

Charity Registration No: 1137471

HUGHES HALL

**RECOMMENDED CAMBRIDGE
COLLEGE ACCOUNTS**

FOR THE YEAR ENDED

31 JULY 2019

HUGHES HALL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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REFERENCE AND ADMINISTRATION DETAILS FOR THE YEAR ENDED 31 JULY 2019

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

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

Bankers

Lloyds Bank
3 Sidney Street
Cambridge
CB2 3HQ

Fund Managers

Cazenove Capital
1 London Wall Place
London
EC2Y 5AU

Senior officers:

Head of House	Dr Anthony Freeling
Bursar	Mrs Victoria Espley
Senior Tutor	Dr Philip Johnston

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REFERENCE AND ADMINISTRATION DETAILS FOR THE YEAR ENDED 31 JULY 2019

Charity Trustees (Members of the Governing Body)

The trustees of the College during the period 1 August 2018 to 31 July 2019 were:

Head of House Dr A Freeling (President) *

Fellows:

Mr Mark Anderson	Dr Bianca Jupp (Resigned 31 March 2019)
Dr Stephen Axford (Director of Research Translation) *	Prof James Kaufman
Dr Mark Bale	Dr Yury Korolev
Dr John Barker (Resigned 30 September 2018)	Dr Alastair Lockhart
Prof Michael Barrett	Dr Andrew Mackintosh
Dr Heather Blackmore	Ms Lena Milosevic MBE (Development Director, resigned 30 November 2018) *
Prof Mary Buckley (Resigned 30 September 2018)	Prof William Nuttall
Dr Hilary Burton *	Dr John Park (Resigned 31 August 2018)
Dr Stephen Cave	Dr Ajith Parlikad
Mr William Charnley	Dr Charles Pigott (Resigned 31 August 2018)
Dr Othman Cole	Mr Tim Pilkington
Mr Martin Coleman	Prof Jonathan Powell *
Dr Bart de Nijs	Mrs Laurel Powers-Freeling (Appointed 12 June 2019)
Dr Paula De Oliveira-Banca	Dr Aisling Redmond
Dr Bernard Devereux	Dr Corinne Roughley *
Prof Gishan Dissanaikie	Dr Ricardo Sabates-Aysa
Dr Claire Donnelly (Appointed 13 March 2019)	Dr Carole Sargent
Prof John Doorbar	Dr Kishore Sengupta
Dr Lydia Drumright *	Dr Eugene Shwageraus *
Prof Ming-Qing Du	Dr Nidhi Singal
Dr Pete Dudley	Dr Jeffrey Skopek
Mrs Victoria Espley (Bursar) *	Dr Jacob Stegenga
Dr Markus Gehring	Dr Martin Steinfeld
Prof Emanuele Giovannetti	Dr Andreas Stylianides
Dr Miguel Fernando Gonzalez Zalba	Dr Elizabeth Swann (Resigned 31 August 2018)
Mr Nick Gray	Prof Paul Tracey
Dr Sara Hennessy *	Dr Caroline Trotter
Dr Danika Hill	Dr Suzanne Turner
Dr Sarah Hoare	Dr Lars Vinx
Prof Ian Hodge *	Prof Rupert Wegerif
Dr Sonia (Ioana) Ilie	Dr Clive Wells
Prof Bill Irish	Dr Jessica White
Dr Agnieszka Iwasiewicz-Wabnig *	Dr Vanessa Wong
Dr Philip Johnston (Senior Tutor) *	Dr Nigel Yandell
Dr Arne Jungwirth	

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

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2019

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 2050: 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 Wileman 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 800 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 £3m 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 over 200 Honorary, Life, By and Quondam Fellows, as well as Associates, and Research Associates incorporates a wide range of scholars and professionals into the intellectual and communal life of the College. As a group these individuals represent the core academic, cultural and institutional leadership of the College community.

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 and policy 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 other 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.

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

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 draft Financial Statements for Hughes Hall (Hong Kong) Ltd for the year ended 31 July 2019.

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.

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

In 2018/19 Hughes Hall had 13 tutors, each with responsibility for a student group, 7 of the tutors (Governing Body Fellows) had a full allocation of students and 6 were Associate Tutors (not Governing Body Fellows) with a reduced allocation of 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. In addition, tutors read termly supervision reports for their students. Tutors then follow up any issues raised.

The tutors meet regularly 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.

As part of its strategy of providing the highest standard of education, the College arranged major lectures or dinner talks in 2018/19 for students, senior members and invited guests. These covered four subject areas: Law (Charnley Dinner), Medicine (Zimmern Lecture and Dinner), Northern Life & Literature (Berg Rust Lecture) and Anglo-Saxon, Norse & Celtic (Kathleen Hughes Lecture). These events allow participants to hear distinguished invited speakers from the College and the wider world, who 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 and around the world including Hong Kong, Singapore and the United States. The College hosted a programme of musical events in 2018/19 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 of £2.76m (£2.66m in 2017/18) and fees for graduate students of £2.05m (£1.81m in 2017/18). The College received £0.75m (£0.43m in 2017/18) in donations. The income from investments is relatively modest at £0.40m (£0.31m in 2017/18).

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 Officers are accountable to the Governing Body. 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, and its members are the Charity's trustees.

The College Council is delegated responsibility by the Governing Body for all matters relating to the administration of the College. The College Council comprises the President, Vice President, Pro-Vice-President, Senior Tutor, Bursar, Development Director, Director of Research Translation, six other members of the Governing Body (the latter each elected by the Governing Body for periods of three years) and the President and Secretary of the Middle Common Room (MCR). The Officers of the MCR participate for Unreserved Business. 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.

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

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.

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 2018/19 Hughes Hall had 742 (736 in 2017/18) fee-paying students (and 82 students no longer paying fees but yet to complete their course by, for example, writing up dissertations) across the full range of courses: Bachelors, 1-year postgraduate including Masters, and Doctoral courses. Most students were full-time, but 138 (117 in 2017/18) 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 678 in 2018/19 compared to 631 in 2017/18.

The College student body was made up of students of 81 nationalities in 2018/19.

