

Charity Registration No: 1137471

HUGHES HALL

**RECOMMENDED CAMBRIDGE
COLLEGE ACCOUNTS**

FOR THE YEAR ENDED

31 JULY 2011

HUGHES HALL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JULY 2011

Contents

	Page
Report of the Trustees	2 - 12
Responsibilities of the Governing Body	13
Report of the Auditors	14 - 15
Statement of Principal Accounting Policies	16 - 18
Income and Expenditure Account	19
Statement of Total Recognised Gains and Losses	20
Balance Sheet	21
Cash Flow Statement	22 - 23
Notes to the Accounts	24 - 39

HUGHES HALL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2011

The College

The College owes its origins to the Cambridge Training College for Women founded in 1885 which was subsequently incorporated under the Companies Acts and changed its name to the Elizabeth Phillips Hughes Hall Company on 1 October 1950. 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. It 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.

It is registered with the Charity Commission (Registered No. 1137471).

Objectives

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 aims to attract students from a wide range of backgrounds, both home (UK and EU) and overseas, graduate, undergraduate and affiliated; all are of mature age.

In terms of Access Students, the University's target figure of 61 - 63% has been set for 2011-12 under the government's Widening Participation Programme. In 2009-10 - the last year for which full figures are available - 76.2% of all applications to Hughes Hall were from the maintained sector (compared with 65.6% for the University as a whole) and 88.9% of those applicants were accepted (compared with 59.3% for the University as a whole).

It would be not be cost effective for the College to run an outreach programme on its own (Home students are accepted from all regions of the United Kingdom) and there are currently students from 64 different nations within the College undertaking a wide range of courses.

Administration of the College

Governing Body

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.

All Fellows are elected by the Governing Body to a Fellowship in one of six classes and, unless they have served as the trustee of a charity previously, are required to undergo training which is administered by the College; the training comprises a written briefing with an accompanying CD and a recorded delivery of a PowerPoint presentation. In addition, they are given on appointment a copy of the Statutes and Ordinances, a note drawing attention to the policy of the College for the management of conflicts of interest, and a copy of Charity Commission Leaflet CC3a.

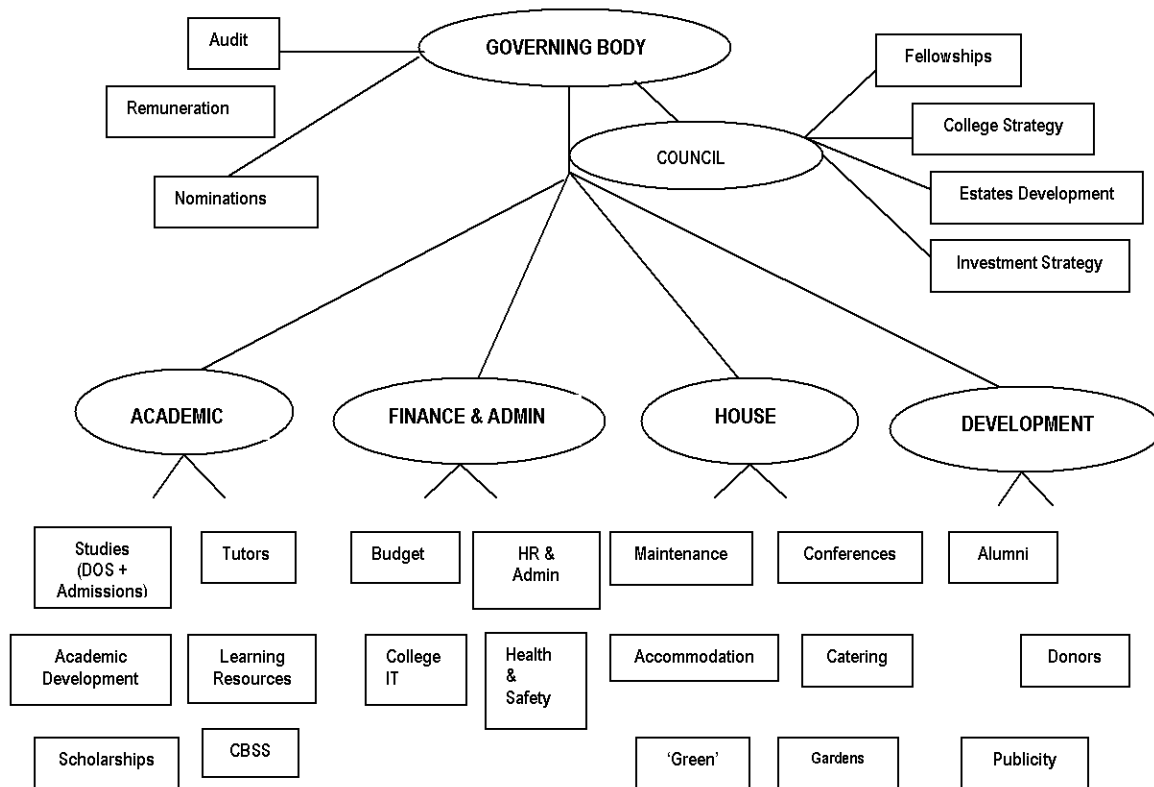
Members of the Governing Body are expected to act in accordance with the Nolan Principles for those in public life. In accordance with Charity Commission rules they are required to manage the affairs of the College prudently.

HUGHES HALL

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

Although the College is a legally autonomous body it exists within the federal structure of the University. Matters of concern to all colleges are discussed and enacted through a system of University-wide committees including the Colleges' Committee of which all Heads of House are members, the Senior Tutors' Committee which is chaired by the Vice Chancellor and the Bursars' Committee. Representatives of the Senior Tutors and Bursars sit on each other's committees and on the Colleges' Committee. The committees aim to build consensus though their decisions are not constitutionally binding.

On a one year trial basis starting in October 2011 a revised, more formal internal Committee structure has been set up as follows, although all of the functions previously existed. The following diagram shows the revised structure.



