

Hughes Hall
Recommended Cambridge College Accounts
For the year ended 31 July 2009

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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.

Independent Auditors' Report to the Governing Body

Year Ended 31 July 2009

We have audited the financial statements of Hughes Hall, Cambridge for the year ended 31 July 2009 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 2009 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

PETERS ELWORTHY & MOORE
Chartered Accountants and Statutory Auditors

CAMBRIDGE
Date: 20 October 2009

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 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.

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

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

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and is 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 2009

	Note	2009 £	2008 £
Income			
Academic fees and charges	1	1,304,475	1,102,514
Residences, catering and conferences	2	1,627,299	1,434,422
Investment income	3	206,687	326,549
Donations and benefactions		66,604	114,424
Other income		40,601	33,221
Total income		3,245,666	3,011,130
Expenditure			
Education	4	1,417,582	1,278,556
Residences, catering and conferences	5	1,491,528	1,228,953
Other		14,946	16,582
Total expenditure	6	2,924,056	2,524,091
Operating surplus		321,610	487,039
Transfer to accumulated income within restricted expendable capital (unspent income for the year from Trust Funds carried forward)		18,027	91,395
Net surplus		303,583	395,644

Hughes Hall

Statement of Total Recognised Gains and Losses

For the Year Ended 31 July 2009

	Note	Restricted	Unrestricted Funds		2009	2008
		Funds Collegiate Purposes £	Designated Funds £	Undesignated Funds £	Total £	Total £
Balance as at 1 August 2008		577,994	4,917,988	15,367,365	20,863,347	20,146,130
Retained surplus for the year		-		303,583	303,583	395,644
Appreciation/(diminution) in value of investments		(47,076)		(327,301)	(374,377)	(266,188)
Spent trust or other restricted fund income retained by funds		18,027	-	-	18,027	91,395
Benefactions and donations		-		100,997	100,997	50,000
Capital grant received from Colleges Fund		-	-	371,400	371,400	389,900
Transfers		(20,000)	(4,917,988)	4,937,988	-	-
Actuarial gains and losses on pension scheme assets and liabilities				(44,936)	(44,936)	56,466
Total recognised gains/(losses) for the year		<u>(49,049)</u>	<u>-</u>	<u>277,359</u>	<u>374,694</u>	<u>717,217</u>
Balance as at 31 July 2009		<u>528,945</u>	<u>-</u>	<u>20,709,096</u>	<u>21,238,041</u>	<u>20,863,347</u>

Hughes Hall

Balance Sheet

As at 31 July 2009

	Note	<u>2009</u> £	<u>2008</u> £
Fixed Assets			
Tangible assets	7	16,759,481	15,837,159
Investments	8	3,818,531	3,959,363
		<u>20,578,012</u>	<u>19,796,522</u>
Current Assets			
Stock		11,802	13,492
Debtors	9	687,945	69,785
Cash	10	3,091,041	3,996,404
		<u>3,790,788</u>	<u>4,079,681</u>
Creditors: amounts falling due within one year	11	<u>(1,130,877)</u>	<u>(986,342)</u>
Net Current Assets		<u>2,659,911</u>	<u>3,093,339</u>
Total Assets Less Current Liabilities		23,237,923	22,889,861
Creditors: amounts falling due after more than one year	12	<u>(1,956,091)</u>	<u>(2,014,976)</u>
Net Assets excluding Pension Liability		21,281,832	20,874,885
Pension Liability		<u>(43,791)</u>	<u>(11,538)</u>
Net Assets including Pension liability		<u><u>21,238,041</u></u>	<u><u>20,863,347</u></u>
Capital and Reserves			
Restricted funds held for collegiate purposes	13	528,945	577,994
Unrestricted funds - designated	13	-	4,917,988
Unrestricted funds - undesignated	13	20,752,887	15,378,903
Pension Reserve		<u>(43,791)</u>	<u>(11,538)</u>
		<u><u>21,238,041</u></u>	<u><u>20,863,347</u></u>