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

Scholarships

Scholarship are administered by the Admissions Committee, and are awards made on academic grounds to applicants to the College. In 2018/19 Hughes Hall allocated awards to the value of £68,981 (£43,899 in 2017/18), and administered awards to the value of £191,403 (£172,376 in 2017/18) from external benefactors.

Prizes

In 2018/19 the College awarded prizes for outstanding academic achievement to the value of £3,950 (£8,183 in 2017/18) as follows:

- 18x E.M. Burnett Prizes for Distinction in MAST or First Class in LLM/MCL or in final year BA
- 15x E.M. Burnett Prizes for Merit in MAST or First Class in non-final year BA
- 2x William Charnley Prizes for Law
- 7x Godwin–Raffan Prizes for Medicine and Education
- 1x Kenworthy Prize for Classics
- 1x Lowman Prize for Education

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

Other Funds

Fund	Description	Total £ 2018/19	Total £ 2017/18
Hardship Bursaries	For unforeseen hardship in maintenance and/or accommodation	£8,481	£4,209
Conference Travel	For all postgraduates, and for undergraduates when a course requirement. Generously supported by a benefactor.	£25,410	£30,471
Varsity Sport	For athletes participating in University sports teams	£5,246	£3,840
Language Course Support	For students who study a language other than English alongside their course, normally through the Language Centre's programme (CULP)	£2,475	£1,785
Innominate Fund	For various financial needs up to £250, e.g. PhD Thesis binding, small hardship.	£2,963	£2,559
Santander Bursaries	Donated by Santander Plc in previous years.	£0	£15,000

Fundraising and Alumni Relations

The development team had a challenging year. A new Development Director took up the post of Development Director in January 2018, but resigned soon after, leaving in November. William Conner took on the role on an interim basis beginning January 2019 until a formal search was completed, and he was appointed Director of Institutional Advancement in June 2019 to officially begin that role on 1 September 2019. There were a number of changes within the team over the period. The college has limited developed relationships, both alumni and non-alumni, of a scale that can make a difference to the college's finances. The priority of the development team therefore remains to grow the College's major gifts and to work on improving organisational systems and processes, establishing a regular giving programme, enhancing donor stewardship and seeking engagement with donor prospects interested in research and subject areas that are priorities of the college, most particularly the portfolio of Bridge translation projects.

The team continued to build on its international alumni groups with overseas meetings. Alumni events were held in London, Hong Kong, Singapore, New York and San Francisco together with a number of successful academic and social events in College that enabled us to engage both alumni, students and guests in pursuit of our broader objectives.

The fundraising received in the year focused on funding for Scholarships and Bursaries, Research and Travel grants and the Hughes Hall Boat Club. The college's first multi-channel giving week took place in June to seek support for education. It was deemed a considerable success and brought 30 new alumni donors to the College. To attract donations, the 'Giving Circles' were updated and a new Legacy brochure mailed. Significant donations for PhDs and the Climate Change Study Centre have been received.

Communications activity continued to improve through regularly refreshed and updated content on all platforms. The Website was re-structured for greater clarity and ease of navigation. Social media continued to engage audiences and followers on all platforms increased.

The College is registered with the Fundraising Regulator. The College does not use external professional fundraisers or commercial participators and carries out fundraising activities, primarily through its Development Office, in collaboration with Cambridge University Development and Alumni Relations office as appropriate. The College's approach to its own fundraising activities is a traditional approach seeking alumni participation through regular giving

HUGHES HALL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

schemes and approaches to donor prospects to support specific research-led initiatives in the college. In addition to seeking financial and other support for the College, the Development Office is also responsible for broader alumni relations. Techniques used include face to face fundraising by private meeting, the promotion of legacy giving, periodic telephone campaigns to members of the College's community and opportunities for online giving via the website. Training is given to all individual who undertake fundraising activities to ensure that they know how to handle an obviously vulnerable person and to protect vulnerable people and the wider public from unreasonably intrusive, persistent methods or undue pressure. There have been no formal complaints made about fundraising (prior year none).

Income and Expenditure

For the financial year from 1 August 2018 to 31 July 2019 the Group recorded a surplus of £2.02m (£1.92m in 2017/18). Total income was £7.64m (£6.80m in 2017/18) before donations of £0.76m (£0.43m in 2017/18) and endowment grant of £0.88m (£0.84m in 2017/18).

Within the £7.64m, income from academic fees and charges increased to £3.18m as at 31 July 2019 (£2.82m as at 31 July 2018) as student numbers increased. Income from accommodation and catering for College Members increased to £3.35m (£3.20m in 2018). Income from accommodation and catering for Conference guests increased to £0.62m (£0.38m in 2018). There was £0.48m in investment and other income (£0.39m in 2018).

Ordinary expenditure during the year was £6.97m (£6.56m in 2017/18) which included a £0.47m (£0.44m in 2017/18) charge for depreciation. Capital funding costs of £0.58m (£0.44m in 2017/18) were all interest costs. Within the £6.97m (£6.56m in 2017/18) expenditure there were staff costs of £2.70m at 31 July 2019 to (£2.27m at 31 July 2018).

	2019 Total	2018 Total
	£	£
Ordinary Income	7,640,550	6,796,736
Ordinary Expenditure	(6,967,703)	(6,564,463)
Surplus on ordinary income	672,846	232,273
Donations received including legacy	758,187	427,745
Capital Grant from Colleges Fund for endowment	876,000	844,000
Funding costs	(583,321)	(440,336)
Effect of other gains, losses and charges	293,796	859,150
Total comprehensive income for the year	2,017,508	1,922,831

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

Endowment and investment performance

The College holds investments in two portfolios, the Endowment Fund and Amalgamated Fund, which are managed by its investment managers, Cazenove Capital, part of the Schroders Group. 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 £13.84m (£12.31m in 2017/18) on 31 July 2019 and is invested as permanent capital. The managers have been set target return on Investments of RPI +3% over rolling 5 year periods. To date, the dividends have been re-invested for growth.

The Amalgamated Fund was valued at £5.29m (£5.20m in 2017/18) on the 31 July 2019 and comprises a number of individual investments (some Restricted, some Unrestricted) as general reserves. The managers have been set target return on Investments of RPI +3% over rolling 5 year periods. It is intended to maintain the real value of the fund by drawing down up to 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 2019 were £29.16m (£17.51m in 2017/18) and included £10m in Blackrock Sterling Fund from monies raised through a private placement in 2019.

