

Charity Registration No: 1137471

HUGHES HALL

**RECOMMENDED CAMBRIDGE
COLLEGE ACCOUNTS**

FOR THE YEAR ENDED

31 JULY 2016

HUGHES HALL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

Contents

	Page
Reference and Administration details	2 - 3
Report of the Trustees	4 - 13
Report of the Auditors	14 - 15
Statement of Principal Accounting Policies	16 - 20
Income and Expenditure Account	21
Statement of Changes in Reserves	22
Balance Sheet	23
Cash Flow Statement	24
Notes to the Accounts	25 - 40

HUGHES HALL

REFERENCE AND ADMINISTRATION DETAILS FOR THE YEAR ENDED 31 JULY 2016

Name of College:

The President and Fellows of Hughes Hall in the University of Cambridge

Address:

Hughes Hall
Cambridge
CB1 2EW

Charity Commission Registered No: 1137471

Advisors:

Auditors

Price Bailey LLP
Chartered Accountants & Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Solicitors

Ashton KCJ LLP
Chequers House
77-81 Newmarket Road
Cambridge
CB5 8EU

Taylor Vinters
Merlin Place
Milton Road
Cambridge
CB4 0DP

Mills & Reeve
Francis House
112 Hills Road
Cambridge
CB2 1PH

Bankers

HSBC Bank plc
Vitrum
St John's Innovation Park
Cambridge
CB4 0DS

Fund Managers

Cazenove Fund Management Ltd
12 Moorgate
London
EC2R 6DA

Senior officers:

Head of House	Dr Anthony Freeling
Development Director	Mr Richard Berg Rust
Senior Bursar	Mrs Victoria Espley
Senior Tutor	Dr Philip Johnston

HUGHES HALL

REFERENCE AND ADMINISTRATION DETAILS FOR THE YEAR ENDED 31 JULY 2016

Charity Trustees (Members of the Governing Body or Council)

The trustees of the College during the period 1 August 2015 to 31 July 2016 were:

Head of House Dr A Freeling (President)*

Fellows:

Affara, Professor Nabeel A*	Melville, Dr Sara
Bale, Dr Mark (Appointed 28 October 2015)	Mercure, Dr Jean-Francois (Resigned 20 April 2016)
Barker, Dr John	Mogull, Mr Marc
Barrett, Professor Michael	Nuttall, Professor William
Bellamy, Dr Martin	Parlikad, Dr Ajith J
Berg Rust, Mr Richard (Development Director)*	Perova, Dr Zinaida (Appointed 1 April 2016)
Blackmore, Dr Heather	Piccirillo, Dr Sara G M
Bonaccorso, Dr Francesco	Pigott, Dr Charles (Appointed 28 October 2015)
Bosworth, Dr David	Powell, Professor Jonathan*
Bruna, Dr Matteo (Resigned 1 October 2015)	Redmond, Dr Aisling
Buckley, Professor Mary	Rough, Dr Sarah
Burton, Dr Hilary (Pro-Vice-President)*	Roughley, Dr Corinne*
Chamley, Mr William	Ruthven, Professor Kenneth B H
Devereux, Dr Bernard	Sargent, Dr Carole A
Dissanaikie, Professor Gishan (Appointed 2 December 2015)	Sengupta, Dr Kishore
Drumright, Dr Lydia (Appointed 1 October 2015)	Shwageraus, Dr Eugene
Du, Professor Ming-Qing	Siklos, Dr Paul (Resigned 1 October 2015)
Dudley, Dr Peter (Appointed 1 October 2015)	Singal, Dr Nidhi
Espley, Mrs Victoria (Bursar)* (Appointed 1 October 2015)	Skopek, Dr Jeffrey
Franklin, Mike* (Resigned 25 May 2016)	Smith, Professor Gordon
Gehring, Dr Markus	Steinfeld, Dr Martin* (Appointed 1 October 2015)
Gould, Dr Andrew	Swann, Dr Elizabeth
Gray, Mr Nick (Appointed 1 October 2015)	Taylor, Mr Neil* (Resigned 1 October 2015)
Hennessy, Dr Sara* (Appointed 28 October 2015)	Tracey, Dr Paul (Appointed 2 December 2015)
Hill, Dr Danika (Appointed 1 April 2016)	Trotter, Dr Caroline (Appointed 1 October 2015)
Hodge, Professor Ian *	Turner, Dr Suzanne
Ilie, Dr Sonia (Appointed 1 April 2016)	Veal, Dr Robyn
Ironside, Miss Rowena	Weller, Professor Marc
Iwasiewicz-Wabnig, Dr Agnieszka*	Wells, Dr Clive (Appointed 1 October 2015)
Johnston, Dr Philip (Senior Tutor)*	White, Dr Jessica
Jupp, Dr Bianca	Winter, Dr Robert (Resigned 30 September 2015)
Kaufman, Professor James (Vice-President)*	Yandell, Dr Nigel
Lemons, Mr Anthony (Resigned 1 October 2015)	Yprma, Dr Rolf (Resigned 31 March 2016)
Lockhart, Dr Alastair	

Those members of the Governing Body marked * (together with the student President and Secretary of the Middle Common Room) are members of the College Council.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2016

Operating and Financial Review

Introduction

The College owes its origins to the Cambridge Training College for Women founded in 1885 which was subsequently incorporated under the Companies Acts. In October 1950 the College changed its name to the Elizabeth Phillips Hughes Hall Company. It continued to admit only women training to become teachers until 1968 when it admitted other women graduates and, in that same year, became an Approved Society in the University. In 1973 it admitted its first male students and in 1985 became an Approved Foundation of the University. The College petitioned for the grant of a Charter of Incorporation which was given under the title of 'The President and Fellows of Hughes Hall in the University of Cambridge' in July 2006; it is now known as 'Hughes Hall' and is one of 31 self-governing colleges within the University of Cambridge. Our vision for Hughes Hall is to be a recognized leader in the University of Cambridge by 2056: a pioneering college for the third millennium. We are dynamic in our approach, developing a unique global impact at the cutting-edge of the academic, professional and commercial worlds.

From its earliest days the College has been pioneering and innovative. The College's Victorian benefactors were unique in admitting women graduates and offering provision for graduate students specifically. Once Cambridge finally admitted women undergraduates the College became an integral part of the drive to develop post-graduate education, as the University expanded the range of post-graduate degrees from the 1960s. During this period the College grew to nearly 400 students and developed its estate, extending the Margaret Wilman Building, building Chancellors' Court, the Centenary building and Fenner's.

By the time it received its Royal Charter in 2006 the College was already developing its distinctive intellectual strengths and reputation as a 'bridge' between academia and the wider world, a nexus of open, transformative practice and research. Since then, it has continued to evolve whilst retaining its tradition of a diverse, friendly atmosphere that rewards fresh thinking. Key developments include the College's growth from 400 to 600 students, the election of a stronger and more diverse Fellowship, and an increase in staff to enhance both academic and pastoral support. Over the last ten years the College has raised more than £2m for scholarships, and expanded its library and study facilities, as well as increasing its student accommodation by over 100 rooms.

As a group, the formal "Fellows" of the College form the Governing Body, the highest authority in the College – they are also the College's charity trustees. However, the broader senior membership, made up of Honorary, Life, and Quondam Fellows, as well as Senior Members, Senior Associates, and Post-Doctoral Research Associates incorporates a wide range of scholars and professionals into the intellectual and communal life of the College. As a group, referred to collectively as the "senior membership", these individuals represent the core academic, cultural and institutional leadership of the College community.

The senior membership of Hughes Hall comprises a broad range of professional academics at all stages of their academic careers, from Research Fellows and Post-Doctoral Research Associates developing their research profiles, to established Professors directing world-class projects and departments.