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

140409



Dr S Melville
Member of the College Council and Governing Body

Hughes Hall

Cash Flow Statement

For the Year Ended 31 July 2009

	<u>2009</u> £	<u>2008</u> £
Operating Activities		
Net surplus	303,583	395,644
Depreciation	288,793	273,326
Investment income	(206,687)	(326,549)
Interest payable	116,376	119,054
Movement in pension surplus/deficit	(12,683)	(15,745)
(Increase)/decrease in stocks	1,691	(827)
(Increase)/decrease in debtors	(618,159)	35,941
(Decrease)/Increase in creditors	(30,728)	(5,176)
Net Cash (Outflow)/Inflow from Operating Activities	<u>(157,814)</u>	<u>475,668</u>
Returns on Investments and Servicing of Finance		
Unspent trust income	18,027	91,395
Investment income	206,687	326,549
Net Cash Inflow from Returns on Investments and Servicing of Finance	<u>224,714</u>	<u>417,944</u>
Capital Transactions and Financial Investment		
Payments to acquire tangible fixed assets	(1,211,115)	(293,899)
Payments to acquire investment assets	(562,734)	(894,849)
Total capital expenditure	<u>(1,773,849)</u>	<u>(1,188,748)</u>
Receipts from sale of investment assets	329,189	495,652
Capital grant received from Colleges Fund	371,400	389,900
Benefactions and donations received	100,997	50,000
Total capital receipts	<u>801,586</u>	<u>935,552</u>
Net cash (Outflow) from Capital Transactions	<u>(972,263)</u>	<u>(253,196)</u>
Increase/(Decrease) in Cash	<u>(905,363)</u>	<u>640,416</u>
Reconciliation of Net Cash Flow to Movement in Net Debt		
Increase/(Decrease) in cash in the period	(905,363)	640,416
Decrease in debt in the period	54,755	52,077
	<u>(850,608)</u>	<u>692,493</u>
Net funds/debt at 1 August 2008	1,926,673	1,234,180
Net funds/debt at 31 July 2009	<u>1,076,065</u>	<u>1,926,673</u>

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Notes to the Financial Statements

For the Year Ended 31 July 2009

1. Academic fees and charges

	<u>2009</u> £	<u>2009</u> £	<u>2008</u> £
College fees			
Fee income paid on behalf of undergraduates eligible for student support			
Undergraduates (per capita fee £3,612)	97,524		
PGCE (per capita £2,499)	109,956		
Graduate medical (per capita £3,612)	<u>108,360</u>	315,840	336,351
Other undergraduate fee income			
Overseas (per capita £3,732)	189,287		
Privately funded UK and EU (per capita £3,863)	<u>131,342</u>	320,629	156,744
Graduate fee income			
Graduates (per capita £2,127)	508,353		
M Ed students (per capita £425)	8,925		
Other	<u>728</u>	518,006	459,419
		<u>1,154,475</u>	<u>952,514</u>
Other			
Grant from PHG foundation		<u>150,000</u>	<u>150,000</u>
Total		<u><u>1,304,475</u></u>	<u><u>1,102,514</u></u>

2. Residences, catering and conferences income

		<u>2009</u> £	<u>2008</u> £
Residential accommodation	College members	1,267,032	1,121,363
	Conferences (including meeting rooms)	22,602	46,913
Catering	College members and staff	298,571	223,239
	Conferences	<u>39,094</u>	<u>42,907</u>
		<u><u>1,627,299</u></u>	<u><u>1,434,422</u></u>

3. Investment Income

	<u>2009</u> <u>Income from</u> <u>Restricted</u> <u>Funds for</u> <u>Collegiate</u> <u>Purposes</u> £	<u>2009</u> <u>Income from</u> <u>Unrestricted</u> <u>Funds</u> £	<u>2009</u> <u>Total</u> £	<u>2008</u> <u>Total</u> £
Income from:				
Freehold land and buildings	-	9,999	9,999	11,550
Unit trusts	13,157	73,290	86,447	92,985
Cash	<u>2,666</u>	<u>107,575</u>	<u>110,241</u>	<u>222,014</u>
Total	<u><u>15,823</u></u>	<u><u>190,864</u></u>	<u><u>206,687</u></u>	<u><u>326,549</u></u>

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

	<u>2009</u>	<u>2008</u>
	£	£
Unit trusts	4,049	2,121
Cash	5,164	5,063
Total	<u>9,213</u>	<u>7,184</u>