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 and rating individual firms.

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 and social spaces provided.

In the summer of 2019 the College carried out an extensive renovation of its Wollaston Lodge Building. Every window was refurbished with improved energy efficiency measures put in place and the rooms were decorated and given new carpets as part of the College's commitment to continue to improve facilities. This continued with a refurbishment of the College's space for senior members to include a new IT suite and further enhancements to the audio-visual equipment across meeting rooms.

As at 31 July 2019 the College had 407 (406 in 2017/18) rooms available for students to rent. 284 (279 in 2017/18) rooms were in buildings on the central college site surrounding the cricket field, and a further 97 (103 in 2017/18) were in houses or developments owned or managed by the College and located in the residential streets in the local area. A further 26 (29 in 2017/18) rooms were available at Swirles Court in Eddington.

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.

HUGHES HALL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

Unrestricted reserves in the year increased from £26.63m to £27.65m. As at 2019, the fixed assets were £37.24m (£37.59m in 2017/18). In addition the College held £17.03m (£14.85m in 2017/18) of investments and £13.78m (£3.48m in 2017/18) in cash and cash equivalents which included £10m raised through the private placement bond in February 2019.

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.

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 28. Details of related party transactions with Trustees are outlined on page 45.

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 a fall in student numbers or changes to the fees structure;
- 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;
- the risk of ongoing industrial action by academics against the broader University and/or colleges;
- 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.

HUGHES HALL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

Progress made against plans during the year

During the year the College made significant progress with developing its distinctive academic profile by launching the Bridge initiative that leverages the College's multi-disciplinary perspective, international nature and external focus to bring the research and expertise of its academic community to solve real world problems.

The College continued to review ways in which it could ensure that its physical infrastructure matches and facilitates its aspirations, and secured £10m in funding through a private placement in preparation for developments within the site.

The College launched a Senior Mentor scheme to provide further support to the undergraduate community.

Plans for the future

Hughes Hall purpose is to improve society worldwide through excellent teaching and research, bridging the academic and external worlds, and foster an interdisciplinary environment that is global in outlook, egalitarian in ethos and cosmopolitan in character.

To achieve this we shall:

1. Foster an interdisciplinary, inspirational and inclusive environment for our members.
2. Support mature undergraduate and postgraduate students in achieving their potential through personalised teaching, mentoring, welfare and funding.
3. Connect our academic talent with leaders in policy, practice and commerce, and enable lasting solutions to pressing problems through our translational initiative - the Bridge.

The College plans to ensure that its physical infrastructure matches and facilitates its aspirations. This will require additional land and buildings both for student accommodation and public spaces and providing study rooms for Fellows. We shall be looking to finance these new initiatives through a combination of long-term lending, continued control of our costs and by launching a new fund-raising campaign.

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

- **Academic** Develop a distinctive academic profile for the college as it continues to grow, based on translation of research into practice in our focus areas, building on previous initiatives to attract, develop and support all members of the academic community;
- **Bursarial** Build on the recent changes to instil a culture of excellence and continuous improvement in all aspects of our operations, so that we have the executional capability, financial strength and strategic adaptability to take advantage of the opportunities we identify;
- **Development** Raise more funds during the year for our fund-raising priorities, integrate the development team better with the rest of the College to improve our administration and stewardship of donations, and lead preparations for a major campaign.
- **Communications** Develop a new communications strategy and plan for the College which includes innovative campaign communications.

HUGHES HALL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

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 their duties by a number of Committees:

Admissions Committee
Audit Committee
Development Strategy Group
Estates Committee
Fellowships Committee
Finance Committee
Governance Committee
House Committee
Investments Committee
Prevent Committee
Remuneration Committee
Scholarships Committee
Staff Strategy Committee
Bridge Committee

All Committees meet at least twice per academic year.

4. The principal officers of the College are: Dr A Freeling (President), 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 consists of Mr N Brown, Dr M Bellamy, Mr P Dudley, Prof W Irish, Dr K Sengupta, Mr W Charnley and Mr N Gray.
6. There are Registers of Interests of Trustees, the Finance Committee and of the Audit Committee and other key personnel. Declarations of interest are made systematically at each of the meetings listed above.
7. The College's Trustees during the year ended 31 July 2019 are set out on page 3.

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

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 2019 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.
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 other 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 by the Finance Committee on behalf of Council;
 - regular reviews by the Council 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.

HUGHES HALL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2019

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.

Member of College Council and Governing Body
Date: 27.11.2019

HUGHES HALL

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL FOR THE YEAR ENDED 31 JULY 2019

Opinion

We have audited the financial statements of Hughes Hall for the year ended 31 July 2019 which comprise the Statement of principal Accounting Policies, the Consolidated Income and Expenditure Account, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2019, and of the Group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

HUGHES HALL

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL (continued) FOR THE YEAR ENDED 31 JULY 2019

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 Trustees' annual report is inconsistent in any material respect with the financial statements;
- sufficient accounting records have not been kept;
- 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.

Responsibilities of trustees

As explained more fully in the Responsibilities of the Governing Body, set out in the Trustee's Report, the Governing Body are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Charities Act 2011, s. 144 and report in accordance with regulations made under section 154 of that Act, in accordance with the College's Statutes and the Statutes of the University of Cambridge. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the College trustees, as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and the Charities Act 2011. Our audit work has been undertaken so that we might state to the College trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Price Bailey LLP
Chartered Accountants
Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ
Date

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

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2019

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 2015 (the SORP) and with Financial Reporting Standard FRS102 (FRS102).

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.

The functional and presentational currency of the College is GBP. The level of rounding applied is to the nearest £000.

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 22. Intra-group balances are eliminated on consolidation.

The Group assets show a lower level of reserves compared to the College as the latter includes administrative charges payable by its subsidiary Hughes Hall Ltd.

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. Charitable donations are recognised on receipt or when the College is entitled to the income and the value can be measured reliably. 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.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 JULY 2019

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.