REVISED COMMITTEE STRUCTURE

Under the trial scheme reporting to the Governing Body is an Audit Committee, a Remuneration Committee and a Nominations Committee.

College Council

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. The College Council is responsible to the Governing Body for all matters relating to the administration of the College.

Reporting to the College Council is a Strategy Committee, a Fellowships Committee, an Estates Committee, an Investments Committee, and a Complaints Panel.

HUGHES HALL

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

Academic Committee

An Academic Committee meets termly and reporting to the Committee is a Scholarships Committee, a Learning Resources Committee, and the CBSS Management Committee.

Finance and Administration Committee

The Finance and Administration Committee meets termly and reporting to the Committee is the Budget Committee, Administrative IT Committee and Health and Safety at Work Committee.

House Committee

The House Committee meets termly and the 'Green' Committee and Gardens Committee report.

Development Committee.

The Development Committee meets termly.

Trustees

Head of House Squire, Mrs Sarah (President) *

Fellows

Affara, Professor Nabeel A*	Marteau, Professor Theresa
Barker, Dr John H	Melville, Dr Sara E (Deputy Vice-President)*
Bhave, Dr Amit	Mercer, Professor Neil M*
Blamire, Professor Mark G (Vice-President)*	Nuttall, Dr William J
Bonaccorso, Dr Francesco	Palmer, Dr Christopher R
Bostanci, Dr Adam W S	Parlikad, Dr Ajith
Britton, Mr Peter	Peacock, Mr Ian R
Buckley, Professor Mary	Piccirillo, Dr Sara G M
Burton, Dr Hilary	Phippen, Mr Mark
Chamley, Mr William F	Powell, Professor J
Devereux, Dr Bernard J (Pro-Vice-President)*	Ruthven, Professor Kenneth B H
Dickinson, Professor Anthony	Sargent, Dr Carole A*
Durrell, Dr John*	Siklos, Dr Paul W L
Franklin, Dr Michael J (Praelector)*	Singal, Dr Nidhi
Freeling, Dr Anthony	Stefflova, Dr Klara
Gronn, Professor Peter*	Taylor, Mr Jonathan (Development Director)*
Hodge, Professor Ian D*	Taylor, Mr Neil E (Bursar)*
Jeffrey, Mr Richard	Taylor, Mr Roger
John, Dr Stephen	Turin, Dr Mark
Johnston, Dr Philip (Senior Tutor)	Toner, Dr Jeremy P
Kaufman, Professor James F	Wakeford, Mr Richard E
Kumar, Dr Chetan	Weller, Professor Marc
Lambert, Mrs Jean F	White, Dr Jessica
Lemons, Mr Anthony D*	Zimmern, Dr Ronald L*
Lockhart, Dr Alastair S	

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.

HUGHES HALL

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

Advisers

Auditors Price Bailey LLP
Chartered Accountants & Statutory Auditors
The Quorum
Barnwell Road
Cambridge
CB5 8RE

Solicitors Kester Cunningham John
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

Allied Irish Bank (GB)
The Manor House
High Street
Wanstead
London
E11 2RL

Fund Managers Cazenove Fund Management Ltd
12 Moorgate
London
EC2R 6DA

Academic Report

As an academic institution, the primary purpose of Hughes Hall is to provide a first class physical and academic environment for its students. 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.

HUGHES HALL

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

Student Numbers

Figures for all fee-paying students in mid-year (Feb 2011) were as follows. (Note that 'fee-paying' does not include students who are beyond their official end-term (e.g. PhD writing up) and those intermitting):

	<i>Full-time</i>	<i>Subject</i>	<i>No.</i>	<i>Part-time</i>	<i>Subject</i>	<i>No.</i>
<i>Undergraduate</i>	BA	Various	59			
	CGCM	Medicine	29			
<i>1-yr Graduate</i>	MPhil & MRes	Various	127	MSt	Religion	4
	PGCE	Education	47	MEd	Education	27
	MBA & MFin	Business	43	Exec MBA	Business	23
	LLM	Law	31			
	MASt	Maths/Physics	18			
	Diploma	Various	4			
<i>PhD</i>	PhD	Various	146	PhD	Various	7
Totals			504			61

These figures show that over half our full-time students (270/504) are on 1-year courses, although a number of such students continue on to PhDs.

Financial Support

Hughes Hall has several funds to assist students with financial support:

- Scholarships and Bursaries.
This fund is administered by the Academic Committee and awards are made on academic merit requesting, in return, a contribution to college life. This fund also makes a college contribution to recipients of Cambridge Bursaries. In 2010-11 one scholarship and two bursaries were awarded, with a total spend of £24,780.
- Travel Fund.
A travel fund is administered by the Senior Tutor on behalf of, and in consultation with the tutorial team, with awards of up to £250 per student per year. This is mostly for students doing PhD research or a CGCM elective, and is very occasionally offered to others for whom travel is a requirement of the course. In 2010-11, awards were made to 38 students, totalling £11,170.
- President's Discretionary Fund and Senior Tutor's Innominate Fund.
These funds are for specific needs as determined by the relevant officer. The budget for each fund is £10 per full time student which is drawn from College Fees. In 2010-11, the amounts spent were £1,986 and £3,805 respectively.

HUGHES HALL

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

Community Life

The main strength of the Cambridge collegiate system is that it provides not only residence and dining facilities but also a genuine thriving academic and cultural life. Here aspiring scholars can mix with others from different disciplines, both students and fellows, and develop their minds through stimulus and challenge. In 2010-11 events in College included:

- 'What is Philosophy?' A two-day interdisciplinary conference with senior academics organised entirely by PhD student Alexis Papazoglou.
- 'Hat Club': fortnightly presentations by students and Fellows, organised by the student body.
- Business and Law Society events.
- Margaret Wileman Music Society concerts.
- Hughes Hall Medical Lecture.
- Hughes Hall City Lecture.
- Centre for Biomedical Science in Society: three guest lecturers including Dame Mary Warnock.
- Kathleen Hughes Memorial Lecture (in co-operation with Dept of Anglo-Saxon, Norse & Celtic).
- Hughes Hall Second Academic Evening, organised by the student body.