4. Education expenditure

	<u>2009</u>	<u>2008</u>
	£	£
Teaching	794,123	755,622
Tutorial	188,510	178,547
Admissions	100,515	88,329
Research	177,618	150,104
Scholarships and awards	74,703	23,160
Other educational facilities	82,113	82,794
Total (Note 6)	<u>1,417,582</u>	<u>1,278,556</u>

5. Residences, catering and conferences expenditure

		<u>2009</u>	<u>2008</u>
		£	£
Accommodation	College members	1,065,098	858,786
	Conferences (including meeting rooms)	41,975	48,839
Catering	College members and staff	369,879	304,037
	Conferences	14,576	17,291
Total (Note 6)		<u>1,491,528</u>	<u>1,228,953</u>

6. Analysis of 2009 expenditure by activity

	<u>Staff Costs</u> <u>(Note 19)</u> <u>£</u>	<u>Other</u> <u>Operating</u> <u>Expenses</u> <u>£</u>	<u>Depreciation</u> <u>£</u>	<u>Total</u> <u>£</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>

Analysis of 2008 expenditure by activity

	<u>Staff Costs</u> <u>(Note 19)</u> <u>£</u>	<u>Other</u> <u>Operating</u> <u>Expenses</u> <u>£</u>	<u>Depreciation</u> <u>£</u>	<u>Total</u> <u>£</u>
Education (Note 4)	703,423	575,133	-	1,278,556
Residences, Catering, and Conferences (Note 5)	271,901	683,726	273,326	1,228,953
Other	-	16,582	-	16,582
Total	<u>975,324</u>	<u>1,275,441</u>	<u>273,326</u>	<u>2,524,091</u>

Fundraising costs amounted to £25,046 (2008: £32,099).

7. Tangible assets

	<u>Buildings under Construction</u> £	<u>Freehold Land and Buildings</u> £	<u>Fixtures and Fittings</u> £	<u>Kitchen Equipment</u> £	<u>Total</u> £
Cost/valuation					
At 1 August 2008	153,189	16,517,995	692,303	15,489	17,378,976
Additions	1,174,331	-	36,784	-	1,211,115
Transfers	(1,327,520)	1,327,520	-	-	-
	<u>-</u>	<u>17,845,515</u>	<u>729,087</u>	<u>15,489</u>	<u>18,590,091</u>
Accumulated depreciation					
At 1 August 2008	-	960,027	566,301	15,489	1,541,817
Charge for the year	-	240,650	48,143	-	288,793
At 31 July 2009	<u>-</u>	<u>1,200,677</u>	<u>614,444</u>	<u>15,489</u>	<u>1,830,610</u>
Net Book value					
At 31 July 2009	<u>-</u>	<u>16,644,838</u>	<u>114,643</u>	<u>-</u>	<u>16,759,481</u>
At 31 July 2008	<u>153,189</u>	<u>15,557,968</u>	<u>126,002</u>	<u>-</u>	<u>15,837,159</u>

The insured value of freehold land and buildings as at 31 July 2009 was £31,862,948 (2008: £27,750,540).

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>2009</u> £	<u>2008</u> £
As at 1 August 2008	3,959,363	3,826,354
Additions	562,734	894,849
Disposals	(329,189)	(495,652)
Appreciation/(diminution) on revaluation	<u>(374,377)</u>	<u>(266,188)</u>
As at 31 July 2009	<u>3,818,531</u>	<u>3,953,363</u>
Represented by:		
Quoted securities – unit trusts	3,043,830	3,205,600
Cash	<u>774,701</u>	<u>753,763</u>
	<u>3,818,531</u>	<u>3,953,363</u>

9. Debtors

	<u>2009</u>	<u>2008</u>
	£	£
Trade debtors	77,176	42,724
Amount due from subsidiary undertaking	22,173	22,173
Other debtors (see note 22)	588,596	4,888
Total	<u>687,945</u>	<u>69,785</u>

10. Cash

	<u>2009</u>	<u>2008</u>
	£	£
Bank deposits	2,844,976	3,872,063
Current accounts	246,056	124,176
Cash in hand	9	165
Total	<u>3,091,041</u>	<u>3,996,404</u>

11. Creditors: amounts falling due within one year

	<u>2009</u>	<u>2008</u>
	£	£
Bank loans and overdrafts	58,885	54,755
Trade creditors	263,358	163,471
Student prepayments	53,660	61,150
Other creditors	191,827	194,311
Other taxes & social security	2,598	2,189
Accruals	20,000	24,500
Deferred income	540,549	485,966
Total	<u>1,130,877</u>	<u>986,342</u>

