	<u>(905,363)</u>
Reconciliation of Net Cash Flow to Movement in Net Debt		
Increase/(Decrease) in cash in the period	(1,584,200)	(905,363)
Decrease in debt in the period	58,885	54,755
	<u>(1,525,315)</u>	<u>(850,608)</u>
Net funds/debt at 1 August 2009	1,076,065	1,926,673
Net funds/debt at 31 July 2010	<u>(449,250)</u>	<u>1,076,065</u>

Hughes Hall

Notes to the Financial Statements

For the Year Ended 31 July 2010

1. Academic fees and charges

	<u>2010</u> £	<u>2010</u> £	<u>2009</u> £
College fees			
Fee income paid on behalf of undergraduates eligible for student support			
Undergraduates (per capita fee £3,744)	108,576		
PGCE (per capita £2,184)	80,808		
Graduate medical (per capita £3,744)	86,112		
		275,496	315,840
Other undergraduate fee income			
Overseas (per capita £3,979)	127,328		
Privately funded UK and EU (per capita £3,979)	115,391		
		242,719	320,629
Graduate fee income			
Graduates (per capita £2,184)	689,513		
M Ed students (per capita £437)	10,483		
Other	201		
		700,197	518,006
		<u>1,218,412</u>	<u>1,154,475</u>
Other			
Grant from PHG foundation		150,000	150,000
Total		<u><u>1,368,412</u></u>	<u><u>1,304,475</u></u>

2. Residences, catering and conferences income

		<u>2010</u> £	<u>2009</u> £
Residential accommodation	College members	1,274,921	1,267,032
	Conferences (including meeting rooms)	37,149	22,602
Catering	College members and staff	296,503	298,571
	Conferences	36,178	39,094
		<u>1,644,751</u>	<u>1,627,299</u>

3. Investment Income

	<u>2010</u> <u>Income from</u> <u>Restricted</u> <u>Funds for</u> <u>Collegiate</u> <u>Purposes</u> £	<u>2010</u> <u>Income from</u> <u>Unrestricted</u> <u>Funds</u> £	<u>2010</u> <u>Total</u> £	<u>2009</u> <u>Total</u> £
Income from:				
Freehold land and buildings	-	13,028	13,028	9,999
Unit trusts	22,509	100,533	123,042	86,447
Cash	459	13,852	14,311	110,241
Total	<u>22,968</u>	<u>127,413</u>	<u>150,381</u>	<u>206,687</u>

Notes to the Financial Statements (*continued*)

For the Year Ended 31 July 2010

3. Investment Income (continued)**Investment Management Costs:**

	<u>2010</u> £	<u>2009</u> £
Unit trusts	7,448	4,049
Cash	866	5,164
Total	<u>8,314</u>	<u>9,213</u>

4. Education expenditure

	<u>2010</u> £	<u>2009</u> £
Teaching	794,206	794,123
Tutorial	185,363	188,510
Admissions	99,206	100,515
Research	178,172	177,618
Scholarships and awards	28,845	74,703
Other educational facilities	88,194	82,113
Total (Note 6)	<u>1,373,986</u>	<u>1,417,582</u>

5. Residences, catering and conferences expenditure

		<u>2010</u> £	<u>2009</u> £
Accommodation	College members	1,134,438	1,065,098
	Conferences (including meeting rooms)	52,936	41,975
Catering	College members and staff	380,385	369,879
	Conferences	17,750	14,576
Total (Note 6)		<u>1,585,509</u>	<u>1,491,528</u>

Hughes Hall

Notes to the Financial Statements (*continued*)

For the Year Ended 31 July 2010

6. Analysis of 2010 expenditure by activity

	<u>Staff Costs</u> <u>(Note 19)</u> £	<u>Other</u> <u>Operating</u> <u>Expenses</u> £	<u>Depreciation</u> £	<u>Total</u> £
Education (Note 4)	774,720	599,266	-	1,373,986
Residences, Catering, and Conferences (Note 5)	399,069	901,631	284,809	1,585,509
Other	-	13,528	-	13,528
Total	<u>1,173,789</u>	<u>1,514,425</u>	<u>284,809</u>	<u>2,973,023</u>