Hughes Hall is proud of its unique City Fellows scheme, which appoints Fellows who are active in the City of London and other areas of professional life to foster the College's links to the UK business community and to enhance the professional range of the College's senior membership.

An important feature of collegiate life at Hughes Hall is that students and the senior membership mix freely, with no separate provision at regular meals or in the use of the College's recreational facilities. In a distinctive way, fostered by the egalitarian and mature atmosphere of the College, all members, whether student, Fellow or Senior Member, have opportunities to share interests and learn from one another in the relaxed interdisciplinary environment of the College.

Most of the College's senior membership work in highly interdisciplinary ways, and have research interests that cross traditional boundaries and disciplines.

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2016

Scope of the financial statements

The consolidated financial statements cover the activities of Hughes Hall, Hughes Hall Ltd, Hughes Hall (Hong Kong) Ltd and the dormant company Elizabeth Phillips Hughes Hall Company.

Hughes Hall Limited is a wholly owned subsidiary of Hughes Hall and its principal activity is to design and build new residential accommodation at Hughes Hall. The Directors are all trustees of Hughes Hall.

Hughes Hall (Hong Kong) Limited is a wholly owned subsidiary of Hughes Hall, incorporated and domiciled in Hong Kong. Its principal activity is the promotion of learning and education at Hughes Hall, University of Cambridge. It was set up to facilitate the processing of donations from Hong Kong based benefactors.

Hughes Hall (Hong Kong) Ltd is audited separately in Hong Kong by local accountants to satisfy Hong Kong regulations and the Hughes Hall consolidated accounts include the management accounts for Hughes Hall (Hong Kong) Ltd for the period 1 August 2014 to 31 July 2015.

Objectives of the College

The objectives of the College are to:

- endow, maintain and carry on a College in Cambridge for graduates and for mature-age students qualified to be matriculated in the University of Cambridge;
- promote education, learning and research in the University of Cambridge and elsewhere.

Public benefit

The College, in conjunction with the University of Cambridge, provides an education for mature undergraduate (those aged 21 and above) and graduate students, which is recognised internationally as being of the highest standard.

This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision for undergraduates, as well as pastoral, administrative and academic support for all students through its tutorial and mentoring systems; and
- social, cultural, musical, recreational and sporting facilities which enable each of its students to realise their academic and personal potential to the full while studying at the College.

The College advances research through:

- providing Research Fellowships to outstanding academics in the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- supporting the research work of its students and Fellows by promoting interaction across disciplines, providing facilities for seminars and developing a community of researchers; and
- fostering academic networking by encouraging visits from outstanding academics as Visiting Fellows and Visiting Scholars.

The College maintains a Library which provides a valuable resource for students and Fellows of the College.

The College admits students who have the highest potential for benefiting from the education provided by the College and the University, regardless of their gender or their financial, social, religious or ethnic background.

As part of its strategy of providing the highest standard of education, the College arranges five major dinners and lectures each year for students, senior members and invited guests. The lectures cover five subject areas: Ogden (Education), Charnley (Law) City (Business), Zimmern (Medical), Honor Chapman (Land Economy).

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2016

The lectures allow participants to hear distinguished invited speakers from the College and the wider world present engaging, stimulating, and sometimes provocative talks on their areas of expertise.

The College's Development Office works in partnership with the University of Cambridge on the Alumni Weekend in September, staging a variety of events including a lecture and dinner for Hughes alumni. It also holds several alumni gatherings throughout the year including a Summer Garden Party.

The College hosted a programme of musical events in 2015/16 which included:

- Margaret Wileman Series - early evening formal concerts open to all students and senior members as well as the local community;
- Music in the Pavilion Room – designed to have wider appeal, and particularly to engage the local community;
- Music Cafés – designed specifically to encourage students to participate in informal musical evenings with repertoire across a wide range of styles; and
- Stradivari Trust concerts – given by some of the leading young string soloists and chamber groups currently working in the UK

Funding

The College funds its activities from academic fees, charges for student residences and catering, income from its conferencing business, income from investments and donations. The two most significant ordinary income streams are income from student residences (£1.56m in 2015/16) and fees for graduate students (£1.2m in 2015/16). The College received £1.62m in donations in 2015/16. The income from investments is £0.27m in 2015/16.

Structure, Governance and Management

The Governing Body, comprising the President and Fellows, is responsible for the governance of the College; it meets formally once or twice per term and on other occasions if necessary. The President and Fellows are accountable to the Governing Body and are the trustees. The Governing Body is constituted and regulated in accordance with the College statutes and is the body responsible for the strategic direction of the College.

The College Council is responsible to the Governing Body for all matters relating to the administration of the College. The College Council comprises the President, Vice President, Pro-Vice-President, Deputy Vice-President, Senior Tutor, Bursar, Development Director and eight other members of the Governing Body (the latter each elected by the Governing Body for periods of three years). The President and Secretary of the Middle Common Room (MCR) attend for Unreserved Business if in residence (otherwise another member of the MCR Committee is appointed to serve in their stead). It meets formally twice per term and on other occasions if necessary.

Declarations of interest are made systematically at every meeting of Governing Body and Council.

The College has a number of sub-committees of Governing Body and of Council which are listed in the Governance section of this report. These include Audit Committee and Finance Committee. The responsibilities of Finance Committee include setting the strategy and processes for financial regulation within the College and the Audit Committee is responsible for ensuring that those processes are followed.

Achievements and performance (Academic)

As an academic institution, the primary purpose of Hughes Hall is to provide a first class physical and academic environment for its students and other members. As a college of Cambridge University, it does not itself provide lecturing, assessment, or certification, although it does provide supervision for undergraduate courses and Directors of Studies for these and some postgraduate courses. However, Hughes Hall provides all the other aspects of a good academic environment: accommodation, dining, tutorial support and academic community.

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2016

The College appoints an Academic Convenor who is responsible for establishing a programme of events to enliven the academic life of the college and to build academic links between junior and senior members.

In 2015/16 Hughes Hall had 597 (540 in 2014/15) fee-paying students across the full range of courses: Bachelors, 1-year postgraduate including Masters, and doctoral courses. Most students were full-time, but approximately 60 were part-time (M Ed, Executive MBA and part-time PhD). For fees purposes the number of students on a full time equivalent basis was 530 in 2015/16 compared to 498 in 2014/15.

The College student body was made up of students of 74 nationalities in 2015/16. The largest groups were British (209), Chinese (51), American (45), Singaporean (24), German (19), Indian (18), French (17) and Hong Kong (14).

Hughes Hall has several funds to assist students with financial support including Scholarships and Bursaries, Travel Fund and Senior Tutor's Innominate Fund.

Scholarships and Bursaries

This fund is administered by the Academic Committee. Awards are made on the criteria of academic merit and contribution to college life, with annual review of both. In 2015/16 Hughes Hall contributed £18,800 to the funding of students experiencing unexpected changes in their financial position. The college also contributed £36,635 to student recipients of Cambridge Bursaries. £39,645 was awarded as scholarships for academic performance or ability in the form of prizes.

- E.M. Burnett Prizes for First Class or Distinction (9 awards);
- E.M. Burnett Prizes for other reasons (2 awards – one for an outstanding dissertation and one for a year's study at MIT);
- William Charnley Prizes for Law (3 awards);
- Godwin–Raffan Prizes for Medicine and Education (1 award); and
- Lowman Prize for Education (1 award)

Travel Fund

A travel fund is administered by the Senior Tutor on behalf of and in consultation with the tutorial team, with awards of normally £250 per applicant per year. This is mostly for students doing PhD research or a medical elective, and is very occasionally offered to others for whom travel is a requirement of the course. In 2015/16, awards totaling £12,275 were made to students.