12. Creditors: amounts falling due after more than one year

	<u>2009</u>	<u>2008</u>
	£	£
Bank loans and overdrafts	<u>1,956,091</u>	<u>2,014,976</u>

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>2009</u>	<u>2008</u>
	£	£
Due within one year	58,885	54,755
Between one and two years	62,272	58,886
Between two and five years	207,900	196,854
Due after more than five years	1,685,919	1,759,236
Total repayments	<u>2,014,976</u>	<u>2,069,731</u>

13. Capital and reserves

	<u>Income/ Expendable Capital Funds</u> £	<u>Permanent Capital Funds</u> £	<u>Total 2009</u> £	<u>Total 2008</u> £
Restricted Funds for collegiate purposes: Trust Funds	300,721	228,224	528,945	577,994
Unrestricted Funds:				
<i>Designated Funds:</i>				
Building repair fund	-	-	-	542,778
Building fund	-	-	-	1,751,658
Millennium fund	-	-	-	2,573,552
Learning resource centre fund	-	-	-	50,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,917,988</u>
<i>Undesignated Funds:</i>				
Corporate capital	18,322,737	-	18,322,737	13,923,053
Reserve fund	-	-	-	94,172
General reserve	2,430,150	-	2,430,150	1,361,678
	<u>20,752,887</u>	<u>-</u>	<u>20,752,887</u>	<u>15,378,903</u>
Pension Reserve	<u>(43,791)</u>	<u>-</u>	<u>(43,791)</u>	<u>(11,538)</u>
	<u>21,009,817</u>	<u>228,224</u>	<u>21,238,041</u>	<u>20,863,347</u>

Restricted funds comprise the College Trust Funds and expenditure from these funds is restricted to that specified by the terms of the original deed of gift. The capital of the Donald Wort Fund and part of the capital of the Newton Trust Fund is deemed to be permanent in nature and cannot be spent. The income derived from the capital can be spent in accordance with the purposes of the fund.

Designated funds comprise sums designated from unrestricted funds by the Governing Body for a particular purpose. Following a reorganisation of College Funds, the balances on the designated funds have been transferred to undesignated funds.

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 2008	302,694	275,300	4,917,988	15,378,903
Increase/(Decrease) in Year	<u>(1,973)</u>	<u>(47,076)</u>	<u>(4,917,988)</u>	<u>5,373,984</u>
Balance as at 31 July 2009	<u>300,721</u>	<u>228,224</u>	<u>-</u>	<u>20,752,887</u>

15. Analysis of Funds

	<u>Restricted</u> <u>Funds</u> <u>2009</u> <u>£</u>	<u>Unrestricted</u> <u>Funds</u> <u>2009</u> <u>£</u>	<u>Total</u> <u>2009</u> <u>£</u>	<u>Total</u> <u>2008</u> <u>£</u>
Research Fellowships	17,500	-	17,500	-
Scholarships	39,958	-	39,958	57,717
Bursaries	106,270	-	106,270	88,481
Prizes Fund	9,235	-	9,235	8,797
Student Support	316,744	-	316,744	348,741
President's Fund	39,238	-	39,238	39,138
Other Funds	0	20,752,887	20,752,887	20,332,011
Pension Reserve	-	(43,791)	(43,791)	(11,538)
Total	<u>528,945</u>	<u>20,709,096</u>	<u>21,238,041</u>	<u>20,863,347</u>

16. Capital Allocation

	<u>Restricted Funds</u> <i>Funds for</i> <i>collegiate purposes</i>		<u>Unrestricted Funds</u> <i>Designated</i> <i>Indesignated</i> <i>Funds</i> <i>Funds</i>	
	<u>Income/ Expendable Capital Funds</u> <u>£</u>	<u>Permanent Capital Funds</u> <u>£</u>	<u>Income/ Expendable Capital Funds</u> <u>£</u>	<u>Income/ Expendable Capital Funds</u> <u>£</u>
Tangible Fixed Assets	-	-	-	16,759,481
Investment Assets	-	125,657	-	3,692,874
Net Current Assets	300,721	102,567	-	2,256,623
Creditors > One Year	-	-	-	(1,956,091)
Pension Liability	-	-	-	(43,791)
Total	<u>300,721</u>	<u>228,224</u>	<u>-</u>	<u>20,709,096</u>