Analysis of 2009 expenditure by activity

	<u>Staff Costs</u> <u>(Note 19)</u> £	<u>Other</u> <u>Operating</u> <u>Expenses</u> £	<u>Depreciation</u> £	<u>Total</u> £
Education (Note 4)	805,300	612,282	-	1,417,582
Residences, Catering, and Conferences (Note 5)	241,208	961,527	288,793	1,491,528
Other	-	14,946	-	14,946
Total	<u>1,046,508</u>	<u>1,588,755</u>	<u>288,793</u>	<u>2,924,056</u>

Fundraising costs amounted to £144,772 (2009: £68,933).

7. Tangible assets

	<u>Freehold Land and Buildings</u> £	<u>Fixtures and Fittings</u> £	<u>Kitchen Equipment</u> £	<u>Total</u> £
Cost/valuation				
At 1 August 2009	17,845,515	729,087	15,489	18,590,091
Additions	344,451	2,952	-	347,403
Transfers	-	-	-	-
	<u>18,189,966</u>	<u>732,039</u>	<u>15,489</u>	<u>18,937,494</u>
Accumulated depreciation				
At 1 August 2009	1,200,677	614,444	15,489	1,830,610
Charge for the year	241,775	43,034	-	284,809
At 31 July 2010	<u>1,442,452</u>	<u>657,478</u>	<u>15,489</u>	<u>2,115,419</u>
Net Book value				
At 31 July 2010	<u>16,747,514</u>	<u>74,561</u>	<u>-</u>	<u>16,822,075</u>
At 31 July 2009	<u>16,644,838</u>	<u>114,643</u>	<u>-</u>	<u>16,759,481</u>

The insured value of freehold land and buildings as at 31 July 2010 was £31,862,948 (2009: £31,862,948).

The College's original freehold property was revalued on 31 July 1985 by Messrs Heap and Rodgers, Chartered Surveyors using open market value basis in accordance with the guidelines issued by the Royal Institute of Chartered Surveyors, at £2,300,000. The historical cost of the property at that date was £98,082.

The College has adopted the transitional provisions of Financial Reporting Standard Number 15 in respect of revaluation policy of freehold land and buildings. Accordingly, the revaluation has not been updated. A full impairment review of the assets concerned has been carried out and in the opinion of the Governing Body the market values of freehold land and buildings are not lower than their carrying values.

8. Investments

	<u>2010</u> £	<u>2009</u> £
As at 1 August 2009	3,818,531	3,959,363
Additions	3,028,766	562,734
Disposals	(181,003)	(329,189)
Appreciation/(diminution) on revaluation	<u>405,864</u>	<u>(374,377)</u>
As at 31 July 2010	<u>7,072,158</u>	<u>3,818,531</u>
Represented by:		
Quoted securities – unit trusts	6,096,242	3,043,830
Cash	<u>975,916</u>	<u>774,701</u>
	<u>7,072,158</u>	<u>3,818,531</u>

Notes to the Financial Statements (*continued*)