Senior Tutor's Innominate Fund

This fund is for specific needs as determined by the Senior Tutor. In 2015-16, the amount spent from this fund was £6,476.

In 2015/16 Hughes Hall had 11 tutors, each with responsibility for a student group. Tutors see undergraduates every term, and graduates at the start of their course and then on request. Tutors are an important source of support, both for regular matters like grant applications, and for occasional difficulties, whether personal, financial, or academic.

The tutors meet fortnightly in term-time, and discuss general issues relating to the student body and any individual issues where their collective wisdom can be of benefit. The tutorial team acts in strict confidence, as is appropriate.

In addition, tutors read termly supervision reports for their students. Tutors then follow up any issues raised.

The tutors are ably complemented by the hard work of the president and committee members of the student body, or MCR, and place on record their appreciation of the role played by these student leaders.

REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 JULY 2016

Fundraising and Alumni Relations

The major focus of fundraising activity in the 2015/16 year was the College's new Gresham Court student accommodation building with over £1.5m contributed from Trusts, Foundations and individuals including the naming of 40 rooms at £5,000 each by alumni and friends of the College.

A number of substantial donations were received during the year for scholarships, bursaries and general purposes including a legacy donation of £150,000 and a £100,000 donation for a new Law Scholarship.

The College's international presence was strengthened with the formation of new alumni groups in Malaysia, Indonesia, Boston (US), Hong Kong, China and France. Alumni dinners were held in Singapore, France, New York, Jakarta, Kuala Lumpur and Shanghai. The College's strong relationship with Hong Kong continues and in September 2016, Dr Edwin Leong was conferred with a Pfeiffer Fellowship in a special ceremony at Hong Kong University followed by a large alumni dinner in his honour.

Income and Expenditure

For the financial year from 1 August 2015 to 31 July 2016 the Group recorded a surplus of £2.11m. Total income was £4.38m before donations (£1.62m) and endowment grant (£0.72m). Donations in 2015/16 include one major donation of £0.75m towards the development of Gresham Court.

Within the £4.38m, income from academic fees and charges increased to £1.78m as at 31 July 2016 (£1.56m as at 31 July 2015) as student numbers increased. Income from accommodation and catering for College Members increased to £1.97m (£1.88m in 2015). Income from accommodation and catering for Conference guests increased to £0.27m (£0.22m in 2015). There was £0.37m in investment and other income (£0.45m in 2015).

Ordinary expenditure during the year was £4.30m which included a £0.22m charge for depreciation. Capital funding costs of £0.83m comprised £0.41m in interest and a £0.42m charge on the refinancing of an outstanding loan. Within the £4.30m expenditure there were staff costs of £1.81m at 31 July 2015 to (£1.64m at 31 July 2015).

	2016	2015
	Total	Total
	£	£
Ordinary income	4,384,386	4,089,208
Ordinary expenditure	(4,304,609)	(3,817,633)
Surplus on ordinary income	79,777	271,575
Donations received	1,624,548	612,510
Capital grant from Colleges Fund for endowment	718,000	621,000
Funding costs (including refinancing charge)	(831,663)	(427,388)
Effect of other gains, losses and charges	515,249	503,636
Total comprehensive income for the year	2,105,911	1,581,333

Endowment and investment performance

The College holds investments in two funds, the Endowment Fund and Amalgamated Fund, which are managed by its investment managers, Cazenove Fund Management Ltd. The investment portfolio is monitored and reviewed by the College's Investment Committee, which includes in its membership Fellows and others with significant investment management expertise.

The Endowment Fund was valued at £9.19m (£8.60m investments plus cash balances of £0.59m) on 31 July 2016 and is invested as permanent capital. To date, the dividends have been re-invested for growth.

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 JULY 2016

The Amalgamated Fund was valued at £4.56m (£3.34m investments plus cash balances of £1.22m) on the 31 July 2016 and comprises a number of individual investments (some Restricted some Unrestricted) as general reserves. The managers have been set target return on investments of 5%. It is intended to maintain the real value of the fund by drawing down 3% of the return to subsidize research fellows, assist students in genuine hardship and offer travel grants and bursaries.

Total funds held by Cazenove at 31 July 2016 were £13.75m (£11.94m investments plus cash balances of £1.81m).

Cazenove maintains a Socially Responsible Investment policy, which includes conducting research into the social, environmental, ethical and corporate governance stance of the companies selected for investment.

Capital Expenditure

The College is actively seeking to improve its provision for accommodating students. It is doing this by increasing the number of rooms available as well as improving the quality of accommodation provided. In February 2016 the College purchased a terrace of four houses close to its main site which together provides accommodation for an additional twenty students in single bedrooms.

As at 31 July 2016 the College had just under 300 rooms available to students to rent. 200 rooms were in buildings on the central college site surrounding the cricket field, and a further 95 were in houses or developments owned or managed by the College and located in the residential streets in the local area. As at 31 July 2016 the College was in the final phase of the development of its new building, Gresham Court, which provided 85 new student rooms and a resident students' study centre when it opened in September 2016.

Reserves Policy

As the College intends to continue to pursue its objectives in perpetuity, it views its investments strategically over the long term. The principal aim is to protect and maintain the real value of its permanent corporate and trust capital, and to continue to increase its unrestricted funds and reserves as much as possible over that extended period, whilst seeking an equitable funding balance between the interests and aspirations of present members and those yet to come, and the retention of an ability to cope with sudden unforeseen financial upheavals and opportunities.

In order to achieve this objective, the College sets strategies for its two funds, the Endowment and Amalgamated Funds. The Endowment Fund is invested for long-term growth helping to protect the future of the College. 3% of the Amalgamated Fund is available to draw down each year to support the aims of the College and the remainder is held in reserves to cover possible variations in income.

This policy, therefore, aims to protect the values of the portfolios in real terms by striking a balance between the interests of the present members of the College and future generations.

Remuneration Policy

No trustee receives any remuneration, or any other benefit, for acting as a trustee of the College. Trustees only receive out-of-pocket expenses, incurred in the course of carrying out their duties as trustees. Outside of their role as a trustee of the College, the President and any Fellow of the College may receive such remuneration and any other benefits in respect of any employment, or College Office or College Post, or other post or appointment, as the College's Ordinances authorise.

The College has a Remuneration Committee made up of five non-conflicted trustees. The Remuneration Committee acts as an independent advisory body to the Governing Body. The Remuneration Committee is charged with the scrutiny and management of College policies on remuneration and benefits payable to the President and Fellows of the College.

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2016

The Remuneration Committee makes recommendations to the Governing Body in respect of:

- (a) remuneration and benefit policies;
- (b) salary and stipend scales;
- (c) honoraria, including bonuses;
- (d) terms and conditions of employment; and
- (e) any scheme of allowances and benefits.

Details of remuneration for key management personnel are outlined on page 27. Details of related party transactions with trustees are outlined on page 39

Principal risks and uncertainties

The Governing Body maintains a Risk Register which is reviewed on a regular basis. The

key potential financial uncertainties and risks are:

- Reduction in income from students due to either a reduction in student numbers or to changes in student financing;
- reduction in income or increase in costs resulting from the UK's departure from the European Union;
- increases in the costs of providing future student support;
- the long-term cost of pension provisions;
- movements in investment markets reducing the value of the investment assets; and
- an uncertain economic and financial environment putting pressure on the College's ability to raise development funds.

The College constantly monitors these risks looking at ways to mitigate the effect on the College's financial position.

Plans for the future

Uncompromising academic excellence underpins the culture of the College and to sustain it the College needs to attract the brightest and best global students, academics and collaborators. The College is focused on becoming a global intellectual force at the centre of the University. It has particular strengths in five subject areas where collaboration between the academic and public worlds is the future: Medicine and Life Sciences, Business and Economics, Law, Engineering and applied Mathematics, and Education. The College has world-leaders in each of these fields developing dynamic communities of interest within the College, with a reach far beyond its boundaries.