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 and is recognised in the period in which the goods or services are delivered

Legacy accounting policy

For legacies, entitlement is taken as the earlier of the date of which either: the College is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the College has been notified of the executor's intention to make a distribution. Where legacies have been notified to the College, or the College is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.⁶⁴⁴

Cambridge Bursary Scheme

In 2018-19, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). The College reimbursed the SLC for the full amount and the University of Cambridge and other Colleges paid their shares to the College.

Each College shows the gross payment made to eligible students within education expenditure and the contribution from the University and other Colleges as income within academic fees and charges.

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.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 JULY 2019

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.

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 (on a straight line basis) over their expected useful life as follows:

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

Debtors

Short term debtors are measured at transaction price, less impairment.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 JULY 2019

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price.

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.

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.

Under the current rules of the scheme, Hughes Hall has always been a net recipient and not contributor.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 JULY 2019

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 Governing Body is 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. There are no current members of staff in the 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.

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 include investments (as noted earlier)

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

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 JULY 2019

31 July 2017. 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.

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.

Going concern

The Group's activities and financial position, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review which forms part of the Annual Report. The Governing Body has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial Instruments

The College only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income and Expenditure.

HUGHES HALL

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 JULY 2019

					2019					2018
	Note	Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total	Total
		£	£	£	£	£	£	£	£	£
Income										
Academic fees and charges	1	3,142,760	39,153	-	3,181,913	2,775,838	48,666	-	2,824,504	
Residences, catering and conferences	2	3,976,066	-	-	3,976,066	3,577,749	-	-	3,577,749	
Investment income	3	346,569	57,411	-	403,980	251,701	51,526	-	303,227	
Other income		78,591	-	-	78,591	91,256	-	-	91,256	
Total income before donations and endowments		7,543,986	96,564	-	7,640,550	6,696,544	100,192	-	6,796,736	
Donations		141,960	616,227	-	758,187	98,741	328,504	-	427,245	
Legacy Donations		-	-	-	-	500	-	-	500	
Capital grant from Colleges Fund				876,000	876,000	-	-	844,000	844,000	
Total income		7,685,946	712,791	876,000	9,274,737	6,795,785	428,695	844,000	8,068,481	
Expenditure										
Education	4	3,284,008	430,630	-	3,714,638	2,878,879	339,089	-	3,217,968	
Residences, catering and conferences	5	3,253,066	-	-	3,253,066	3,346,496	-	-	3,346,496	
Other expenditure	6	570,896	148,508	-	719,404	345,153	130,950	-	476,103	
Total expenditure before exceptional item	7	7,107,970	579,138	-	7,687,108	6,570,528	470,039	-	7,040,567	
Surplus/(deficit) before other gains and losses		577,976	133,653	876,000	1,587,629	225,258	(41,343)	844,000	1,027,914	
Gain on investments	10	466,008	(2,336)	(16,159)	447,513	829,599	5,390	36,293	871,282	
Surplus for the year		1,043,984	131,317	859,841	2,035,142	1,054,857	(35,953)	880,293	1,899,197	
Other comprehensive income										
Actuarial (loss) / gain in respect of pension schemes	21	(17,634)	-	-	(17,634)	23,635	-	-	23,635	
Total comprehensive income for the year		1,026,350	131,317	859,841	2,017,508	1,078,492	(35,953)	880,293	1,922,831	

HUGHES HALL

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2019

Group	Income and expenditure reserve			Revaluation reserve	Total
	Unrestricted	Restricted	Endowment		
	£	£	£	£	£
Balance at 1 August 2018	26,625,624	1,004,663	5,780,890	10,097,103	43,508,280
Surplus from income and expenditure statement	1,043,984	131,317	859,841	-	2,035,142
Other comprehensive income	(17,634)	-	-	-	(17,634)
Other transfers	-	-	-	-	-
Balance at 31 July 2019	27,651,974	1,135,980	6,640,731	10,097,103	45,525,788

College	Income and expenditure reserve			Revaluation reserve	Total
	Unrestricted	Restricted	Endowment		
	£	£	£	£	£
Balance at 1 August 2018	27,065,433	784,571	5,780,890	10,097,103	43,727,997
Surplus from income and expenditure statement	1,057,130	106,754	859,841	-	2,023,725
Other comprehensive income	(17,634)	-	-	-	(17,634)
Other transfers	-	-	-	-	-
Balance at 31 July 2019	28,104,929	891,325	6,640,731	10,097,103	45,734,088

Group	Income and expenditure reserve			Revaluation reserve	Total
	Unrestricted	Restricted	Endowment		
	£	£	£	£	£
Balance at 1 August 2017	25,547,132	1,040,616	4,900,596	10,097,103	41,585,447
Surplus from income and expenditure statement	1,054,857	(35,953)	880,293	-	1,899,197
Other comprehensive income	23,635	-	-	-	23,635
Other transfers	-	-	-	-	-
Balance at 31 July 2018	26,625,624	1,004,663	5,780,890	10,097,103	43,508,280

College	Income and expenditure reserve			Revaluation reserve	Total
	Unrestricted	Restricted	Endowment		
	£	£	£	£	£
Balance at 1 August 2017	25,982,415	825,783	4,900,596	10,097,103	41,805,897
Surplus from income and expenditure statement	1,059,383	(41,212)	880,293	-	1,898,463
Other comprehensive income	23,635	-	-	-	23,635
Other transfers	-	-	-	-	-
Balance at 31 July 2018	27,065,433	784,571	5,780,890	10,097,103	43,727,997

The notes on pages 28 to 45 form part of these accounts.