For the Year Ended 31 July 2010

9. Debtors	<u>2010</u> £	<u>2009</u> £
Trade debtors	62,340	77,176
Amount due from subsidiary undertaking	22,173	22,173
Other debtors	12,195	588,596
Total	<u>96,708</u>	<u>687,945</u>
10. Cash	<u>2010</u> £	<u>2009</u> £
Bank deposits	146,837	2,844,976
Current accounts	1,359,783	246,056
Cash in hand	221	9
Total	<u>1,506,841</u>	<u>3,091,041</u>
11. Creditors: amounts falling due within one year	<u>2010</u> £	<u>2009</u> £
Bank loans and overdrafts	62,272	58,885
Trade creditors	393,625	263,358
Student prepayments	54,400	53,660
Other creditors	190,087	191,827
Other taxes & social security	33,596	2,598
Accruals	20,000	20,000
Deferred income	533,471	540,549
Total	<u>1,287,451</u>	<u>1,130,877</u>
12. Creditors: amounts falling due after more than one year	<u>2010</u> £	<u>2009</u> £
Bank loans and overdrafts	1,893,818	1,956,091
Bank loans attract a fixed rate of interest of 5.647% and are repayable in full by 31 July 2029.		
Repayments on bank and other loans can be analysed as follows:		
	<u>2010</u> £	<u>2009</u> £
Due within one year	62,272	58,885
Between one and two years	65,263	62,272
Between two and five years	219,653	207,900
Due after more than five years	1,608,902	1,685,919
Total repayments	<u>1,956,090</u>	<u>2,014,976</u>

13. Capital and reserves

	<u>Income/ Expendable Capital Funds</u> £	<u>Permanent Capital Funds</u> £	<u>Total 2010</u> £	<u>Total 2009</u> £
Restricted Funds for collegiate purposes:				
Trust Funds	50,279	-	50,279	528,945
Amalgamated Fund	37,812	781,432	819,244	-
	<u>88,091</u>	<u>781,432</u>	<u>869,523</u>	<u>528,945</u>
Unrestricted Funds:				
<i>Designated Funds:</i>				
Wollaston Lodge Refurbishment Fund	750,048	-	750,048	-
	<u>750,048</u>	<u>-</u>	<u>750,048</u>	<u>-</u>
<i>Undesignated Funds:</i>				
Corporate capital	19,592,735	-	19,592,735	18,322,737
General reserve	1,118,333	-	1,118,333	2,430,150
	<u>20,711,068</u>	<u>-</u>	<u>20,711,068</u>	<u>20,752,887</u>
Pension Reserve	(70,042)		(70,042)	(43,791)
	<u>21,479,165</u>	<u>781,432</u>	<u>22,260,597</u>	<u>21,238,041</u>

Restricted funds comprise the College Trust Funds and Amalgamated Fund. Expenditure from these funds is restricted to that specified by the terms of the original deed of gift or documentation establishing the fund.

The original capital allocated to the Amalgamated Fund has been deemed by the Governing Body to be permanent in nature and cannot be spent.

Designated funds comprise sums designated from unrestricted funds by the Governing Body for a particular purpose.

Undesignated funds can be applied for any purpose at the discretion of the Governing Body. In practice, the Corporate Capital fund comprises the fixed assets of the College, along with a proportion of the College investment portfolio. Essentially this can be equated to the College's endowment.

The General Reserve comprises the remainder of the College's unrestricted funds which can be applied for any purpose and is represented by net current assets.

14. Reconciliation of movement in capital and reserves

	<u>Restricted Funds</u> <i>Funds for collegiate purposes</i>		<u>Unrestricted Funds</u> <i>Designated Funds Undesignated Funds Funds</i>	
	<u>Income/ Expendable Capital Funds</u> £	<u>Permanent Capital Funds</u> £	<u>Income/ Expendable Capital Funds</u> £	<u>Income/ Expendable Capital Funds</u> £
Balance as at 1 August 2009	403,288	125,657	-	20,752,887
Increase/(Decrease) in Year	(315,197)	655,775	750,048	(41,819)
Balance as at 31 July 2010	<u>88,091</u>	<u>781,432</u>	<u>750,048</u>	<u>20,711,068</u>