The College is harnessing this potential for global impact in a number of crucial ways, including the creation of two new study centres: Oracy@Cambridge (the Hughes Hall Centre for Effective Spoken Communication) and the Cambridge Centre for Digital Innovation. The College expects that these new hubs of academic and professional innovation will have a wide-reaching influence, drawing global attention to Hughes Hall.

The College plans to ensure that its physical infrastructure matches and facilitates these aspirations. It aims to do this initially by extending and refurbishing Chancellor's Court, building a Porters' Lodge to provide a safer and more welcoming environment for students and visitors and providing study rooms for Fellows. In 2016 the College began a review of its medium and long-term estates strategy.

In the short term, the College has the following priorities:

- **Academic** Continue working to measure and improve the student experience through a combination of initiatives around pastoral and academic support, better accommodation and catering value for money, targeted financial support and continued development of the academic community;
- **Operations** Continue to strengthen the finances and operations to afford the initiatives the College wishes to take;

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2016

- **Estates** Develop an estates and funding strategy combining short term refurbishment of current buildings with longer term vision;
- **Development** Refine the fund-raising priorities in light of recent success and changes in the fund-raising environment and bring in new major donors and increase participation of small donors; and
- **Communications** Redevelop the website to connect better with potential and current students, academics, the University and the outside world.

Corporate Governance

1. The following statement is provided by the Governing Body to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.
2. The College is a registered charity (registered number 1137471) and subject to regulation by the Charity Commission for England and Wales. The members of the Governing Body are the charity trustees and are responsible for ensuring compliance with charity law.
3. The Governing Body members are advised in carrying out its duties by a number of committees.

During 2015/16 the following committees were in place

Admissions Committee
Audit Committee
Development Committee Fellowships Committee Finance Committee
Gresham Road Committee Governance Committee Health and Safety Committee
House Committee Investment Committee
IT Committee Remuneration Committee Scholarships Committee Staff Strategy
Committee

All Committees meet at least twice per academic year.

4. The principal officers of the College are: Dr A Freeling (President), Mr R Berg Rust (Development Director), Mrs V Espley (Bursar) and Dr P Johnston (Senior Tutor).
5. It is the duty of the Audit Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Governing Body on the appointment of external and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Governing Body. Membership of the Audit Committee includes D N Brown, Dr M Bellamy, Dr S Melville, Ms R Ironside, Mr W Charnley and Mr I Peacock.
6. There are Registers of Interests of Trustees, the Finance Committee and Audit Committee and of the senior administrative officers. Declarations of interest are made systematically at meetings.
7. The College's Trustees during the year ended 31 July 2016 are set out on page 3.

REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 JULY 2016

Statement of Internal Control

1. Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
3. The systems of internal control are designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 31 July 2016 and up to the date of approval of the financial statements.
4. Governing Body is responsible for reviewing the effectiveness of the system of internal control. In 2016 Governing Body agreed to the implementation of a new internal audit process. This is being developed through Audit Committee.
5. Governing Body's review of the effectiveness of the system of internal control is informed by the work of the various Committees, Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.
6. The College's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:
 - comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Finance Committee;
 - regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
 - setting targets to measure financial and other performance;
 - clearly defined purchasing (asset purchase or capital investment) guidelines;
 - delegation of authority and segregation of duties; and
 - identification and management of risks.

REPORT OF THE TRUSTEES (continued)

FOR THE YEAR ENDED 31 JULY 2016

Responsibilities of the Governing Body

Governing Body is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, the members of Governing Body are required to:

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

Governing Body is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

HUGHES HALL

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL

FOR THE YEAR ENDED 31 JULY 2016

Responsibilities of the Governing Body

We have audited the financial statements of Hughes Hall for the year ended 31 July 2016 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated and college statement of changes in reserves, the consolidated and college balance sheet, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Governing Body, as a body, in accordance with the 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 auditor's 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, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governing Body and Auditors

As explained more fully in the Governing Body's Responsibilities Statement set out on page 13, the Governing Body is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 2011 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial information in the Report of the Trustees to identify material inconsistencies, with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group and the College's affairs as at 31 July 2016 and of the group's 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 requirements of the Charities Act 2011, the College's Statutes, and the Statutes of the University of Cambridge;

HUGHES HALL

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Price Bailey LLP

Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Dated: 22/12/16

Price Bailey LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2016

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 United Kingdom accounting standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 7.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments and certain operational properties which is included at valuation.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary undertakings included are set out in note 10. Intra-group balances are eliminated on consolidation.

Recognition of income

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

Grant income

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

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

Donations and endowments

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

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

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

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted expendable endowments – the donor has specified a particular objective and the College can convert the donated sum into income.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2016

Statement of Principal Accounting Policies

Recognition of income (continued)

Donations and endowments (continued)

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income.

Investment income and change in value of investment assets

Investment income and change in value of investment assets is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

Other income

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

Cambridge Bursary Scheme

In 2015-16, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence, Cambridge University reimbursed the SLC for the full amount and each College paid their portion (based on their own eligible students) to the University.

However, to remain consistent with previous years' presentation as well as the system agreed for 2016-17 (where the College pays Cambridge Bursaries to eligible students and receives a contribution from the University), for 2015-16 the College has shown the gross payment made to eligible students and a contribution from the University as Income under "Academic Fees and Charges", although strictly speaking this was not a College transaction for this year.

The net payment of £54,953 is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£91,588
Expenditure	£36,635

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates or, where there are forward foreign exchange contract, at contract rates. The resulting exchange differences are dealt with in the determination of the comprehensive income and expenditure for the financial year.

Fixed assets

Land and buildings

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to 1 August 2014, the date of transition to SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2016

Statement of Principal Accounting Policies

Fixed assets (continued)

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of 70 years.

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

The cost of additions to operational property shown in the balance sheet includes the cost of land. 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 and depreciated over their expected useful life as follows:

Furniture and fittings	20.0% per annum
Kitchen equipment	12.5% per annum

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 1 August 2014 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis.

Investments

Fixed asset investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at cost and eliminated on consolidation. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value/market value.

Stocks

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items.

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 benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities and assets

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

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

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

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2016

Taxation

The College is a registered charity (number 1137471) and 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 liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

Pension costs

Universities Superannuation Scheme (USS)

The College participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was 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 scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution 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 Section 28 of FRS 102 "Employee 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Cambridge Colleges Federated Pension Scheme (CCFPS)

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.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2016

Other pension schemes

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.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In order to calculate the discounted pension liability the College makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the USS and CCFPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2014 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Employment benefits

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

Transition to the 2015 RCCA

The College is preparing its financial statements in accordance with 2015 RCCA for the first time, amended for the adoption of FRS 102, and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 RCCA has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 29.

Application of first time adoption grants certain exemptions from the full requirements of 2015 RCCA in the transition period. The following exemptions have been taken into these financial statements:

Fair value or revaluation as deemed cost – at 1 August 2014, fair value has been used for deemed cost for properties measured at fair value.