In addition, the College actively encourages the student body in many of its activities, in terms of help with organisation, publicity and costs.

It also provides special dinners for invited students and guests:

- Five Matriculation Dinners (one paid by a benefactor).
- Medical Dinner and Law Dinner (paid by benefactors).
- Law Lecture and Dinner (paid by a benefactor).
- Scholars Dinner, for college scholars and prize-winners.
- Two PhD Dinners, for students and supervisors.
- Completion Dinner and Graduation Dinner.

Tutorial Support

In 2010-11 Hughes Hall had 9 tutors, each with responsibility for approximately 60 full-time students. 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, and the Senior Tutor reads the reports for all college students (undergraduate and postgraduate). 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.

Computer Support

The College is currently reviewing IT infrastructure during a rationalisation and consolidation process to reduce management overhead and improve user experience. In parallel to this a review is being undertaken to improve the security of the administrative IT functions and also separate out the student IT provision. In the medium term the IT infrastructure will be upgraded further to add additional resilience and reduce whole life-cycle costs where possible with the introduction of shared storage and virtualisation technologies.

HUGHES HALL

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

Sport

There are several college sports clubs, and a number of students participate in university teams. Hughes Hall supports the college boats, and individual students in university clubs. As often, in 2010-11 Hughes Hall was represented in the two best known sports, with the captain of the Rugby team and President of the Boat Club, plus another oarsman and cox in the Blues boat.

Financial Review

Income and Expenditure

The Income and Expenditure account for the College over the last 5 years is shown below:

Year ended 31 July	2011	2010	2009	2008	2007
	£	£	£	£	£
Income	1,486,641	1,368,412	1,304,475	1,102,514	1,031,722
Residences, catering and conferences	1,705,529	1,644,751	1,627,299	1,434,422	1,310,922
Endowment income and donations	525,036	192,529	273,291	440,973	367,709
Other income	52,196	38,802	40,601	33,221	24,517
Total Income	3,769,402	3,244,494	3,245,666	3,011,130	2,734,870
Expenditure					
Education	1,519,220	1,373,986	1,417,582	1,278,556	1,121,100
Residences, catering and conferences	1,672,224	1,585,509	1,491,528	1,228,953	1,285,243
Other	12,962	13,528	14,946	16,582	28,485
Total expenditure	3,204,406	2,973,023	2,924,056	2,524,091	2,434,828
Operating Surplus for the year	564,996	271,471	321,610	487,039	300,042
Contribution under Statute G,II	0	0	0	0	0
	564,996	271,471	321,610	487,039	300,042
Transfer to Accumulated Income Within Restricted Capital	(311,967)	(29,656)	(18,027)	(91,395)	(62,558)
Net surplus	253,029	241,815	303,583	395,644	237,484
Add back depreciation	282,497	284,809	288,793	273,326	265,078
Net surplus before depreciation	535,526	526,624	592,376	668,970	502,562

HUGHES HALL

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

Funding

Academic Fees

Academic fees consist of the college fee and grants to support teaching and research. Of these, the most significant is the fee paid to the College on behalf of the students by the University from its HEFCE grant towards the cost of admitting and supervising publicly-funded undergraduates and providing tutorial support, social and recreational facilities. In 2010-11 this payment amounted to £318,352 which equated to 49% of total income for 103 students including publicly-funded undergraduates, PGCE students and clinical medical students. The College received £3,861 for each publicly-funded undergraduate and set a fee of £4,488 for those privately funded.

The Colleges' Fund

The College received a grant of £409,000 towards the College's Endowment; this has been added to existing funds managed by the Fund Managers, Cazenove Capital.

Remuneration

The Remuneration Committee is required by the Governing Body to make recommendations on the level of remuneration and other direct and indirect benefits of the President, Fellows and College Officers of Hughes Hall, and to have oversight of the overall processes used to determine all other salaries within the College. It has been charged with making its first report to the Governing Body in the Michaelmas Term 2011.

Development and Fundraising

Over the last three years the Governing Body has made a series of decisions to enhance the College's activities in respect of Alumni Relations, broader development activities and fundraising, with the objective of benefiting all students of the College and the wider Collegiate academic community.

To assist with these initiatives a new full time Development Officer has been recruited enabling additional alumni relations outreach and fundraising activities to be planned in line with the Strategic Development Plan.

The College continues to seek to engage with its alumni through a range of communications channels. The College newsletter *News from Hughes* is sent twice a year to around 4,500 alumni globally. An e-bulletin is sent at least termly to all alumni with known e-mail addresses and additional communications are sent to notify alumni of events relevant to their locality or subject. Alumni are invited to College events and some act as advisors or mentors to students via College societies such as the Hughes Hall Business Society and the Law Society. We continue to seek to identify and contact those alumni whose addresses and details are no longer known to the College and have launched a number of social media initiatives on LinkedIn, Facebook and Twitter to engage with these and also with more recent graduates from the College.

A series of dinners and lectures in the core areas of the College's academic activities have been held. The dinners form an opportunity for students, Fellows and Alumni of the College to meet with other guests from academia and the business world. Several of these events are generously sponsored by donors, including the Ogden Matriculation Dinner (Education), the Zimmern Medical Lecture and Dinner, and the Charnley Law Dinner. In addition, several events ranging from academic presentations to concert performances were held during the year and attended by a diverse group of alumni. In December 2010 the College undertook its first phone campaign contacting nearly 800 alumni. A dozen current students spoke with the alumni, learned of the experiences of their predecessors, and explained current developments at College to them. As a result of the campaign a significant number of alumni chose to give for the first time to support College activities. In particular, funds were raised for the 125th Anniversary Scholarships and Bursaries Fund Appeal. A donor roll listing those supporters who had given to the College during the last year was published with *News from Hughes* in Easter Term.