CONSOLIDATED AND COLLEGE BALANCE SHEET

AS AT 31 JULY 2019

		2019	2019	2018	2018
		Consolidated	College	Consolidated	College
	Note	£	£	£	£
Non-Current Assets					
Fixed assets	9	37,244,507	37,688,769	37,592,107	38,036,369
Investments	10	17,029,367	17,029,367	14,848,818	14,848,818
Current Assets					
Stocks	11	17,772	17,772	13,830	13,830
Trade and other receivables	12	504,057	504,330	334,592	334,411
Cash and cash equivalents	13	13,776,049	13,537,764	3,481,674	3,253,677
Creditors: amounts falling due within one year	14	(1,857,148)	(1,855,098)	(1,496,526)	(1,492,893)
Net current assets		12,440,730	12,204,768	2,333,570	2,109,025
Total assets less current liabilities		66,714,604	66,922,904	54,774,495	54,994,212
Creditors: amounts falling due after more than one year	15	(20,835,038)	(20,835,038)	(11,000,120)	(11,000,120)
Provisions					
Pension provisions		(353,778)	(353,778)	(266,095)	(266,095)
Total net assets		45,525,788	45,734,088	43,508,280	43,727,997
Restricted reserves					
Income and expenditure reserve – endowment reserve	16	6,640,731	6,640,731	5,780,890	5,780,890
Income and expenditure reserve – restricted reserve	17	1,135,980	891,325	1,004,663	784,571
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		27,651,974	28,104,929	26,625,624	27,065,433
Revaluation reserve		10,097,103	10,097,103	10,097,103	10,097,103
Total Reserves		45,525,788	45,734,088	43,508,280	43,727,997

The accompanying notes on pages 28 to 45 are an integral part of this balance sheet.

The financial statements were approved by the Governing Body on 27 November 2019 and signed on their behalf by:

Member of College Council and Governing Body

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2019**

		2019	2018
	Note	£	£
Net cash inflow from operating activities	18	2,486,551	1,390,265
Cash flows from investing activities	19	(1,448,146)	(1,700,244)
Cash flows from financing activities	20	9,255,970	(605,557)
Increase/(decrease) in cash and cash equivalents in the year		(10,294,375)	(915,536)
Cash and cash equivalents at beginning of the year		3,481,674	4,397,210
Cash and cash equivalents at end of the year	13	13,776,049	3,481,674

The notes on pages 28 to 45 form part of these accounts

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2019**

1. Academic fees and charges

	2019	2018
	£	£
College Fees		
Fee income received at the Regulated Undergraduate rate	342,813	326,813
Fee income received at the Unregulated Undergraduate rate	490,058	359,274
Fee income received at the Graduate rate	2,052,384	1,806,813
	<u>2,885,255</u>	<u>2,492,900</u>
Other income		
Research Fellow Support (funded through donations)	36,153	33,416
Bursaries (Cambridge Bursary Scheme and other donations)	257,505	282,939
Teaching and Other Income (funded through donations)	3,000	15,250
	<u>3,181,913</u>	<u>2,824,504</u>

2. Residences, catering and conference income

	2019	Restate
	£	2018
		£
Accommodation		
College members	2,751,009	2,655,172
Conferences (including meeting rooms)	426,544	229,082
Catering		
College Members and staff	603,835	545,818
Conferences	194,678	147,677
	<u>3,976,066</u>	<u>3,577,749</u>

3. Investment income

	Total	Total
	2019	2018
	£	£
Income from:		
Quoted securities	367,191	300,618
Income from short-term investments	36,789	2,609
	<u>403,980</u>	<u>303,227</u>

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

4. Education expenditure

	2019	2018
	£	£
Teaching	1,685,092	1,565,190
Tutorial	435,470	370,422
Admissions	224,946	195,572
Research	423,394	196,052
Scholarships and awards	757,863	675,489
Other educational facilities	187,873	215,243
Total (Note 7)	<u>3,714,638</u>	<u>3,217,968</u>

5. Residences, catering and conferences expenditure

	2019	Restate
	£	2018
		£
Accommodation		
College members	1,959,194	2,242,700
Conferences (including meeting rooms)	362,787	263,968
Catering		
College Members and staff	815,947	741,488
Conferences	115,138	98,341
Total (Note 7)	<u>3,253,066</u>	<u>3,346,496</u>

6. Other expenditure

	2019	2018
	£	£
Loan interest	102,922	107,434
Bond interest	480,399	332,902
Other expenditure	136,083	35,767
Total (Note 7)	<u>719,404</u>	<u>476,103</u>

7a. Analysis of 2019 expenditure by activity

	Staff costs	Other	Depreciation	Total
	(Note 8)	Operating		
	£	Expenses	£	£
		£		
Education (Note 4)	1,467,542	2,247,096	-	3,714,638
Residences, catering and conferences (Note 5)	1,237,290	1,607,009	408,767	3,253,066
Other (Note 6)	-	719,404	-	719,404
Total	<u>2,704,832</u>	<u>4,573,509</u>	<u>408,767</u>	<u>7,687,108</u>

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

7b. Analysis of 2018 expenditure by activity

	Staff costs (Note 8) £	Other Operating Expenses £	Depreciation £	Total £
Education (Note 4)	1,171,066	2,046,901	-	3,217,967
Residences, catering and conferences (Note 5)	1,090,795	1,848,489	407,212	3,346,496
Other (Note 6)	-	469,103	-	476,103
Total	<u>2,261,861</u>	<u>4,371,493</u>	<u>407,212</u>	<u>7,040,566</u>

Fundraising costs amounted to £250,598 (2018: £189,694). This expenditure does not include £63,300 (2018: £91,969) towards the costs of alumni relations.

7c. Auditors remuneration

Other operating expenses include:	2018 £	2017 £
Audit fees payable to the College's external auditors	18,150	17,640
Other fees payable to the College's external auditors	9,716	10,201
Total	<u>27,866</u>	<u>27,841</u>

8. Staff costs

	College Fellows 2019 £	Academic 2019 £	Non Academic 2019 £	Total 2019 £
Staff costs:				
Emoluments	430,967	334,666	1,615,261	2,380,894
Social Security costs	44,076	15,400	113,327	172,803
Other pension costs (see note 21)	72,878	8,474	69,783	151,135
	<u>547,921</u>	<u>358,540</u>	<u>1,798,371</u>	<u>2,704,832</u>

	College Fellows 2018 £	Academic 2018 £	Non Academic 2018 £	Total 2018 £
Staff costs:				
Emoluments	388,909	161,671	1,441,762	1,992,342
Social Security costs	39,654	12,613	98,706	150,973
Other pension costs (see note 21)	62,069	4,260	52,217	118,546
	<u>490,632</u>	<u>178,544</u>	<u>1,592,685</u>	<u>2,261,861</u>

Average number of staff (full time equivalents):

Academic	15	12
Non-academic	57	50
	<u>72</u>	<u>62</u>

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

8. Staff costs (continued)

At 31 July 2019 The Governing Body comprised of 62 (67 in 2017/18) Fellows (excluding the President) of which 17 (17 in 2017/18) 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 (2018: 4) members of the key management team and total remuneration and benefits were £285,159 (2018: £292,316).