17. Revaluation Reserve

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

	<u>2009</u> <u>£</u>	<u>2008</u> <u>£</u>
Balance 1 August 2008 and 31 July 2009	<u>3,501,918</u>	<u>3,501,918</u>

18. Financial Commitments

	<u>2009</u> <u>£</u>	<u>2008</u> <u>£</u>
Capital Commitments		
Authorised by the Governing Body and contracted for	<u>-</u>	<u>1,175,000</u>

19. Staff Costs

	<u>College Fellows 2009</u> £	<u>Non- Academics 2009</u> £	<u>Total 2009</u> £	<u>Total 2008</u> £
Emoluments	197,994	708,542	906,536	842,960
Social Security Costs	17,102	64,074	81,176	67,491
Other Pension Costs (see note 20)	28,089	30,707	58,796	64,873
	<u>243,185</u>	<u>803,323</u>	<u>1,046,508</u>	<u>975,324</u>
Average staff numbers (full time equivalents)				
Academic (numbers of stipendiary staff)	6	-	6	6
Non academic	-	34	34	34
	<u>6</u>	<u>34</u>	<u>40</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, 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. USS has over 130,000 active members and the College has 6 active members participating in the scheme.

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.

The latest 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 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).

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

20 Pension Schemes (*continued*)

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 FRS 17 formula as if USS was a single employer scheme, 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 College's 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 College's contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year 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 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

Surpluses or deficits which arise at future valuations may impact on the College'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.

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.

The total pension cost of this Scheme for the College was £28,089 (2008 £39,487). The contribution rate payable by the College was 14% of pensionable salaries.

20 Pensions Schemes (continued)

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 2009 was £24,005 (2008: £30,334), excluding PHI premiums. Contributions over the next year are expected to be at the rate of 32.83% of Contribution Pay to 30 June 2009 then 18.45% of Contribution Pay plus £9,598pa from 1 July 2009, subject to review at future actuarial valuations. These rates exclude PHI.

The major assumptions used by the actuary were:

	<u>31 March 2009</u>	<u>31 March 2008</u>
Discount rate	6.4%	6.6%
Expected long-term rate of return on Scheme assets	6.4%	6.5%
Salary inflation assumption	3.9%	4.9%
Inflation assumption	2.9%	3.4%
Pension increases	2.9%	3.4%

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 asadjusted by a 20% uplift to reflect higher Scheme mortality rates than the standard tables.(2008: PA92 on a year of birth usage with medium cohort improvement factors.

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

	Long term rate of return expected	Value at at 31 March 2009	Long term rate of return expected	Value at at 31 March 2008	Long term rate of return expected	Value at at 31 March 2007
	31 March 2009	2009	31 March 2008	2008	31 March 2007	2007
		£		£		£
Equities and Hedge Funds	7.3%	174,020	7.5%	207,422	7.5%	205,009
Cash, Bonds & Net Current Assets	4.8%	93,011	5.0%	136,118	4.9%	137,614
Property	6.3%	<u>33,004</u>	6.5%	<u>47,215</u>	6.5%	<u>48,918</u>
Total		<u>300,035</u>		<u>390,755</u>		<u>391,541</u>

20 Pensions Schemes (continued)

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

	2009 £	2008 £	2007 £	2006 £
Total market value of assets	300,035	390,755	391,541	345,736
Present value of Scheme liabilities	<u>(343,826)</u>	<u>(402,293)</u>	<u>(475,290)</u>	<u>(455,121)</u>
Surplus/(deficit) in the Scheme	<u>(43,791)</u>	<u>(11,538)</u>	<u>(83,749)</u>	<u>(109,385)</u>

The amounts recognised in income and expenditure are as follows:

	31 March 2009 £	31 March 2008 £
In staff costs: Current service cost (net of employee contributions)	<u>10,228</u>	<u>15,287</u>
In endowment and investment income:		
Interest cost	24,635	25,196
Expected return on pension scheme assets	<u>(23,541)</u>	<u>(24,738)</u>
Net return	<u>11,322</u>	<u>15,745</u>
Actual return on pension scheme assets	<u>(52,793)</u>	<u>(4,708)</u>