Reserves

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

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

HUGHES HALL

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2016

	Note	Unrestricted £	Restricted £	Endowment £	Total £	2016 Total £
Income						
Academic fees and charges	1	1,775,565	-	-	1,775,565	1,775,565
Residences, catering and conferences	2	2,235,025	-	-	2,235,025	2,235,025
Investment income	3	221,183	49,957	-	271,140	271,140
Other income		102,656	-	-	102,656	102,656
Total income before donations and endowments		4,334,429	49,957	-	4,384,386	4,384,386
Donations		359,701	1,114,977	-	1,474,678	1,474,678
Legacy Donations		149,870	-	-	149,870	149,870
Capital grant from Colleges Fund		-	-	718,000	718,000	718,000
Total income		4,844,000	1,164,934	718,000	6,726,934	6,726,934
Expenditure						
Education	4	2,052,101	217,953	-	2,270,054	2,270,054
Residences, catering and conferences	5	2,034,555	-	-	2,034,555	2,034,555
Other expenditure	6	500,560	80,981	-	581,541	581,541
Total expenditure before exceptional item	7	4,587,216	298,934	-	4,886,150	4,886,150
Exceptional item	25	424,678	-	-	424,678	424,678
Total expenditure after exceptional item		5,011,894	298,934	-	5,310,828	5,310,828
Surplus/(deficit) before other gains and losses		(167,894)	866,000	718,000	1,416,106	1,416,106
Gain/(loss) on investments	10	633,720	4,951	26,439	665,110	665,110
Surplus/(deficit) for the year		465,826	870,951	744,439	2,081,216	2,081,216
Other comprehensive income						
Actuarial gain / (loss) in respect of pension schemes	21	24,695	-	-	24,695	24,695
Total comprehensive income for the year		490,521	870,951	744,439	2,105,911	2,105,911

	Unrestricted £	Restricted £	Endowment £	Total £	2015 Total £
Academic fees and charges	1,552,179	-	-	1,552,179	1,552,179
Residences, catering and conferences	2,091,681	-	-	2,091,681	2,091,681
Investment income	283,603	47,020	12,530	343,153	343,153
Other income	102,195	-	-	102,195	102,195
Total income before donations and endowments	4,029,658	47,020	12,530	4,089,208	4,089,208
Donations	286,890	325,620	-	612,510	612,510
Legacy Donations	-	-	-	-	-
Capital grant from Colleges Fund	-	-	621,000	621,000	621,000
Total income	4,316,548	372,640	633,530	5,322,718	5,322,718
Expenditure					
Education	1,970,515	119,994	-	2,090,509	2,090,509
Residences, catering and conferences	1,718,910	-	-	1,718,910	1,718,910
Other expenditure	413,315	42,100	-	455,415	455,415
Total expenditure before exceptional item	4,102,740	162,094	-	4,264,834	4,264,834
Exceptional item	-	-	-	-	-
Total expenditure after exceptional item	4,102,740	162,094	-	4,264,834	4,264,834
Surplus/(deficit) before other gains and losses	213,808	210,546	633,530	1,057,884	1,057,884
Gain/(loss) on investments	434,173	861	64,653	499,687	499,687
Surplus/(deficit) for the year	647,981	211,407	698,183	1,557,571	1,557,571
Other comprehensive income					
Actuarial gain / (loss) in respect of pension schemes	23,762	-	-	23,762	23,762
Total comprehensive income for the year	671,743	211,407	698,183	1,581,333	1,581,333

HUGHES HALL

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2016

Group	Income and expenditure reserve			Revaluation reserve	Total
	Unrestricted	Restricted	Endowment		
	£	£	£	£	£
Balance at 1 August 2015	22,401,490	920,659	3,354,903	10,097,103	36,774,155
Surplus/(Deficit) from income and expenditure statement	465,826	870,951	744,439	-	2,081,216
Other comprehensive income	24,695	-	-	-	24,695
Other transfers	33,593	508	(34,101)	-	-
Balance at 31 July 2016	22,925,604	1,792,118	4,065,241	10,097,103	38,880,066

College	Income and expenditure reserve			Revaluation reserve	Total
	Unrestricted	Restricted	Endowment		
	£	£	£	£	£
Balance at 1 August 2015	22,075,241	920,659	3,354,903	10,097,103	36,447,906
Surplus/(Deficit) from income and expenditure statement	824,615	870,951	744,439	-	2,440,005
Other comprehensive income	24,695	-	-	-	24,695
Other transfers	33,593	508	(34,101)	-	-
Balance at 31 July 2016	22,958,144	1,792,118	4,065,241	10,097,103	38,912,606

Group	Income and expenditure reserve			Revaluation reserve	Total
	Unrestricted	Restricted	Endowment		
	£	£	£	£	£
Balance at 1 August 2014	21,718,751	568,268	2,656,720	10,097,103	35,040,842
Prior Year Adjustment deferred capital opening balance	-	100,000	-	-	100,000
Prior year adjustment creditors to funds	-	40,984	-	-	40,984
Surplus/(Deficit) from income and expenditure statement	656,645	211,407	698,183	-	1,566,235
Other comprehensive income	15,098	-	-	-	15,098
Foreign currency reserve	14,996	-	-	-	14,996
Pension scheme charges	(4,000)	-	-	-	(4,000)
Balance at 31 July 2015	22,401,490	920,659	3,354,903	10,097,103	36,774,155

College	Income and expenditure reserve			Revaluation reserve	Total
	Unrestricted	Restricted	Endowment		
	£	£	£	£	£
Balance at 1 August 2014	21,693,759	568,268	2,656,720	10,097,103	35,015,850
Prior Year Adjustment deferred capital opening balance	-	100,000	-	-	100,000
Prior year adjustment creditors to funds	-	40,984	-	-	40,984
Surplus/(Deficit) from income and expenditure statement	366,384	211,407	698,183	-	1,275,974
Other comprehensive income	15,098	-	-	-	15,098
Balance at 31 July 2015	22,075,241	920,659	3,354,903	10,097,103	36,447,906

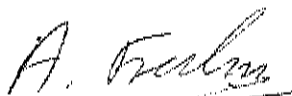
HUGHES HALL

CONSOLIDATED AND COLLEGE BALANCE SHEET AS AT 31 JULY 2016

		2016	2016	2015	2015
	Note	Consolidated	College	Consolidated	College
		£	£	£	£
Non-current Assets					
Fixed assets	9	37,187,260	37,597,352	27,324,620	27,379,158
Investments	10	11,937,262	11,937,262	12,314,398	12,314,398
Current assets					
Stocks	11	88,221	18,769	360,703	13,380
Trade and other receivables	12	576,937	182,763	262,478	915,796
Cash and cash equivalents	13	2,497,552	2,419,124	7,238,161	6,202,527
Creditors: amounts falling due within one year	14	(2,006,973)	(1,842,471)	(1,492,945)	(1,144,093)
Net current assets/ (liabilities)		1,155,737	778,185	6,368,397	5,987,610
Total Assets less current liabilities		50,280,259	50,312,799	46,007,415	45,681,166
Creditors: amounts falling due after more than one year	15	(11,172,832)	(11,172,832)	(9,026,661)	(9,026,661)
Provisions					
Pension provisions		(227,361)	(227,361)	(206,599)	(206,599)
Total net assets		38,880,066	38,912,606	36,774,155	36,447,906
Restricted reserves					
Income and expenditure reserve – endowment reserve	16	4,065,241	4,065,241	3,354,903	3,354,903
Income and expenditure reserve – restricted reserve	17	1,792,118	1,792,118	920,659	920,659
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		22,925,604	22,958,144	22,401,490	22,075,241
Revaluation reserve		10,097,103	10,097,103	10,097,103	10,097,103
Total Reserves		38,880,066	38,912,606	36,774,155	36,447,906

The accompanying notes on pages 25 to 40 are an integral part of this balance sheet.