9. Tangible assets

Group	Freehold land and buildings £	Motor vehicle £	Fixtures, fittings & equipment £	Kitchen equipment £	Total £
Cost/valuation					
At 1 August 2018	40,993,430	11,000	1,012,451	69,013	42,085,894
Additions	-	-	113,152	5,938	119,090
At 31 July 2019	40,993,430	11,000	1,125,603	74,951	42,204,984
Accumulated depreciation					
At 1 August 2018	3,630,629	2,200	833,232	27,726	4,493,787
Charge for the year	373,870	2,200	78,727	11,893	466,690
At 31 July 2019	4,004,499	4,400	911,959	39,619	4,960,477
Net book value					
At 31 July 2019	36,988,931	6,600	213,644	35,332	37,244,507
At 31 July 2018	37,362,801	8,800	179,219	41,287	37,592,107

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

9. Tangible assets (continued)

College	Freehold land and buildings £	Motor vehicle £	Fixtures, fittings & equipment £	Kitchen equipment £	Total £
Cost/valuation					
At 1 August 2018	41,437,692	11,000	1,012,451	69,013	42,530,156
Additions	-	-	113,152	5,938	119,090
At 31 July 2019	41,437,692	11,000	1,125,603	74,951	42,649,246
Accumulated depreciation					
At 1 August 2018	3,630,629	2,200	833,232	27,726	4,493,787
Charge for the year	373,870	2,200	78,727	11,893	466,690
At 31 July 2019	4,004,499	4,400	911,959	39,619	4,960,477
Net book value					
At 31 July 2019	37,433,193	6,600	213,644	35,332	37,688,769
At 31 July 2018	37,807,063	8,800	179,219	41,287	38,036,369

The insured value of freehold land and buildings as at 31 July 2019 was £35,644,684 (2018: £34,362,315).

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.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

10. Investments – College and Group

	2019	2018
	£	£
As at 1 August 2018	14,848,818	12,222,705
Additions	2,704,078	3,787,456
Disposal proceeds	(971,042)	(2,032,625)
Gain	447,513	871,282
As at 31 July 2019	17,029,367	14,848,818
Represented by:		
Quoted securities - equities	11,613,141	10,422,097
Quoted securities – bonds	1,622,513	1,566,568
Quoted securities – Multi-asset fund	1,609,347	1,488,827
Quoted securities – Alternatives & others	2,184,366	1,371,326
	17,029,367	14,848,818

11. Stocks and work in progress

	Group	College	Group	College
	2019	2019	2018	2018
	£	£	£	£
Goods for resale	12,394	12,394	9,808	9,808
Other stocks	5,378	5,378	4,022	4,022
	17,772	17,772	13,830	13,830

12. Trade and other receivables

	Group	College	Group	College
	2019	2019	2018	2018
	£	£	£	£
Members of the College	236,896	236,896	189,511	189,511
Other receivables	107,612	107,612	66,094	39,047
Prepayments and accrued income	159,549	159,549	78,987	78,987
Amounts due to subsidiary undertakings	-	273	-	26,866
Total	504,057	504,330	334,592	334,411

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

13. Cash and cash equivalents

	Group 2019 £	College 2019 £	Group 2018 £	College 2018 £
Short-term money market investments	12,444,049	12,444,049	2,976,750	2,976,750
Bank deposits	29,173	29,173	28,952	28,952
Current accounts	1,302,033	1,063,748	475,295	247,297
Cash in hand	794	794	677	677
	<u>13,776,049</u>	<u>13,537,764</u>	<u>3,481,674</u>	<u>3,253,676</u>

14. Creditors: amounts falling due within one year

	Group 2019 £	College 2019 £	Group 2018 £	College 2018 £
Bank loan	165,082	165,082	160,709	160,709
Trade creditors	155,006	155,006	103,038	103,038
Members of the College	96,232	96,232	73,539	73,539
University fees	557,202	557,202	393,527	393,527
Other taxes and social security	100,438	100,438	104,611	104,611
Accruals and deferred income	783,188	781,138	661,102	657,469
	<u>1,857,148</u>	<u>1,855,098</u>	<u>1,496,526</u>	<u>1,492,893</u>

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

	Group 2019 £	College 2019 £	Group 2018 £	College 2018 £
Bank loan and overdrafts	3,335,038	3,335,038	3,500,120	3,500,120
Private Placement Bonds	17,500,000	17,500,000	7,500,000	7,500,000
	<u>20,835,038</u>	<u>20,835,038</u>	<u>11,000,120</u>	<u>11,000,120</u>

Loan

The College restructured its loan arrangements, a new loan facility with Lloyds Bank and refinancing the previous loan with AIB into the new facility in 2016. The Lloyds facility allowed the College to purchase new student accommodation near to the main site.

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.

The College secured a new loan of £10 million in February 2019 in order to secure additional funding towards the planned development of the College estate, at a fixed interest rate of 3.05%. The loan is due for repayment in full on 2 February 2059.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

16. Endowment funds

Restricted net assets relating to endowments are as follows:

	Restricted Permanent endowments £	Unrestricted permanent endowments £	2019 Total £	2018 Total £
Group and College				
Balance at beginning of year	1,702,445	4,078,445	5,780,890	4,900,596
New donations and endowments	-	876,000	876,000	844,000
Increase / (decrease) in market value of investments	(16,159)	-	(16,159)	36,293
Balance at end of the year	<u>1,686,286</u>	<u>4,954,445</u>	<u>6,640,731</u>	<u>5,780,889</u>

Analysis by type of purpose:

Fellowship fund	45,357	-	45,357	45,815
Student support funds	457,118	-	457,118	461,731
Scholarship	1,098,811	-	1,098,811	1,109,899
Other funds	85,000	-	85,000	85,000
General endowments	-	4,954,445	4,954,445	4,078,445
	<u>1,686,286</u>	<u>4,954,445</u>	<u>6,640,731</u>	<u>5,780,890</u>

Analysis by asset

Property			3,000,000	3,000,000
Investments			3,640,731	2,780,890
			<u>6,640,731</u>	<u>5,780,890</u>

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019

17. Restricted Reserves

Reserves with restrictions are as follows:

Group

	Restricted income £	Restricted expendable endowment £	2019 Total £	2018 Total £
Balance at beginning of year	246,263	758,399	1,004,662	1,040,616
New donations	407,859	118,673	526,532	328,504
Investment income	-	57,411	57,411	51,526
Increase in market value of investments		(2,336)	(2,336)	5,390
Expenditure	(306,300)	(143,989)	(450,289)	(421,374)
Transfer	64,131	(64,131)	-	-
Balance at end of year	411,953	724,027	1,135,980	1,004,663

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

Fellowship Funds	12,973	12,007	24,980	7,865
Scholarship Funds	66,970	391,497	458,467	453,445
Prize Funds	-	7,910	7,910	8,609
Student Support Funds	-	156,754	156,754	140,139
Other Funds	240,282	155,859	396,141	376,738
Bridge Centres	91,728	-	91,728	38,217
	411,953	724,027	1,135,980	1,004,663

Analysis by asset

Investments	211,319	198,046
Cash	924,660	806,617
	1,135,980	1,004,663

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

17. Restricted Reserves (continued)

College

	Restricted income £	Restricted expendable endowment £	2019 Total £	2018 Total £
Balance at beginning of year	26,172	758,400	784,571	825,782
New donations	402,388	118,673	521,061	322,775
Investment income	-	57,411	57,411	51,526
Increase/(decrease) in market value of investments	-	(2,336)	(2,336)	5,390
Expenditure	(325,393)	(143,989)	(469,382)	(420,902)
Transfer	64,131	(64,131)	-	-
Balance at end of year	167,298	724,027	891,325	784,571

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

Fellowship Funds	12,973	12,007	24,980	7,865
Scholarship Funds	66,970	391,497	458,467	453,445
Prize Funds	-	7,910	7,910	8,609
Student Support Funds	-	156,754	156,754	140,139
Other Funds	(4,373)	155,859	151,486	156,645
Bridge Centres	91,728	-	91,728	38,217
Travel Funds	-	-	-	(20,352)
	167,298	724,027	891,325	784,571

Analysis by asset

Investments	211,319	198,046
Cash	680,006	586,525
	891,325	784,571

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

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

	2019	2018
	£	£
Surplus for the year	2,017,508	1,922,831
Adjustment for non-cash items:		
Depreciation	466,690	442,871
Gain on endowments	(447,513)	(871,282)
(Increase) / Decrease in stock	(3,942)	4,257
(Increase) / Decrease in debtors	(169,465)	103,295
Increase / (Decrease) in creditors	356,250	(323,985)
Increase / (Decrease) in provisions	87,683	(24,833)
Adjustment for investing or financing activities:		
Investment Income	(403,980)	(303,227)
Loan interest payable	102,922	107,434
Bond interest payable	480,399	332,902
Net cash inflow from operating activities	2,486,551	1,390,265

19. Cash flows from investing activities

	2019	2018
	£	£
Non current investment disposal	971,042	2,032,625
Investment income	403,980	303,227
Endowment funds invested	(2,704,078)	(3,787,454)
Withdrawal of deposits	-	-
Payments to acquire tangible fixed assets	(119,090)	(248,640)
Net cash inflow / (outflow) from investing activities	(1,448,146)	(1,700,244)

20. Cash flows from financing activities

	2019	2018
	£	£
Loan interest paid	(102,922)	(107,434)
Bond interest paid	(480,399)	(332,902)
New secured loans	10,000,000	-
Repayment of amounts borrowed	(160,710)	(165,221)
Net cash (outflow) / inflow from financing activities	9,255,969	(605,557)

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019**

21. Pension Schemes

Universities Superannuation Scheme (USS)

The total cost charged to the profit and loss account is £69,303 (2018: £2,036)

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2018 is underway but not yet complete.

Since the institution cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth valuation for the scheme 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 £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2019	2018
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. <u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. <u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

21. Pension Schemes (continued)

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

On 13 September 2019 the actuarial valuation of the Retirement Income Builder section of the Scheme was finalised. The latest valuation has resulted in new, lower contribution rates, which replace the rates under the 2017 valuation as follows:

	Contribution rates 2017 valuation		Contribution rates 2018 valuation	
	01.10.2019 – 31.03.2020	From 01.04.2020	01.10.2019 – 31.03.2020	From 01.04.2020
Members	10.4%	11.4%	9.6%	11.0%
Employers	22.5%	24.2%	21.1%	23.7%
Total	32.9%	35.6%	30.7%	34.7%

The College has chosen to show the effect on the pension scheme deficit in these accounts and this has had the effect of reducing the pension scheme liability to £151,368 as opposed to the disclosure under the 2017 scheme above of £236,444.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

21. Pension Schemes (continued)

Cambridge Colleges Federated Pension Scheme (CCFPS)

The College operates a defined benefits plan for the College's employees of the Cambridge Colleges' Federated Pension Scheme. The College has no current employees who are members of the scheme

The liabilities of the plan have been calculated, at 30 June 2019, for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, 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 were as follows:

	30 June 2019	30 June 2018
	% p.a.	% p.a.
Discount rate	2.25	2.70
Retail Prices Index (RPI) assumption	3.40	3.25
Consumer Prices Index (CPI) assumption	2.40	2.25

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2017 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2018: S2PA with CMI_2017 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.8 years (previously 21.9 years).
- Female age 65 now has a life expectancy of 24.0 years (previously 23.8 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.1 years (previously 23.3 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.5 years (previously 25.4 years).

The amounts recognised in the Balance Sheet as at 30 June are as follows:

	2019	2018
	£	£
Present value of plan liabilities	(829,827)	(781,760)
Market value of plan assets	627,416	595,995
Net defined benefit liability	<u>(202,411)</u>	<u>(185,765)</u>

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

21. Pension Schemes (continued)

The amounts recognised in Profit and Loss for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows.