HUGHES HALL

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

Alumni and friends in Hong Kong have continued their much appreciated support of the College. A 125th Anniversary dinner was held in Hong Kong in November 2010 attended by the President, and a group of alumni have made donations to support the Scholarships and Bursaries Fund to the value of approximately £10,000 - enabling a College bursary to be set up and named as the Hong Kong Alumni Bursary. Work has progressed on setting up a company in Hong Kong to enable tax efficient giving from alumni based there. The existing major scholarships schemes established through the generosity of the Doris Zimmern Trust and Mr Edwin SH Leong continue to enable excellent students associated with Hong Kong University to study at Cambridge.

The President once again visited New York and, for the first time, Texas to meet with alumni and friends in the United States. We continue to work through Cambridge in America to communicate with our US alumni.

Finally, as part of the wider Collegiate University the College supports the activities of the central Cambridge University Development Office (CUDO), the Cambridge Alumni Relations Office (CARO), and the inter-collegiate Cambridge Colleges' Development Group (CCDG). The President in the Deputy Chair of the CUDO Board.

Conferences

The College attracts modest conference activity which, although declining, generates a positive cash surplus. This contributes to the overall operating surplus.

Investments

The College holds investments in an Endowment Fund and an Amalgamated Fund which are managed by its Fund Managers. The portfolio of the former is managed on a total return basis; no specific income requirements have been stipulated and dividends on all assets are reinvested for growth. The investment objective for the latter is to maintain the income and capital value of the assets in real terms into perpetuity with the emphasis on a growing income stream to enable financial support to be given to research fellows, students in need of support, and bursaries.

The Funds' Managers maintain a Socially Responsible Investment policy which includes conducting research into the social, environmental, ethical and corporate governance stance of the companies selected for investment.

Cash Flow

Given the College's modest income and resources, it is considered important to generate an operating surplus each year on its activities which necessarily constrains some of its ambitions. It operates with a minimal number of staff and focuses on supporting the student body by providing excellent pastoral and learning support, accommodation, meals and recreational facilities.

Reserves

Capital and reserves as at 31 July 2011 stood at £23,854,350 an increase of £1,593,753 on the previous year. The College currently has no formal reserves policy.

Risk Management

The Governing Body has previously approved a comprehensive Risk Assessment and maintains a Risk Register which is reviewed annually. Although steps are taken to minimise risk and the College is insured, some problems can, and do, occur which can be expensive to rectify. Similarly, the College is constrained to some extent because:

- Its primary sources of income are the College Fee, student rental income, and modest conference income.

HUGHES HALL

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

- Its Endowment is small in comparison with other Colleges of the University and it has adopted a policy of re-investing income from the Endowment for growth.
- In the present economic climate the ability to raise endowments and to attract donations is difficult.

The Governing Body recognises that it cannot rely on the Colleges' Fund to continue making annual contributions to its invested Endowment indefinitely and adopts prudent financial management in all its activities.

The Environment

The College complies fully with environmental legislation and officially approved codes of practice. A 'Green' Committee reports to the Governing Body through the House Committee to monitor compliance and to prompt further initiatives.

- The aim is to reduce gross energy consumption by 20% over five years (effective start date was 1 April 2010) based on consumption figures for 2008-09.
- It has installed additional metering to provide monthly data on energy consumption.
- It is working towards implementing a strict re-cycling policy.
- A survey of all buildings has been carried out to assess energy efficiency; a programme of remedial action is in hand.
- Installation of renewable energy measures is being investigated.

Assets Held on Behalf of Other Charities

The College holds, on loan from the Fitzwilliam Museum, a copy of a painting of a Game Market by Frans Snyders 1610, one of the foremost Flemish still life painters, the original of which was once in the collection of Robert Walpole (England's first PM) at Houghton Hall, Norfolk. It is insured by the College for a sum agreed with the Director.

Strategic Plan and Outlook

The Governing Body is actively examining ways of increasing its stock of student rooms.

The College is heavily dependent on student numbers and there is the possibility that national and international student numbers could reduce as the impact of fee increases takes effect.

The decision to protect the Endowment Fund has been taken to provide a cushion against such potential revenue loss. Although investment return has been reasonable, it is unlikely to grow significantly for the foreseeable future.

The Amalgamated Fund managers have been set target return on Investments of 5%. It is intended to draw down 3% of the return from within each of the Research Fellows, Bursaries and Student Support elements to subsidize research fellows, assist students in genuine hardship and offer travel grants and bursaries.

HUGHES HALL

REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

Capital Programme

Buildings.

Year	Location	No. of Student Rooms
1896	Margaret Wileman Building	38
	Wollaston Lodges	23
1992	Chancellor's Court	35
1995	Centenary Building	33
	College Houses	59
2004	Fenners Building	77
TOTAL		265 single + 6 double

Restoration and Major Refurbishment.

Year	Location	No. of Student Rooms
2007	Margaret Wileman Building	38
2009-10	College Houses	59
2010	Wollaston Lodges	23

Proper maintenance of the buildings, which have an insured value of £33,567,434 is an essential investment in the College's future. For the past decade, a rolling programme of maintenance and refurbishment has been instituted to bring the buildings up to modern standards. All College Rooms meet the Houses in Multiple Occupancy standards and 45% are en-suite. As a priority, ways are being examined to provide more College-owned student accommodation within the available resources.

HUGHES HALL

RESPONSIBILITIES OF THE GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2011

Responsibilities of the Governing Body

The 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 Governing Body is required to:

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

The 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.

The 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 2011*

We have audited the financial statements 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. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

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

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 in our audit.

We read other information contained in the Report of the Governing Body and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

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 judgments 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 the 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 information in the financial statements.