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

	31 March 2009 £	31 March 2008 £
Present value of Scheme liabilities at beginning of year	402,293	475,290
Service cost (including employee's contributions)	16,326	22,835
Interest cost	24,635	25,196
Actuarial losses (gains)	(31,398)	(87,067)
Benefits paid	<u>(68,030)</u>	<u>(33,961)</u>
Present value of Scheme liabilities at end of year	<u>343,826</u>	<u>402,293</u>

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

	31 March 2009 £	31 March 2008 £
Market value of Scheme assets at beginning of year	390,755	391,541
Expected return	23,541	24,738
Actuarial gains and (losses)	(76,334)	(29,445)
Contributions by employer	24,005	30,334
Additional contributions by members (including AVCs)	6,098	7,548
Benefits (and expenses) paid	<u>(68,030)</u>	<u>(33,961)</u>
Market value of Scheme assets at end of year	<u>300,035</u>	<u>390,755</u>

20 Pensions Schemes (continued)

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

	31 March 2009 £	31 March 2008 £	31 March 2007 £	31 March 2006 £	31 March 2005 £
Present value of Scheme liabilities	(343,826)	(402,293)	(475,290)	(455,121)	(383,780)
Market value of Scheme assets	<u>300,035</u>	<u>390,755</u>	<u>391,541</u>	<u>345,736</u>	<u>260,296</u>
Surplus/(deficit)	<u>(43,791)</u>	<u>(11,538)</u>	<u>(83,749)</u>	<u>(109,385)</u>	<u>(123,484)</u>
Experience adjustments on scheme liabilities	(4,696)	40,996	(26,590)	3,983	
Experience adjustments on scheme assets	(76,334)	(29,445)	661	30,317	
Change in assumptions underlying present value of Scheme liabilities	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 £7,956 (2008: £4,206).

The total pension cost for the College, after personal health insurance contributions, for the year to 31 July 2009 (see note 19) was as follows:

	2009 £	2008
USS: Employer contributions	28,089	39,487
CCFPS: Charged to Income and Expenditure Account	22,751	21,180
Stakeholder Scheme: Employer contributions	7,956	4,206
	<u>58,796</u>	<u>64,873</u>

For the Year Ended 31 July 2009

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.

Three 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, (2008: £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 total reserves of Hughes Hall Limited as at 31 July 2009 were £1,162 (2008: £20) and the net profit for the period then ended was £1,142 (2008: £nil). During the period to 31 July 2009 the charge for services provided by Hughes Hall Limited to the College amounted to £nil (2008: £nil).

At 31 July 2009 Hughes Hall Limited owed the College £22,173 (2008: £22,173).

22. Other Debtors

As explained in note 24 last year, the College held deposits with Kaupthing Singer & Friedlander totalling £717,709. Interest receivable of £7,376 had accrued at the time of administration and is recognised in these accounts. The College received £145,017 in the administration during the year and after the year end has received £580,068 from the Financial Services Compensation Scheme. This sum is included in Other Debtors within note 9 to the financial statements.