15. Analysis of Funds

	<u>Restricted Funds 2010 £</u>	<u>Unrestricted Funds 2010 £</u>	<u>Total 2010 £</u>	<u>Total 2009 £</u>
Research Fellowships	18,829	-	18,829	17,500
Bursaries	548,835	-	548,835	145,508
Student Support	292,674	-	292,674	356,702
Prize Funds	9,185	-	9,185	9,235
Other Funds	-	21,461,116	21,461,116	20,752,887
Pension Reserve	-	(70,042)	(70,042)	(43,791)
Total	<u>869,523</u>	<u>21,391,074</u>	<u>22,260,597</u>	<u>21,238,041</u>

16. Capital Allocation

	<u>Restricted Funds</u>		<u>Unrestricted Funds</u>	
	<i>Funds for collegiate purposes</i>		<i>Designated Funds</i>	<i>Undesignated Funds</i>
	<u>Income/ Expendable Capital Funds £</u>	<u>Permanent Capital Funds £</u>	<u>Income/ Expendable Capital Funds £</u>	<u>Income/ Expendable Capital Funds £</u>
Tangible Fixed Assets	-	-	-	16,822,075
Investment Assets	-	781,432	748,582	5,542,144
Net Current Assets	88,091	-	1,466	243,562
Creditors > One Year	-	-	-	(1,896,713)
Pension Liability	-	-	-	(70,042)
Total	<u>88,091</u>	<u>781,432</u>	<u>750,048</u>	<u>20,641,026</u>

17. Revaluation Reserve

Corporate capital (note 13) includes revaluation reserve in respect of tangible fixed assets as follows:

	<u>2010 £</u>	<u>2009 £</u>
Balance 1 August 2009 and 31 July 2010	<u>3,501,918</u>	<u>3,501,918</u>

18. Financial Commitments

	<u>2010 £</u>	<u>2009 £</u>
Capital Commitments		
Authorised by the Governing Body and contracted for	<u>603,005</u>	<u>-</u>

19. Staff Costs

	<u>College Fellows 2010</u> £	<u>Non- Academics 2010</u> £	<u>Total 2010</u> £	<u>Total 2009</u> £
Emoluments	231,052	807,633	1,038,685	918,770
Social Security Costs	17,660	62,440	80,100	68,942
Other Pension Costs (see note 20)	22,892	32,112	55,004	58,796
	<u>271,604</u>	<u>902,185</u>	<u>1,173,789</u>	<u>1,046,508</u>
Average staff numbers (full time equivalents)				
Academic (numbers of stipendiary staff)	6	-	6	6
Non academic	-	36	36	34
	<u>6</u>	<u>36</u>	<u>42</u>	<u>40</u>

The Governing Body comprises 48 Fellows, of which the 6 declared above are stipendiary.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000 in either the current or preceding year.

20. Pension Schemes

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS) and a stakeholder scheme.

Universities Superannuation Scheme

The college participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The 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 and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the SOFA represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carried out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2010 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

20 Pension Schemes (continued)

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065 million). Compared to the previous 12 months, the funding level has improved from 74% (as at 31 March 2009) to 91%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 5.6% based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a "last man standing" scheme so that in the event of the 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 and reflected in the next actuarial valuation of the scheme.

Notes to the Financial Statements (*continued*)

For the Year Ended 31 July 2010

20 Pensions Schemes (continued)

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2010, USS had over 135,000 active members and the college had 9 active members participating in the scheme.

The total pension cost for the College was £22,892 (2009: £28,089). The contribution rate payable by the College was 16% of pensionable salaries.

Cambridge Colleges Federated Pension Scheme

The College is also a member of a multi-employer defined benefit scheme, the Cambridge Colleges Federated Pension Scheme (CCFPS), in the United Kingdom. The Scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. The scheme is deemed to be a registered pension scheme under the terms of Schedule 36 of the Finance Act 2004. The College's employees covered by the Scheme are contracted-out of the State Second Pension (S2P).

The College elected to close the Scheme to new entrants from 1 October 2001 but existing members continue to accrue benefits.