HUGHES HALL

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL (CONTINUED) *FOR THE YEAR ENDED 31 JULY 2011*

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the College's affairs as at 31 July 2011 and of its 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;
- the information given in the Report of the Trustees is consistent with the financial statements; 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.

Price Bailey LLP

**Chartered Accountants
Statutory Auditors**

**The Quorum
Barnwell Road
Cambridge
CB5 8RE**

Dated: 25 November 2011

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2011

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. 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, as modified by the revaluation of investment assets.

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 restricted 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 for their sponsors.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

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.

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 beneficiaries are credited to expendable capital.

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

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

b. Maintenance of premises

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

c. Furniture, fittings and equipment

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

Furniture and fittings	20% per annum on the straight line basis
Kitchen equipment	12½% per annum on the straight line basis

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

Tangible fixed assets (continued)

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

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

Investments

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

Stocks

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

Provisions

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

Taxation

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

The College is also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G,II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. The 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 2011

	Note	2011 £	2010 £
Income			
Academic fees and charges	1	1,486,641	1,368,412
Residences, catering and conferences	2	1,705,529	1,644,751
Investment income	3	189,672	150,381
Donations and beneficiaries		335,364	42,148
Other income		52,196	38,802
Total income		<u>3,769,402</u>	<u>3,244,494</u>
Expenditure			
Education	4	1,519,220	1,373,986
Residences, catering and conferences	5	1,672,224	1,585,509
Other		12,962	13,528
Total expenditure	6	<u>3,204,406</u>	<u>2,973,023</u>
Operating surplus		564,996	271,471
Transfer to accumulated income within restricted expendable capital (unspent income for the year from Trust Funds carried forward)		311,967	29,656
SURPLUS FOR THE YEAR		<u>253,029</u>	<u>241,815</u>

All of the above results derive from continuing operations.

HUGHES HALL

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2011

		Restricted Funds	Unrestricted Funds			
	Note	Collegiate Purposes £	Designated Funds £	Undesignated Funds £	Total 2011 £	Total 2010 £
Balance as at 1 August 2010		869,523	750,048	20,641,026	22,260,597	21,238,041
Retained surplus/(deficit) for the year		-	-	253,029	253,029	241,185
Unrealised gains/(losses) on investments	8	96,222	-	443,545	539,767	405,864
Spent trust or other restricted fund income retained by funds		311,967	-	-	311,967	29,656
Capital grant received from College Fund		-	-	449,000	449,000	383,400
Actuarial gains/(losses) on pension scheme assets and liabilities	18	-	-	39,990	39,990	(38,179)
Total recognised gains/(losses) for the year		<u>408,189</u>	<u>-</u>	<u>1,185,564</u>	<u>1,593,753</u>	<u>1,022,556</u>
Balance as at 31 July 2011	13	<u><u>1,277,712</u></u>	<u><u>750,048</u></u>	<u><u>21,826,590</u></u>	<u><u>23,854,350</u></u>	<u><u>22,260,597</u></u>

HUGHES HALL

BALANCE SHEET

AS AT 31 JULY 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	7	17,098,001	16,822,075
Investments	8	8,258,751	7,072,158
		<u>25,356,752</u>	<u>23,894,233</u>
CURRENT ASSETS			
Stock		13,226	14,126
Debtors	9	135,375	96,708
Cash	10	1,042,366	1,506,841
		<u>1,190,967</u>	<u>1,617,675</u>
Creditors: amounts falling due within one year	11	<u>(842,460)</u>	<u>(1,287,451)</u>
Net current assets		<u>348,507</u>	<u>330,224</u>
Total assets less current liabilities		<u>25,705,259</u>	<u>24,224,457</u>
Creditors: amounts falling due after more than one year	12	<u>(1,828,555)</u>	<u>(1,893,818)</u>
Net assets excluding pension liabilities/asset		<u>23,876,704</u>	<u>22,330,639</u>
Pension liability	18	<u>(22,354)</u>	<u>(70,042)</u>
NET ASSETS including pension liability		<u>23,854,350</u>	<u>22,260,597</u>
Capital and reserves			
Restricted funds held for collegiate purposes	13	1,277,712	869,523
Unrestricted funds – designated	13	750,048	750,048
Unrestricted funds – undesignated	13	21,848,944	20,711,068
Pension reserve		(22,354)	(70,042)
		<u>23,854,350</u>	<u>22,260,597</u>

The accompanying notes are an integral part of this balance sheet.

The accounts on pages 19 to 39 were approved by the Governing Body on 26 October 2011 and signed on their behalf by:

.....
Dr S Melville
Member of College Council and Governing Body

HUGHES HALL

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2011

	2011 £	2010 £
A. Operating Activities		
Net surplus	253,029	241,815
Depreciation	282,497	284,809
Investment income	(189,672)	(150,381)
Interest payable	108,857	112,245
Movement in pension surplus/deficit	(7,697)	(11,928)
(Increase)/decrease in stocks	900	(2,324)
(Increase)/decrease in debtors	(38,667)	591,237
(Decrease)/increase in creditors	(619,152)	(17,944)
Net cash (outflow)/inflow from operating activities	<u>(209,905)</u>	<u>1,047,529</u>
B. Returns on Investment and Servicing of Finance		
Unspent trust income	311,967	29,656
Investment income	189,672	150,381
Net cash inflow from returns on investment and servicing of finance	<u>501,639</u>	<u>180,037</u>
C. Capital Transactions and Financial Investment		
Payments to acquire tangible fixed assets	(558,423)	(347,403)
Payments to acquire investment assets	(1,373,639)	(3,028,766)
Total capital expenditure	<u>(1,932,062)</u>	<u>(3,376,169)</u>
Receipts from sale of investment assets	726,853	181,003
Capital grant received from Colleges Fund	449,000	383,400
Benefactions and donations received	-	-
Total capital receipts	<u>1,175,853</u>	<u>564,403</u>
Net cash (outflow) from capital transactions	(756,209)	(2,811,766)
Decrease in cash	<u>(464,475)</u>	<u>(1,584,200)</u>