The financial statements were approved by the Governing Body on 30 July 2016 and signed on their behalf by:



Dr A-Freeling
Member of College Council and Governing Body

HUGHES HALL

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2016

		2016	2015
	Note	£	£
Net cash inflow from operating activities	18	2,520,060	1,638,985
Cash flows from investing activities	19	(8,788,335)	275,736
Cash flows from financing activities	20	1,527,666	(514,348)
(Decrease) / increase in cash and cash equivalents in the year		(4,740,609)	1,400,373
Cash and cash equivalents at beginning of the year		7,238,161	5,837,788
Cash and cash equivalents at end of the year	13	2,497,552	7,238,161

The notes on pages 25 to 40 form part of these accounts

HUGHES HALL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2016

1. Academic fees and charges

	2016 £	2015 £
College Fees		
Fee income received at the Regulated Undergraduate rate	267,750	244,665
Fee income received at the Unregulated Undergraduate rate	283,500	268,830
Fee income received at the Graduate rate	1,209,315	1,038,684
	<u>1,760,565</u>	<u>1,552,179</u>
Other income		
Bursaries	15,000	-
Total	<u>1,775,565</u>	<u>1,552,179</u>

2. Residences, catering and conference income

	2016 £	2015 £
Accommodation		
College members	1,556,893	1,482,551
Conferences (including meeting rooms)	161,124	123,665
Catering		
College Members and staff	408,518	393,046
Conferences	108,490	92,419
Total	<u>2,235,025</u>	<u>2,091,681</u>

3. Investment income

	Total 2016 £	Total 2015 £
Income from:		
Freehold land and buildings	29,987	64,666
Quoted securities	233,202	231,330
Income from short-term investments	7,951	47,157
Total	<u>271,140</u>	<u>343,153</u>

Investment management costs:

	2016 £	2015 £
Land and buildings	11,918	10,237
Cash	406	2,087
Total	<u>12,324</u>	<u>12,324</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

4. Education expenditure

	2016 £	2015 £
Teaching	1,365,451	1,264,540
Tutorial	364,886	351,213
Admissions	202,029	198,174
Research	72,955	72,579
Scholarships and awards	131,301	81,349
Other educational facilities	133,432	122,654
Total (Note 7)	<u>2,270,054</u>	<u>2,090,509</u>

5. Residences, catering and conferences expenditure

		2016 £	2015 £
Accommodation	College members	1,305,052	1,114,991
	Conferences (including meeting rooms)	179,026	128,456
Catering	College Members and staff	493,608	426,345
	Conferences	56,869	49,118
Total (Note 7)		<u>2,034,555</u>	<u>1,718,910</u>

6. Other expenditure

	2016 £	2015 £
Loan interest	74,094	94,115
Bond interest	332,891	333,273
Other expenditure	174,556	28,027
Total	<u>581,541</u>	<u>455,415</u>

7a. Analysis of 2016 expenditure by activity

	Staff costs (Note 8) £	Other Operating Expenses £	Depreciation £	Total £
Education (Note 4)	1,039,251	1,230,803	-	2,270,054
Residences, catering and conferences (Note 5)	775,613	1,019,861	239,081	2,034,555
Other	-	581,541	-	581,541
Total	<u>1,814,864</u>	<u>2,832,205</u>	<u>239,081</u>	<u>4,886,150</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

7b. Analysis of 2015 expenditure by activity

	Staff costs (Note 8) £	Other Operating Expenses £	Depreciation £	Total £
Education (Note 4)	942,292	1,148,217	-	2,090,509
Residences, catering and conferences (Note 5)	701,774	810,676	206,460	1,718,910
Other	-	455,415	-	455,415
Total	1,644,066	2,414,308	206,460	4,264,834

Fundraising costs amounted to £246,786 (2015: £283,295). This expenditure includes £29,025 (2015: £36,913) towards the costs of alumni relations.

7c. Auditors remuneration

Other operating expenses include:	2016 £	2015 £
Audit fees payable to the College's external auditors	12,500	12,500
Other fees payable to the College's external auditors	27,778	20,464
Total	40,278	32,964

8. Staff costs

	College Fellows 2016 £	Academic 2016 £	Non Academic 2016 £	Total 2016 £	Total 2015 £
Staff costs:					
Emoluments	298,345	198,016	1,101,740	1,598,101	1,459,012
Social Security costs	26,788	19,765	71,370	117,923	102,342
Other pension costs (see note 21)	48,851	15,543	34,446	98,840	82,712
	373,984	233,324	1,207,556	1,814,864	1,644,066

Average number of staff (full time equivalents):

Academic	11	11
Non-academic	37	39
	48	50

At 31 July 2016 The Governing Body comprised of 59 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.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. During the year there were 4 (2015: 4) members of the key management team and total remuneration and benefits were £211,140 (2015: £197,996).

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

9. Tangible assets

Group	Freehold land and buildings £	Assets under construction £	Fixtures and fittings £	Kitchen equipment £	Total £
Cost/valuation					
At 1 August 2015	25,453,300	4,523,195	740,176	15,489	30,732,160
Additions	2,517,778	7,510,463	73,480	-	10,101,721
At 31 July 2016	<u>27,971,078</u>	<u>12,033,658</u>	<u>813,656</u>	<u>15,489</u>	<u>40,833,881</u>
Accumulated depreciation					
At 1 August 2015	2,663,711	-	728,340	15,489	3,407,540
Charge for the year	222,393	-	16,688	-	239,081
At 31 July 2016	<u>2,886,104</u>	<u>-</u>	<u>745,028</u>	<u>15,489</u>	<u>3,646,621</u>
Net book value					
At 31 July 2016	<u>25,084,974</u>	<u>12,033,658</u>	<u>68,628</u>	<u>-</u>	<u>37,187,260</u>
At 31 July 2015	<u>22,789,589</u>	<u>4,523,195</u>	<u>11,836</u>	<u>-</u>	<u>27,324,620</u>
College					
College	Freehold land and buildings £	Assets under construction £	Fixtures and fittings £	Kitchen equipment £	Total £
Cost/valuation					
At 1 August 2015	25,453,300	4,577,735	740,176	15,489	30,786,700
Additions	2,517,778	7,866,017	73,480	-	10,457,275
At 31 July 2016	<u>27,971,078</u>	<u>12,443,752</u>	<u>813,656</u>	<u>15,489</u>	<u>41,243,975</u>
Accumulated depreciation					
At 1 August 2015	2,663,713	-	728,340	15,489	3,407,542
Charge for the year	222,393	-	16,688	-	239,081
At 31 July 2016	<u>2,886,106</u>	<u>-</u>	<u>745,028</u>	<u>15,489</u>	<u>3,646,623</u>
Net book value					
At 31 July 2016	<u>25,084,972</u>	<u>12,443,752</u>	<u>68,628</u>	<u>-</u>	<u>37,597,352</u>
At 31 July 2015	<u>22,789,587</u>	<u>4,577,735</u>	<u>11,836</u>	<u>-</u>	<u>27,379,158</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

9. Tangible assets (continued)

The insured value of freehold land and buildings as at 31 July 2016 was £36,622,002 (2015: £38,656,115)

The consolidated cost of freehold buildings and assets in construction consists of the costs incurred by the College less the surplus recorded in the accounts of Hughes Hall Limited, a subsidiary undertaking, and eliminated on consolidation.

10. Investments – College and Group

	2016 £	2015 £
As at 1 August 2015	12,314,398	13,196,533
Additions	2,735,702	783,495
Disposals	(3,772,582)	(591,877)
Gain	665,110	499,687
Decrease in cash balances held at fund managers	(5,366)	(1,573,440)
As at 31 July 2016	11,937,262	12,314,398
Represented by:		
Quoted securities - equities	11,937,262	12,314,398
	<u>11,937,262</u>	<u>12,314,398</u>

The College is the sole member of three companies that are limited by guarantee, Hughes Hall Limited ("HHL"), Hughes Hall (Hong Kong) Limited ("HHKL") and Elizabeth Phillips Hughes Hall Company ("EPHHC").

At 31 July 2016, HHL had net assets totalling £nil (2015: net assets: £nil) and the profit for the year then ended was £nil (2015: £60).

At 31 July 2016, HHKL had net assets totalling £22,003 (2015: £326,309) and the loss after tax for the year then ended was £347,583 (profit after tax 2015: £286,261).