The contribution made by the College in respect of the 12 month period ended 31 March 2010 was £19,385 (2009: £24,005), excluding PHI premiums. Contributions over the next year are expected to be at the rate of 17.68% of Contribution Pay plus £9,598pa subject to review at future actuarial valuations. These rates exclude PHI.

The major assumptions used by the actuary were:

	<u>31 March 2010</u>	<u>31 March 2009</u>
Discount rate	5.6%	6.4%
Expected long-term rate of return on Scheme assets	6.6%	6.4%
Salary inflation assumption	4.7%*	3.9%
Inflation assumption	3.7%	2.9%
Pension increases	3.7%	2.9%
* 1.5% in 2010, 4.7% thereafter		

The underlying mortality assumption is based upon the standard table known as PA92 on a year of birth usage with medium cohort future improvement factors with the base table adjusted by a 20% uplift to reflect higher Scheme mortality rates than the standard tables

The assets in the Scheme and the expected rates of return were:

	Long term rate of return expected at 31 March 2010	Value at 31 March 2010	Long term rate of return expected at 31 March 2009	Value at 31 March 2009	Long term rate of return expected at 31 March 2008	Value at 31 March 2008
		£		£		£
Equities and Hedge Funds	7.5%	221,164	7.3%	174,020	7.5%	207,422
Cash, Bonds & Net Current Assets	5.0%	114,268	4.8%	93,011	5.0%	136,118
Property	6.5%	33,174	6.3%	33,004	6.5%	47,215
Total		<u>368,606</u>		<u>300,035</u>		<u>390,755</u>

20 Pensions Schemes (continued)

The following results were measured in accordance with the requirements of FRS17:

	2010 £	2009 £	2008 £	2007 £
Total market value of assets	368,606	300,035	390,755	391,541
Present value of Scheme liabilities	<u>(438,648)</u>	<u>(343,826)</u>	<u>(402,293)</u>	<u>(475,290)</u>
Surplus/(deficit) in the Scheme	<u>()70,042)</u>	<u>(43,791)</u>	<u>(11,538)</u>	<u>(83,749)</u>

The amounts recognised in income and expenditure are as follows:

	31 March 2010 £	31 March 2009 £
In staff costs: Current service cost (net of employee contributions)	<u>4,710</u>	<u>10,228</u>
In endowment and investment income:		
Interest cost	21,825	24,635
Expected return on pension scheme assets	<u>(19,078)</u>	<u>(23,541)</u>
Net return	<u>7,457</u>	<u>11,322</u>
Actual return on pension scheme assets	<u>59,480</u>	<u>(52,793)</u>

Changes in the present value of the Scheme liabilities are as follows:

	31 March 2010 £	31 March 2009 £
Present value of Scheme liabilities at beginning of year	343,826	402,293
Service cost (including employee's contributions)	8,631	16,326
Interest cost	21,825	24,635
Actuarial losses (gains)	78,581	(31,398)
Benefits paid	<u>(14,215)</u>	<u>(68,030)</u>
Present value of Scheme liabilities at end of year	<u>438,648</u>	<u>343,826</u>

Changes in the fair value of scheme assets are as follows:

	31 March 2010 £	31 March 2009 £
Market value of Scheme assets at beginning of year	300,035	390,755
Expected return	19,078	23,541
Actuarial gains and (losses)	40,402	(76,334)
Contributions by employer	19,385	24,005
Additional contributions by members (including AVCs)	3,921	6,098
Benefits (and expenses) paid	<u>(14,215)</u>	<u>(68,030)</u>
Market value of Scheme assets at end of year	<u>368,606</u>	<u>300,035</u>

20 Pensions Schemes (continued)

Amounts for the current and previous four periods are as follows:

	31 March 2010 £	31 March 2009 £	31 March 2008 £	31 March 2007 £	31 March 2006 £
Present value of Scheme liabilities	(438,648)	(343,826)	(402,293)	(475,290)	(455,121)
Market value of Scheme assets	<u>368,606</u>	<u>300,035</u>	<u>390,755</u>	<u>391,541</u>	<u>345,736</u>
Surplus/(deficit)	<u>(70,042)</u>	<u>(43,791)</u>	<u>(11,538)</u>	<u>(83,749)</u>	<u>(109,385)</u>
Experience adjustments on scheme liabilities	4,416	(4,696)	40,996	(26,590)	3,983
Experience adjustments on scheme assets	40,402	(76,334)	(29,445)	661	30,317
Change in assumptions underlying present value of Scheme liabilities	(82,997)	36,094	46,071	35,982	(33,353)

Stakeholder Scheme

The College also operates a defined contribution scheme under the stakeholder rules for employees. The pension charge for the year was £12,519 (2009: £7,956).

The total pension cost for the College, after personal health insurance contributions, for the year to 31 July 2010 (see note 19) was as follows:

	2010 £	2009 £
USS: Employer contributions	22,892	28,089
CCFPS: Charged to Income and Expenditure Account	19,593	22,751
Stakeholder Scheme: Employer contributions	12,519	7,956
	<u>55,004</u>	<u>58,796</u>

21. Related Party Transactions

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

Two of the Members of the Governing Body are Trustees of the PHG Foundation. As disclosed in note 1 to the financial statements, the PHG Foundation has made a grant of £150,000 to the College during the year, (2009: £150,000).

The College is the sole member of Hughes Hall Limited, a company limited by guarantee and incorporated in Great Britain. The principal purpose of Hughes Hall Limited is to develop new student accommodation for the College. The net liabilities of Hughes Hall Limited as at 31 July 2010 were £437 (2009: total reserves £1,162) and the net loss for the period then ended was £1,599 (2009: net profit £1,142). During the period to 31 July 2010 the charge for services provided by Hughes Hall Limited to the College amounted to £nil (2009: £nil).

At 31 July 2010 Hughes Hall Limited owed the College £22,173 (2009: £22,173).

Hughes Hall

Detailed Income And Expenditure Account for the year ended 31 July 2010

	£	2009 £
STUDENT FEES AND RENTS		
Bar income	13,132	15,006
College fees - 3 terms	1,196,124	1,135,319
Residence	1,246,424	1,259,279
Meal card credit	96,923	88,693
Kitchen fixed charge	118,600	110,439
Car parking charge	<u>1,557</u>	<u>1,956</u>
	<u>2,672,760</u>	<u>2,610,692</u>
OTHER FEES		
Guest meals	10,367	8,396
Guest residence	11,742	7,754
Conference income	73,327	61,696
VAT recoverable	1,027	1,078
Luggage storage	-	143
Fellows/staff meals	70,613	91,042
Computing facilities	26,172	19,868
Miscellaneous income	<u>37,325</u>	<u>31,046</u>
	<u>230,573</u>	<u>221,023</u>
OTHER INCOME		
Donations	18,369	192
Interest	12,386	107,575
Dividends	<u>100,533</u>	<u>73,290</u>
	<u>131,288</u>	<u>181,057</u>
INCOME TO FUNDS		
Donations	23,779	66,412
Grant from PHG Foundation	150,000	150,000
Interest	1,925	2,666
Dividends	<u>22,509</u>	<u>13,157</u>
	<u>198,213</u>	<u>232,235</u>
TOTAL INCOME	3,232,834	3,245,007
Less: Total expenditure (see page 25)	<u>2,961,363</u>	<u>2,923,397</u>
Operating surplus on ordinary activities (see page 7 and below)	271,471	321,610
Capital Receipts:		
Benefactions and donations	-	100,997
Grant received from Colleges Fund	<u>383,400</u>	<u>371,400</u>
Surplus for the year	654,871	794,007
Changes in investments and pension scheme assets/liabilities:		
Appreciation/(diminution) of investment values	405,864	(374,377)
Adjustments to pension scheme valuations	<u>(38,179)</u>	<u>(44,936)</u>
Total recognised gains/(losses) for the year (as page 8)	<u>1,022,556</u>	<u>374,694</u>
Operating surplus is made up as follows:		
Surplus/(deficit) on College operations	78,942	48,319
Investment income	150,381	206,687
Donations and benefactions	<u>42,148</u>	<u>66,604</u>
Operating surplus	<u>271,471</u>	<u>321,610</u>