	2019	2018
	£	£
Current service cost	-	-
Administrative expenses	3,811	3,759
Interest on net defined benefit (asset)/liability	5,071	5,516
	<u>8,882</u>	<u>9,275</u>
Total	<u>8,882</u>	<u>9,275</u>

Changes in the present value of the plan liabilities for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2019	2018
	£	£
Present value of plan liabilities at beginning of period	781,760	810,977
Current service cost	-	-
Benefits paid	(34,052)	(32,919)
Interest on plan liabilities	20,651	20,660
Actuarial losses (gains)	61,468	(16,958)
	<u>829,827</u>	<u>781,760</u>
Present value of plan liabilities at end of period	<u>829,827</u>	<u>781,760</u>

Changes in the fair value of the plan assets for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2019	2018
	£	£
Market value of plan assets at beginning of period	595,995	600,982
Contributions paid by the College	9,870	9,870
Benefits paid	(34,052)	(32,919)
Administrative expenses paid	(4,149)	(4,377)
Interest on plan assets	15,580	15,144
Return on assets, less interest included in Profit & Loss	44,172	7,295
	<u>627,416</u>	<u>595,995</u>
Market value of plan assets at end of period	<u>627,416</u>	<u>595,995</u>
Annual return on plan assets	59,752	22,439

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

21. Pension Schemes (continued)

The major categories of plan assets for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2019	2018
Equities	57%	64%
Bonds and cash	34%	30%
Property	9%	6%

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

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2019	2018
	£	£
Return on assets, less interest included in Profit & Loss	44,172	7,295
Expected less actual plan expenses	(338)	(618)
Experience gains and losses arising on plan liabilities	(5,574)	(9,534)
Changes in assumptions underlying the present value of plan liabilities	(55,894)	26,492
Remeasurement of net defined liability recognised in OCI	(17,634)	23,635

Movement in net defined benefit asset/(liability) during the year ending 30 June 2019 (with comparative figures for the year ending 30 June 2018) are as follows:

	2019	2018
	£	£
Net defined benefit asset/(liability) at beginning of year	(185,765)	(209,995)
Recognised in Profit and Loss	(8,882)	(9,275)
Contributions paid by the College	9,870	9,870
Remeasurement of net defined liability recognised in OCI	(17,634)	22,635
Net defined benefit asset/(liability) at end of year	(202,411)	(185,765)

Funding Policy

Actuarial 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 actuarial valuation are different to those adopted under FRS102.

The last such actuarial valuation was as at 31 March 2017. 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 28 June 2018 and are as follows:

- Annual contributions of not less than £6,111 per annum payable for the period from 1 July 2018 to 31 August 2032.

These payments are subject to review following the next funding valuation, due as at 31 March 2020.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

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 £77,679 (2018: £60,775).

The total pension cost for the College for the year to 31 July 2019 (see note 8) was as follows:

	2019	2018
	£	£
USS: Employer contributions	73,456	62,725
Stakeholder Scheme: Employer contributions	77,679	60,775
	<u>151,135</u>	<u>123,500</u>

22. Subsidiary Undertakings

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

Elizabeth Phillips Hughes Hall Company has changed its name to Hughes Hall Conference Company Limited (HHCCCL) with Companies House on 26th June 2019. It is now active from 1st August 2019.

At 31 July 2019, HHL had net assets totalling £nil (2018: £396) and the loss for the year ended was £396 (profit for the year 2018: £ 394).

At 31 July 2019, HHHKL had net assets totalling £235,961 (2018: £224,148) and the deficit after tax for the year ended was £5,500 (profit after tax 2018: £3,943).

At 31 July 2019, EPHHC has reserves of £nil and had no profit or loss for the year then ended.

Below is the summary activity of each subsidiary undertaking:

Undertaking	Company Numbers	Activity	Incorporation	%
Hughes Hall Limited (HHL)	03238129	Design and build of new residential accommodation	United Kingdom	100%
Hughes Hall (Hong Kong) Limited (HHHKL)	1661877	Providing advancement and promotion of learning and education at Hughes Hall, University of Cambridge	Hong Kong	100%
Elizabeth Phillips Hughes Hall Company (EPHHC)	00038077	Dormant	United Kingdom	100%

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2019

23. Related Party Transactions

No Trustee is remunerated for being a Trustee. Trustees are required to make disclosure of potential conflicts of interest at all College Committee meetings. A register of interests for all Trustees is maintained by the College.

The Trustees are remunerated for specific College offices which have associated duties of Teaching, Tutorial, Research, and Administration. The Trustees remuneration is overseen by the Remuneration Committee.

The salaries paid to Trustees in the year are summarised in the table below:

From	To	2019 Number	2018 Number
£1	£10,000	8	7
£10,001	£20,000	-	1
£20,001	£30,000	4	5
£30,001	£40,000	2	1
£40,001	£50,000	-	1
£50,001	£60,000	-	-
£60,001	£70,000	2	1
£70,001	£80,000	-	1
£80,001	£90,000	1	-
£90,001	£100,000	-	-
	Total	17	17

The total Trustees' salaries were £430,967 for the year (2018: £388,909). No individual Trustee's salary exceeded £100,000 during the year.

During the year 2 Trustees waived their right to remuneration totalling £52,040 (2018: 2 Trustees waived £51,149). The cost of the salaries have been included within these accounts and a matching donation shown within income.

11 Trustees also received grants from the College towards their research totalling £6,333 (2018: none) under a new initiative to support Fellows' research.

In the 2018/19 financial year, 3 Trustees were also Trustees/Directors of other organisations which had transactions with Hughes Hall. Neither of the Hughes Hall trustees had significant control of the other organisation. The value in 2018/19 was £7,127,669 (2018: £863,968) for the three organisations which were the University of Cambridge, the Cambridge Trust and Cambridge Venue Company Limited.

No disclosure of transactions with Hughes Hall Limited or Hughes Hall Hong Kong Limited has been made as those financial statements at 31 July 2019 have been consolidated into these financial statements.