HUGHES HALL

CASH FLOW STATEMENT (continued) FOR THE YEAR ENDED 31 JULY 2011

	2011 £	2010 £
D. Reconciliation of Net Cash Flow to Movement in Net Debt		
Decrease in cash in the period	(464,475)	(1,584,200)
Decrease in debt in the period	62,272	58,885
	<hr/>	<hr/>
	(402,203)	(1,525,315)
Net funds/debt at 1 August 2010	(449,250)	1,076,065
	<hr/>	<hr/>
Net debt at 31 July 2011	<u>(851,453)</u>	<u>(449,250)</u>

HUGHES HALL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2011

1. Academic fees and charges

	£	2011 £	2010 £
College Fees			
Fee income paid on behalf of undergraduates eligible for student support			
Undergraduate rate (per capita fee £3,861)	111,969		
PGCE (per capita £2,229)	100,305		
Graduate medical (per capita £3,861)	111,969		
	<hr/>	324,243	275,496
Other undergraduates fee income			
Overseas (per capita fee £4,488)	94,248		
Privately funded UK and EU (per capita £4,488)	116,688		
	<hr/>	210,936	242,719
Graduates fee income			
Graduates (per capita £2,229)	764,875		
M Ed students (per capita £446)	12,042		
Other	24,545		
	<hr/>	801,462	700,197
		<hr/>	<hr/>
		1,336,641	1,218,412
Other			
Grant from PHG foundation		150,000	150,000
		<hr/>	<hr/>
Total		<u>1,486,641</u>	<u>1,368,412</u>

2. Residences, catering and conference income

		2011 £	2010 £
Residential accommodation	College members	1,240,519	1,274,921
	Conferences (including meeting rooms)	98,178	37,149
Catering	College Members and staff	332,611	296,503
	Conferences	34,221	36,178
		<hr/>	<hr/>
Total		<u>1,705,529</u>	<u>1,644,751</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

3. Investment income

	2011 Income from restricted funds for collegiate purposes £	2011 Income from unrestricted funds £	Total 2011 £	Total 2010 £
Income from:				
Freehold land and buildings	-	23,524	23,524	13,028
Unit trusts	68,683	77,696	146,379	123,042
Cash	1,082	18,687	19,769	14,311
Total	<u>69,765</u>	<u>119,907</u>	<u>189,672</u>	<u>150,381</u>

Investment management costs:

	2011 £	2010 £
Income from:		
Unit trusts	9,908	7,448
Cash	1,338	866
Total	<u>11,246</u>	<u>8,314</u>

4. Education expenditure

	2011 £	2010 £
Teaching	914,333	794,206
Tutorial	200,736	185,363
Admissions	110,280	99,206
Research	162,235	178,172
Scholarships and awards	35,950	28,845
Other educational facilities	95,686	88,194
Total (Note 6)	<u>1,519,220</u>	<u>1,373,986</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

5. Residences, catering and conferences expenditure

		2011 £	2010 £
Accommodation	College members	1,132,012	1,134,438
	Conferences (including meeting rooms)	95,234	52,936
Catering	College Members and staff	410,447	380,385
	Conferences	34,531	17,750
		<u>1,672,224</u>	<u>1,585,509</u>
Total (Note 6)		<u>1,672,224</u>	<u>1,585,509</u>

6a. Analysis of 2011 expenditure by activity

	Staff costs (Note 17) £	Other Operating Expenses £	Depreciation £	Total £
Education (Note 4)	858,655	660,565	-	1,519,220
Residences, catering and conferences (Note 5)	441,014	948,712	282,498	1,672,224
Other	-	12,962	-	12,962
	<u>1,299,669</u>	<u>1,622,239</u>	<u>282,498</u>	<u>3,204,406</u>
Total	<u>1,299,669</u>	<u>1,622,239</u>	<u>282,498</u>	<u>3,204,406</u>

6b. Analysis of 2010 expenditure by activity

	Staff costs (Note 17) £	Other Operating Expenses £	Depreciation £	Total £
Education (Note 4)	774,720	599,266	-	1,373,986
Residences, catering and conferences (Note 5)	399,069	901,631	284,809	1,585,509
Other	-	13,528	-	13,528
	<u>1,173,789</u>	<u>1,514,425</u>	<u>284,809</u>	<u>2,973,023</u>
Total	<u>1,173,789</u>	<u>1,514,425</u>	<u>284,809</u>	<u>2,973,023</u>

Fundraising costs amounted to £202,631 (2010: £144,772)

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

7. Tangible assets

	Freehold land and buildings £	Fixtures and fittings £	Kitchen equipment £	Total £
Cost/valuation				
At 1 August 2010	18,189,966	732,039	15,489	18,937,494
Additions	554,994	3,429	-	558,423
Disposals	-	-	-	-
At 31 July 2011	<u>18,744,960</u>	<u>735,468</u>	<u>15,489</u>	<u>19,495,917</u>
Accumulated depreciation				
At 1 August 2010	1,442,452	657,478	15,489	2,115,419
Charge for the year	253,498	28,999	-	282,497
Disposals	-	-	-	-
At 31 July 2011	<u>1,695,950</u>	<u>686,477</u>	<u>15,489</u>	<u>2,397,916</u>
Net book value				
At 31 July 2011	<u>17,049,010</u>	<u>48,991</u>	<u>-</u>	<u>17,098,001</u>
At 31 July 2010	<u>16,747,514</u>	<u>74,561</u>	<u>-</u>	<u>16,822,075</u>

The insured value of freehold land and buildings as at 31 July 2011 was £33,567,434 (2010: £31,862,948)