Hughes Hall

Detailed Income And Expenditure Account for the year ended 31 July 2010

	£	2009 £
LEARNING RESOURCES		
Books, Magazines and Library Supplies	8,257	6,169
Librarian and Staff	21,447	21,199
IT support staff	75,632	76,244
IT supplies	<u>33,499</u>	<u>8,656</u>
	<u>138,835</u>	<u>112,268</u>
ACADEMIC		
Salaries, Pensions and N.I	302,958	309,735
D.O.S. and Supervisions	73,705	71,313
Medical/ per capita	12,433	15,556
Postage and stationery – admissions/tutorial	795	789
Bursaries	<u>11,754</u>	<u>10,542</u>
	<u>401,645</u>	<u>407,935</u>
PREMISES		
Repairs and Renewals Premises	102,158	63,607
Depreciation of fixtures & fittings	43,034	48,143
Depreciation of freehold buildings	241,775	240,650
Contract gardening and garden supplies	23,436	18,024
Premises wages and N.I	125,430	125,360
Rent	128,230	149,449
Rates – general	8,554	7,992
Rates – water	32,828	32,629
Insurance	28,040	56,456
Gas	56,394	72,812
Electricity	<u>107,594</u>	<u>106,717</u>
	<u>897,473</u>	<u>921,839</u>
KITCHEN		
Bar purchases	10,628	5,485
Repairs and Renewals Kitchen	18,339	16,631
Laundry	11,028	11,912
Provisions	116,955	107,196
Wine	21,099	15,103
Wages, Pensions and N.I	198,051	206,168
Temporary staff	<u>5,049</u>	<u>391</u>
	<u>381,149</u>	<u>362,886</u>
HOUSEKEEPING		
Repairs and Renewals Furniture and Equipment	16,324	23,052
Laundry	13,973	7,107
Wages, Pensions and N.I	128,040	154,325
Cleaning etc	15,805	11,589
Contract cleaning	130,259	133,552
Servicing	40,679	34,138
Temporary staff	<u>11,527</u>	<u>8,378</u>
	<u>356,607</u>	<u>372,141</u>
EXPENDITURE FROM FUNDS		
Bursaries	17,091	64,161
Academic salaries (CBSS)	148,425	136,303
Rent (CBSS)	16,755	13,012
Miscellaneous expenses	<u>3,796</u>	<u>7,026</u>
	<u>186,067</u>	<u>220,502</u>

Hughes Hall

Detailed Income And Expenditure Account for the year ended 31 July 2010 (cont.)

	£	2009 £
ADMINISTRATION		
Salaries, Pensions and N.I	237,681	229,853
Telephones	7,761	9,098
Postage and stationery	26,932	20,821
Advertising	8,014	13,172
Administration equipment	7,122	14,576
Audit and professional fees	47,305	51,985
Miscellaneous expenses	4,473	171
Bad debts	2,669	-
Interest payable	<u>112,245</u>	<u>116,376</u>
	<u>454,202</u>	<u>456,052</u>
DEVELOPMENT		
Salaries, Pensions and N.I	113,690	38,931
Fund raising expenses	26,510	25,046
Postage and stationery - development	<u>4,572</u>	<u>4,956</u>
	<u>144,772</u>	<u>68,933</u>
OTHER		
President's Discretionary Fund	<u>613</u>	<u>841</u>
TOTAL EXPENDITURE	<u>2,961,363</u>	<u>2,923,397</u>