At 31 July 2016, EPHHC has reserves of £nil and had no profit or loss for the year then ended.

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

11. Stocks and work in progress

	Group 2016 £	College 2016 £	Group 2015 £	College 2015 £
Goods for resale	14,490	14,490	9,014	9,014
Work in progress	69,452	-	347,323	-
Other stocks	4,279	4,279	4,366	4,366
	<u>88,221</u>	<u>18,769</u>	<u>360,703</u>	<u>13,380</u>

12. Trade and other receivables

	Group 2016 £	College 2016 £	Group 2015 £	College 2015 £
Members of the College	78,819	78,819	79,610	79,610
Amount due from subsidiary undertaking	-	-	-	763,464
Other receivables	479,501	85,327	150,368	40,222
Prepayments and accrued income	18,617	18,617	32,500	32,500
Total	<u>576,937</u>	<u>182,763</u>	<u>262,478</u>	<u>915,796</u>

VAT reclaim from HMRC of £394,174 (2015: £110,146) is included in the other receivables.

13. Cash and cash equivalents

	Group 2016 £	College 2016 £	Group 2015 £	College 2015 £
Short-term money market investments	2,119,827	2,119,827	4,653,471	4,653,471
Bank deposits	28,934	28,934	279,320	279,320
Current accounts	348,461	270,033	2,305,076	1,269,442
Cash in hand	330	330	294	294
Total	<u>2,497,552</u>	<u>2,419,124</u>	<u>7,238,161</u>	<u>6,202,527</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

14. Creditors: amounts falling due within one year

	Group 2016 £	College 2016 £	Group 2015 £	College 2015 £
Bank loan	295,400	295,400	82,241	82,241
Trade creditors	224,141	197,854	73,016	73,016
Members of the College	138,674	138,674	97,968	97,968
Amounts due to subsidiary undertakings	-	381,119	-	-
University fees	560,663	560,663	632,323	632,323
Other taxes and social security	55,004	55,004	56,745	56,745
Accruals and deferred income	733,091	213,757	550,652	201,800
Total	2,006,973	1,842,471	1,492,945	1,144,093

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

	Group 2016 £	College 2016 £	Group 2015 £	College 2015 £
Bank loan and overdrafts	3,672,832	3,672,832	1,526,661	1,526,661
Private Placement Bonds	7,500,000	7,500,000	7,500,000	7,500,000
	11,172,832	11,172,832	9,026,661	9,026,661

Loan

During the year, the College restructured its loan arrangements taking out a new loan facility with Lloyds Bank and refinancing the previous loan with AIB into the new facility. The Lloyds facility allowed the College to purchase new student accommodation near to the main site. See note 25.

Private Placement Bonds

Private placement money of £4.34 million was borrowed at a fixed interest rate of 4.4% and £3.16 million was borrowed at a fixed interest rate of 4.45%. Of the Bond for £4.34 million, £2.41 million is due for repayment in full on 30 October 2043 and £1.93 million is due for repayment on 30 October 2053. The additional Bond for £3.16 million at 4.45% is repayable in full on 31 January 2044. The money was raised to fund a new infrastructure project. These Bonds are unsecured.

Repayments on the bank loan and private placement bonds can be analysed as follows:

	Group 2016 £	College 2016 £	Group 2015 £	College 2015 £
Due within one year	295,400	295,400	82,241	82,241
Between one and two years	527,263	527,263	86,732	86,732
Between two and five years	790,894	790,894	267,828	267,828
Due after more and five years	9,854,675	9,854,675	8,672,101	8,672,101
Total repayments	11,468,232	11,468,232	9,108,902	9,108,902

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

16. Endowment Reserves

Restricted net assets relating to endowments are as follows:

Group and College	Restricted Permanent endowments £	Unrestricted permanent endowments £	2016 Total £	2015 Total £
Balance at beginning of year	1,539,865	1,815,038	3,354,903	2,656,720
New donations and endowments	-	718,000	718,000	621,000
Increase / (decrease) in market value of investments	26,439	-	26,439	77,183
Transfer between funds	(508)	(33,593)	(34,101)	-
Balance at end of the year	1,565,796	2,499,445	4,065,241	3,354,903
Analysis by type of purpose:				
Fellowship fund	42,225	-	42,225	41,471
Prize funds	-	-	-	-
Student support funds	425,548	-	425,548	417,950
Bursary funds	1,013,023	-	1,013,023	994,936
Other funds	85,000	-	85,000	85,508
General endowments	-	2,499,445	2,499,445	1,815,038
	1,565,796	2,499,445	4,065,241	3,354,903
Analysis by asset				
Property			1,781,445	621,000
Investments			2,283,796	2,733,903
			4,065,241	3,354,903

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

17. Restricted Reserves

Reserves with restrictions are as follows:

Group and College	Capital grants unspent £	Permanent unspent and other restricted income £	Restricted expendable endowment £	2016 Total £	2015 Total £
Balance at beginning of year	100,000	3,354,903	820,659	4,275,562	3,224,988
Prior year adjustments	-	-	-	-	40,984
Capital grant	-	-	-	-	100,000
New donations	-	718,000	1,114,977	1,832,977	946,620
Investment income	-	-	49,957	49,957	59,550
Increase/(decrease) in market value of investments	-	26,439	4,951	31,390	65,514
Expenditure	-	-	(298,934)	(298,934)	(162,094)
Transfer	-	(34,101)	508	(33,593)	-
Balance at end of year	100,000	4,065,241	1,692,118	5,857,359	4,275,562

Analysis of other restricted funds/donations by type of purpose:

Fellowship Funds	-	42,225	11,526	53,751	48,747
Scholarship Funds	-	-	65,296	65,296	59,848
Prize Funds	-	-	18,283	18,283	3,587
Student Support Funds	-	425,548	123,950	549,498	533,857
Bursary Funds	-	1,013,023	383,102	1,396,125	1,369,076
Other Funds	100,000	85,000	1,089,961	1,274,961	445,409
General	-	2,499,445	-	2,499,445	1,815,038
	100,000	4,065,241	1,692,118	5,857,359	4,275,562

Analysis by asset

Property	2,531,445	621,000
Investments	2,699,060	3,546,911
Cash	626,854	107,651
	5,857,359	4,275,562

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

18. Reconciliation of consolidated surplus for the year to net cash inflow from operating activities

	2016 £	2015 £
Surplus for the year	2,105,911	1,581,333
Adjustment for non-cash items:		
Depreciation	239,081	216,485
Gain on endowments	(665,110)	(499,687)
Decrease / (increase) in stock	272,482	(67,147)
Increase in debtors	(314,459)	(123,098)
Increase in creditors	300,869	416,508
Decrease in provisions	20,762	(11,091)
Prior year adjustments	-	41,955
Adjustment for investing or financing activities:		
Investment Income	(271,140)	(343,154)
Loan interest payable	498,773	94,115
Bond interest payable	332,891	332,766
Net cash inflow from operating activities	<u>2,520,060</u>	<u>1,638,985</u>

19. Cash flows from investing activities

	2016 £	2015 £
Non current investment disposal	3,772,582	591,877
Investment income	271,140	343,154
Endowment funds invested	(2,735,702)	(783,295)
Withdrawal of deposits	5,366	1,573,440
Payments to acquire tangible fixed assets	(10,101,721)	(1,449,440)
Net cash outflow from investing activities	<u>(8,788,335)</u>	<u>275,736</u>

20. Cash flows from financing activities

	2016 £	2015 £
Loan Interest paid	(498,773)	(94,115)
Bond Interest paid	(332,891)	(332,766)
New secured loans	4,000,000	-
Repayment of amounts borrowed	(1,640,670)	(87,467)
Net cash inflow from financing activities	<u>1,527,666</u>	<u>(514,348)</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