Hughes Hall

Detailed Income And Expenditure Account for the year ended 31 July 2009

	£	2008 £
STUDENT FEES AND RENTS		
Bar income	15,006	17,304
College fees - 3 terms	1,135,319	971,896
Residence	1,259,279	1,121,519
Meal card credit	88,693	78,318
Kitchen fixed charge	110,439	77,552
Car parking charge	<u>1,956</u>	<u>2,305</u>
	<u>2,610,692</u>	<u>2,268,894</u>
OTHER FEES		
Guest meals	8,396	6,990
Guest residence	7,754	8,445
Conference income	61,696	76,468
VAT recoverable	1,078	1,611
Luggage storage	143	-
Fellows/staff meals	91,042	61,830
Computing facilities	19,868	18,375
Miscellaneous income	<u>31,046</u>	<u>18,729</u>
	<u>221,023</u>	<u>192,448</u>
OTHER INCOME		
Donations	192	4,006
Interest	107,575	212,927
Dividends	<u>73,290</u>	<u>77,890</u>
	<u>181,057</u>	<u>294,823</u>
INCOME TO FUNDS		
Donations	66,412	110,418
Grant from PHG Foundation	150,000	150,000
Interest	2,666	9,087
Dividends	<u>13,157</u>	<u>15,095</u>
	<u>232,235</u>	<u>284,600</u>
TOTAL INCOME	3,245,007	3,404,765
Less: Total expenditure (see page 26)	<u>2,923,397</u>	<u>2,553,726</u>
Operating surplus on ordinary activities (see page 7 and below)	321,610	487,039
Capital Receipts:		
Benefactions and donations	100,997	50,000
Grant received from Colleges Fund	<u>371,400</u>	<u>389,900</u>
Surplus for the year	794,007	926,939
Changes in investments and pension scheme assets/liabilities:		
Appreciation/(diminution) of investment values	(374,377)	(266,188)
Adjustments to pension scheme valuations	<u>(44,936)</u>	<u>56,466</u>
Total recognised (losses)/gains for the year (as page 8)	<u>374,694</u>	<u>717,217</u>
Operating surplus is made up as follows:		
Surplus/(deficit) on College operations	3,322	46,066
Investment income	206,687	326,549
Donations and benefactions	<u>111,601</u>	<u>114,424</u>
Operating surplus	<u>321,610</u>	<u>487,039</u>

Hughes Hall

Detailed Income And Expenditure Account for the year ended 31 July 2009

	£	2008 £
LEARNING RESOURCES		
Books, Magazines and Library Supplies	6,169	6,123
Librarian and Staff	21,199	19,709
IT support staff	76,244	61,726
IT supplies	<u>8,656</u>	<u>3,762</u>
	<u>112,268</u>	<u>91,320</u>
ACADEMIC		
Salaries, Pensions and N.I	309,735	257,116
D.O.S. and Supervisions	71,313	72,193
Medical/ per capitas	15,556	13,232
Bursaries	<u>10,542</u>	<u>7,059</u>
	<u>407,146</u>	<u>349,680</u>
PREMISES		
Repairs and Renewals Premises	63,607	31,062
Depreciation of fixtures & fittings	48,143	51,642
Depreciation of freehold buildings	240,650	221,686
Contract gardening and garden supplies	18,024	15,922
Premises wages and N.I	125,360	115,628
Rent	149,449	112,251
Rates – general	7,992	7,871
Rates – water	32,629	31,364
Insurance	56,456	25,238
Gas	72,812	40,913
Electricity	<u>106,717</u>	<u>89,915</u>
	<u>921,839</u>	<u>743,492</u>
KITCHEN		
Bar purchases	5,485	13,553
Repairs and Renewals Kitchen	16,631	17,920
Provisions	107,196	79,585
Wine	15,103	13,972
Wages, Pensions and N.I	206,168	188,062
Temporary staff	<u>391</u>	<u>3,812</u>
	<u>350,974</u>	<u>316,904</u>
HOUSEKEEPING		
Repairs and Renewals Furniture and Equipment	23,052	17,297
Laundry	19,019	22,177
Wages, Pensions and N.I	19,891	20,219
Cleaning etc	11,589	12,671
Contract cleaning	133,552	149,315
Servicing	34,138	36,581
Temporary staff	<u>8,378</u>	<u>9,038</u>
	<u>249,619</u>	<u>267,298</u>
EXPENDITURE FROM FUNDS		
Bursaries	64,161	46,962
Academic salaries (CBSS)	136,303	118,881
Rent (CBSS)	13,012	-
Miscellaneous expenses	<u>7,026</u>	<u>1,589</u>
	<u>220,502</u>	<u>167,432</u>

Hughes Hall

Detailed Income And Expenditure Account
for the year ended 31 July 2009 (cont.)

	£	2008 £
ADMINISTRATION		
Salaries, Pensions and N.I	403,218	357,879
Fund raising expenses	25,046	32,099
Telephones	9,098	6,546
Postage and stationery	26,566	18,571
Advertising	13,172	4,037
Administration equipment	14,576	4,746
Audit and professional fees	51,985	57,657
Miscellaneous expenses	1,012	15,799
Bad debts	-	1,292
Interest payable	<u>116,376</u>	<u>119,054</u>
	<u>661,049</u>	<u>617,680</u>
TOTAL EXPENDITURE	<u>2,923,397</u>	<u>2,553,726</u>