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

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

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

8. Investments

	2011 £	2010 £
As at 1 August 2010	7,072,158	3,818,531
Additions	1,373,679	3,028,766
Disposals	(726,853)	(181,003)
Appreciation on revaluation	539,767	405,864
As at 31 July 2011	<u>8,258,751</u>	<u>7,072,158</u>
Represented by:		
Quoted securities	6,969,337	6,096,242
Cash	1,289,414	975,916
	<u>8,258,751</u>	<u>7,072,158</u>

9. Debtors

	2011 £	2010 £
Trade debtors	89,697	62,340
Amount due from subsidiary undertaking	22,173	22,173
Other debtors	23,505	12,195
Total	<u>135,375</u>	<u>96,708</u>

10. Cash

	2011 £	2010 £
Bank deposits	1,022,478	146,837
Current accounts	19,631	1,359,783
Cash in hand	257	221
Total	<u>1,042,366</u>	<u>1,506,841</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

11. Creditors: amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	65,263	62,272
Trade creditors	138,428	393,625
Student prepayments	47,987	54,400
Other creditors	30,087	190,087
Other taxes and social security	13,709	33,596
Accruals	33,200	20,000
Deferred income	513,786	533,471
Total	<u>842,460</u>	<u>1,287,451</u>

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

	2011 £	2010 £
Bank loans and overdrafts	<u>1,825,555</u>	<u>1,893,818</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:

	2011 £	2010 £
Due within one year	65,263	62,272
Between one and two years	69,319	65,263
Between two and five years	232,575	219,653
Due after more than five years	1,526,661	1,608,902
Total repayments	<u>1,893,818</u>	<u>1,956,090</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

13. Capital and reserves

	Income/ Income/Expendable Capital Funds £	Permanent Capital Funds £	Total 2011 £	Total 2010 £
Restricted funds for collegiate purposes:				
Trust funds	42,584	-	42,584	50,279
Amalgamated funds	92,474	1,142,654	1,235,128	819,244
	<u>135,058</u>	<u>1,142,654</u>	<u>1,277,712</u>	<u>869,523</u>
Unrestricted funds				
Designated funds:				
Wollaston Lodge refurbishment fund	750,048	-	750,048	750,048
	<u>750,048</u>	<u>-</u>	<u>750,048</u>	<u>750,048</u>
Undesignated funds:				
Corporate capital	20,906,550	-	20,906,550	19,592,735
General reserve	942,394	-	942,394	1,118,333
	<u>21,848,944</u>	<u>-</u>	<u>21,848,944</u>	<u>20,711,068</u>
Pension reserve	(22,354)	-	(22,354)	(70,042)
Total funds	<u>22,711,696</u>	<u>1,142,654</u>	<u>23,854,350</u>	<u>22,260,597</u>

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

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

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

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

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

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

	2011 £	2010 £
Balance 1 August 2010 and 31 July 2011	3,501,918	3,501,918
	<u>3,501,918</u>	<u>3,501,918</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

14. Reconciliation of movement in capital and reserves

	Restricted Funds		Unrestricted Funds	
	Funds for Collegiate purposes		Designated Funds	Undesignated Funds
	Income/ Expendable Capital Funds	Permanent Capital Funds	Income/ Expendable Capital Funds	Income/ Expendable Capital Funds
	£	£	£	£
Balance as at 1 August 2010	88,091	781,432	750,048	20,711,068
Increase/(decrease) in year	46,967	361,222	-	1,137,876
Balance as at 31 July 2011	<u>135,058</u>	<u>1,142,654</u>	<u>750,048</u>	<u>21,848,944</u>

15. Analysis of funds

Analysis of restricted and designated funds

	Restricted Funds	Unrestricted Funds	Total	Total
	2011	2011	2011	2010
	£	£	£	£
Research fellowship	22,179	-	22,179	18,829
Bursaries	774,072	-	774,072	548,835
Student support	471,876	-	471,876	292,674
Prize funds	9,585	-	9,585	9,185
Other funds	-	22,598,992	22,598,992	21,461,116
Pension reserve	-	(22,354)	(22,354)	(70,042)
	<u>1,277,712</u>	<u>22,576,638</u>	<u>23,854,350</u>	<u>22,260,597</u>

16. Capital allocation

	Restricted Funds		Unrestricted Funds	
	Funds for Collegiate purposes		Designated Funds	Undesignated Funds
	Income/ Expendable Capital Funds	Permanent Capital Funds	Income/ Expendable Capital Funds	Income/ Expendable Capital Funds
	£	£	£	£
Tangible fixed assets	-	-	-	17,098,001
Investment assets	-	1,142,654	750,048	6,366,049
Net current assets	135,058	-	-	213,449
Creditors > one year	-	-	-	(1,828,555)
Pensions liability	-	-	-	(22,354)
Total funds	<u>135,058</u>	<u>1,142,654</u>	<u>750,048</u>	<u>21,826,590</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

17. Staff costs

	College Fellows 2011 £	Non Academic 2011 £	Total 2011 £	Total 2010 £
Staff costs:				
Emoluments	266,874	862,572	1,129,446	1,038,685
Social Security costs	20,484	68,586	89,070	80,100
Other pension costs (see note 18)	25,523	55,630	81,153	55,004
	<u>312,881</u>	<u>986,788</u>	<u>1,299,669</u>	<u>1,173,789</u>
Average number of staff (full time equivalents)				
Academic numbers of stipendiary staff	7	-	7	6
Non academic	-	37	37	36
	<u>7</u>	<u>37</u>	<u>44</u>	<u>42</u>

The Governing Body consists of 49 Fellows of which the 7 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.

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

18. Pension Schemes

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

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

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

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

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

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

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

18. Pension Schemes (continued)

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. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

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

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% p.a. to 2.9% p.a. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91%, as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). The next formal valuation is at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have no impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

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

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and the College had 10 active members participating in the scheme.

The total pension cost for the College was £25,523 (2010: £22,892). The contribution rate payable by the College was 16% of pensionable salaries.