21. Pension Schemes

Universities Superannuation Scheme (USS)

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the 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. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

21. Pension Schemes (continued)

Cambridge Colleges Federated Pension Scheme (CCFPS)

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

The liabilities of the plan have been calculated for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, at 31 March 2014 but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	30 June 2016 % p.a.	30 June 2015 % p.a.
Discount rate	2.8	3.7
Increase in salaries	2.4 *	2.75 **
Retail Prices Index (RPI) assumption	2.9	3.25
Consumer Prices Index (CPI) assumption	1.9	2.25
Pension increases in payment (RPI max 5% p.a.)	2.7	3.05
Pension increases in payment (CPI max 2.5% p.a.)	1.7	N/A

* 1.5% in 2016, 2.4% thereafter

** 1.5% in 2015 and 2016; 2.75% thereafter

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2015 future improvement factors and a long-term rate of future improvement of 1% p.a. (2015: same base table with CMI_2014 future improvement factors and a long-term future improvement rate of 1% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years.
- Female age 65 now has a life expectancy of 23.9 years.
- Male age 45 now and retiring in 20 years has a life expectancy of 23.2 years.
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years.

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

21. Pension Schemes (continued)

The amounts recognised in income and expenditure are as follows:

	30 June 2016 £	30 June 2015 £
In staff costs:		
Current service cost (net of employee contributions)	14,889	17,320
In endowment and investment income:		
Interest cost	6,332	7,663
Net return	<u>21,221</u>	<u>24,983</u>
Actual return on Scheme assets	<u>83,134</u>	<u>60,662</u>

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

	30 June 2016 £	30 June 2015 £
Present value of Scheme liabilities at beginning of the year	654,756	622,321
Service cost (including employee's contributions)	17,887	21,239
Interest cost	23,987	25,910
Actuarial losses (gains)	40,784	18,653
Benefits paid	<u>(27,979)</u>	<u>(33,367)</u>
Present value of Scheme liabilities at end of the year	<u>709,435</u>	<u>654,756</u>

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

	30 June 2016 £	30 June 2015 £
Market value of Scheme assets at beginning of year	486,344	442,818
Expected return	65,479	42,415
Interest on plan assets	17,655	18,247
Contributions by the College	18,906	12,312
Employee contributions	2,998	3,919
Benefits paid	<u>(27,979)</u>	<u>(33,367)</u>
Market value of Scheme assets at end of year	<u>563,403</u>	<u>486,344</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

21. Pension Schemes (continued)

The major categories of Scheme assets as a percentage of total Scheme assets for the year is as follows:

	2016	2015
Equities	59%	69%
Bonds and cash	35%	25%
Property	6%	6%

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

Analysis of the re-measurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) is as follows:

	2016	2015
	£	£
Actual return less expected return on plan assets	65,479	42,415
Experience gains and losses arising on plan liabilities	1,872	15,250
Changes in assumptions underlying the present value of plan liabilities	(42,656)	(33,903)
Actuarial gain recognised in OCI	24,695	23,762

Movement in deficit is as follows:

	2016	2015
	£	£
Deficit in Scheme at beginning of the year	(168,412)	(179,503)
Recognised in Profit and Loss	(21,221)	(24,983)
Contributions by the College	18,906	12,312
Actuarial gain/(loss) recognised in OCI	24,695	23,762
Deficit in Scheme at end of the year	(146,032)	(168,412)

Funding Policy

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

The last such valuation was as at 31 March 2014. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 3 June 2015 and are as follows:

- Annual contributions of not less than £6,111 p.a. payable for the period from 1 July 2015 to 31 March 2034.

These payments are subject to review following the next funding valuation, due as at 31 March 2017.

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

21. Pension Schemes (continued)

Stakeholder Scheme

The College also operates a defined contribution scheme under the stakeholder rules for employees. The pension charge for the year was £32,767 (2015: £30,597).

The total pension cost for the College for the year to 31 July 2016 (see note 8) was as follows:

	2016 £	2015 £
USS: Employer contributions	57,271	43,620
CCFPS: Charged to Income and Expenditure Account	8,802	8,496
Stakeholder Scheme: Employer contributions	32,767	30,596
	<u>98,840</u>	<u>82,712</u>

22. Financial Commitments

	2016 £	2015 £
Capital commitments		
Authorised by the Governing Body and contracted for the development project	<u>850,868</u>	<u>8,032,941</u>

23. Related Party Transactions

During the year property rentals were paid to one trustee (Dr N Affara) totaling £94,248 (2015: £89,696). One trustee (Dr N Singal) is also a trustee of the Cambridge Trust which funded fees to the value of £727,982 (2015: £723,204). During the year, 3 Trustees (Dr H Burton, Prof J Kaufman and Dr A Freeling), waived their right to remuneration totaling £50,266 (2015: 1 Trustee waived £34,000). The cost of the salaries have been included within these accounts and a matching donation shown within income.

No disclosure of transactions with Hughes Hall Limited or Hughes Hall Hong Kong Limited has been made as those financial statements at 31 July 2016 have been consolidated.

24. Transition to FRS102 and prior year adjustments

The College has adopted the FRS 102 for the first time in the year ended 31 July 2016. The effect of transition from previous RCCA to FRS 102 RCCA is outlined below:

a) Changes in accounting policies

Freehold land and buildings have been revalued as at 1 August 2014 and the revalued amount is deemed to be the fair value to be reported under FRS102. Land will not be depreciated. The effect of this transition adjustment is shown in the notes below.

Other transition adjustments include a provision for the USS pension liability as at 1 August 2014 and restricted funds previously reported within creditors during 2015 have been moved to restricted funds on the balance sheet. Furthermore minor adjustment has been made to the previously reported reserves in relation to pension and foreign currency transactions which have been posted within the 2016 accounts rather than in 2015.

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

24. Transition to FRS102 and prior year adjustments (continued)

b) Reconciliation of total funds

The Balance Sheet and Statement of Financial Activities have been adjusted at 1 August 2014 to show the position as if FRS102 had always been applied, as follows:

	Group £	College £
Total funds at 01 August 2014 under previous RCCA	28,583,843	28,558,852
Revaluation of land and buildings	6,595,186	6,595,186
Create the USS Pension opening balance according to FRS 102	(38,187)	(38,187)
	<u>35,140,842</u>	<u>35,115,851</u>

Adjustments to previously reported total funds / deficit at the end of the comparative period were as follows:

	Group £	College £
Total funds at 31 July 2015 under previous RCCA	30,098,030	29,771,781
Revaluation of land and buildings as at 1 August 2014 (as above)	6,595,186	6,595,186
Create the USS Pension opening balance according to FRS 102	(38,187)	(38,187)
Reduction to depreciation charge based on revalued buildings	52,518	52,518
Transfer of project creditors to restricted funds	66,608	66,608
	<u>36,774,155</u>	<u>36,447,906</u>

c) Reconciliation of comparative period net income / expenditure

Adjustments to previously reported net income / expenditure in the comparative period were as follows:

	Group £
Net income for the year ended 31 July 2015 under previous RCCA	1,514,187
Adjustments in respect of:	
Reduction to depreciation charge based on revalued buildings	52,518
Reallocation of net income /expenditure on restricted projects	25,624
Pension scheme charges adjusted within 2016	4,000
Reversal of foreign currency adjustment	(14,996)
	<u>1,581,333</u>
Net income for the year ended 31 July 2015 under FRS 102 RCCA	<u>1,581,333</u>

25. Exceptional item

During the year 2015/16, the College refinanced the AIB loan with Lloyds Bank. The AIB loan was redeemed and repaid in full. As a result, a one-off breakage cost of £424,678 was incurred during the year.