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

18. Pension Schemes (continued)

Cambridge Colleges Federated Pension Scheme (CCFPS)

The College is also a member of a multi-employer defined benefits scheme, the Cambridge Colleges' Federated Pension Scheme. A full valuation was undertaken as at 31 March 2008 and updated to 30 June 2011 by a qualified independent Actuary.

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

	30 June 2011	31 March 2010
Discount rate	5.5%	5.6%
Expected long-term rate of return on Scheme assets	6.2%	6.6%
Salary inflation assumption	3.2%	4.7% *
Inflation assumption	3.4%	3.7%
Pension increases	3.4%	3.7%

* 1.5% in 2010, 4.7% thereafter

The underlying mortality assumption is based upon the standard table known as Self-administered Pensions Schemes (SAPS) mortality tables for average normal pensioners projected in line with the CMI 2009 projection and a target long-term improvement rate of 0.75% p.a. Both the base table and the allowance for improvements has been updated from 2010 when the PA92 tables were used with the Medium Cohort projections. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.7 years (previously 20.7 years)
- Female age 65 now has a life expectancy of 23.6 years (previously 23.5 years)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.7 years (previously 21.8 years)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 24.8 years (previously 24.5 years)

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

	Long term rate of return expected at 30 June 2011	Value at 30 June 2011 £	Long term rate of return expected at 31 March 2010	Value at 31 March 2010 £	Long term rate of return expected at 31 March 2009	Value at 31 March 2009 £
Equities and Hedge Funds	7.1%	233,342	7.5%	221,164	7.3%	174,020
Cash, Bonds and Net Current Assets	4.8%	150,006	5.0%	114,268	4.8%	93,011
Property	6.1%	33,334	6.5%	33,174	6.3%	33,004
		<u>416,682</u>		<u>368,606</u>		<u>300,035</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

18. Pension Schemes (continued)

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

	2011 £	2010 £	2009 £	2008 £
Total market value of assets	416,682	368,606	300,035	390,755
Present value of Scheme liabilities	(439,036)	(438,648)	(343,826)	(402,293)
Deficit in the Scheme	<u>(22,354)</u>	<u>(70,042)</u>	<u>(43,791)</u>	<u>(11,538)</u>

The amounts recognised in income and expenditure are as follows:

	30 June 2011 £	31 March 2010 £
In staff costs:		
Current service cost (net of employee contributions)	10,350	4,710
In endowment and investment income:		
Interest cost	30,755	21,825
Expected return on pension scheme assets	(30,647)	(19,078)
Net return	<u>10,458</u>	<u>7,457</u>
Actual return on pension scheme assets	<u>41,327</u>	<u>59,480</u>

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

	30 June 2011 £	31 March 2010 £
Present value of Scheme liabilities at beginning of year	438,648	343,826
Service cost (including employee's contributions)	14,906	8,631
Interest cost	30,755	21,825
Actuarial losses (gains)	(26,463)	78,581
Benefits paid	(18,810)	(14,215)
Present value of Scheme liabilities at end of year	<u>439,036</u>	<u>438,648</u>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

18. Pension Schemes (Continued)

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

	30 June 2011 £	31 March 2010 £
Market value of Scheme assets at beginning of year	368,606	300,035
Expected return	30,647	19,078
Actuarial gains and (losses)	10,680	40,402
Contributions by employer	21,003	19,385
Additional contributions by members (including AVCs)	4,556	3,921
Benefits (and expenses) paid	(18,810)	(14,215)
	<u>416,682</u>	<u>368,606</u>
Market value of Scheme assets at end of year	<u>416,682</u>	<u>368,606</u>

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

	30 June 2011 £	31 March 2010 £	31 March 2009 £	31 March 2008 £	31 March 2007 £
Present value of Scheme liabilities	(439,036)	(438,648)	(343,826)	(402,293)	(475,290)
Market value of Scheme assets	416,682	368,606	300,035	390,755	391,541
	<u>(22,354)</u>	<u>(70,042)</u>	<u>(43,791)</u>	<u>(11,538)</u>	<u>(83,749)</u>
	<u><u>(22,354)</u></u>	<u><u>(70,042)</u></u>	<u><u>(43,791)</u></u>	<u><u>(11,538)</u></u>	<u><u>(83,749)</u></u>
Experience adjustments on Scheme liabilities	5,377	4,416	(4,696)	40,996	(26,590)
Experience adjustments on Scheme assets	10,680	40,402	(76,334)	(29,445)	661
Change in assumptions underlying present value of Scheme liabilities	21,086	(82,997)	36,094	46,071	35,982

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

18. 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 £32,979 (2010: £12,519).

The total pension cost for the College, after personal health insurance contributions, for the year to 31 July 2011 (see note 17) was as follows:

	2011	2010
	£	£
USS: Employer contributions	25,523	22,892
CCFPS: Charged to Income and Expenditure Account	22,650	19,593
Stakeholder Scheme: Employer contributions	32,980	12,519
	<hr/>	<hr/>
	81,153	55,004
	<hr/> <hr/>	<hr/> <hr/>

HUGHES HALL

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2011

19. Financial Commitments

	2011 £	2010 £
Capital commitments		
Authorised by the Governing Body and contracted for	-	603,005

20. Related Party Transactions

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

Two of the Members of the Governing Body are Trustees of the PHG Foundation. As disclosed in note 1 to the financial statements, the PHG Foundation has made a grant of £150,000 to the College during the year (2010: £150,000).

The College is the sole member of Hughes Hall, a company limited by guarantee and incorporated in England and Wales. The principal purpose of Hughes Hall Limited is to develop new student accommodation for the College. The net assets of Hughes Hall Limited as at 31 July 2011 were £12 (2010 net liabilities: £437) and the net profit for the period then ended was £449 (2010 net loss: £1,599).

At 31 July 2011 Hughes Hall Limited owed the College £22,173 (2010: £22,173).