

**Charity Registration No: 1137471**

# **HUGHES HALL**

**RECOMMENDED CAMBRIDGE  
COLLEGE ACCOUNTS**

**FOR THE YEAR ENDED**

**31 JULY 2013**

# HUGHES HALL

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

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# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2013

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### The College

The College owes its origins to the Cambridge Training College for Women founded in 1885 which was subsequently incorporated under the Companies Acts and changed its name to the Elizabeth Phillips Hughes Hall Company on 1 October 1950. It continued to admit only women training to become teachers until 1968 when it admitted other women graduates and, in that same year, became an Approved Society in the University. In 1973 it admitted its first male students and in 1985 became an Approved Foundation of the University. It petitioned for the grant of a Charter of Incorporation which was given under the title of 'The President and Fellows of Hughes Hall in the University of Cambridge' in July 2006; it is now known as 'Hughes Hall' and is one of 31 self-governing colleges within the University of Cambridge.

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

### Objectives

The objectives of the College are to:

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

### Public Benefit

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

In terms of Access, the University maintains a target figure of 61-63% for maintained sector students. In 2012, 71.4% of successful UK applicants to Hughes Hall were from the maintained sector, compared with 63.3% for the University as a whole.

It would not be cost effective for the College to run an outreach programme on its own (Home students are accepted from all regions of the United Kingdom) and there are currently students from about 70 different nations within the College undertaking a wide range of courses.

### Administration of the College

#### Governing Body

The Governing Body, comprising the President and Fellows, is responsible for the governance of the College; it meets formally once or twice per term and on other occasions if necessary. The President and Fellows are accountable to the Governing Body and are the trustees.

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

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

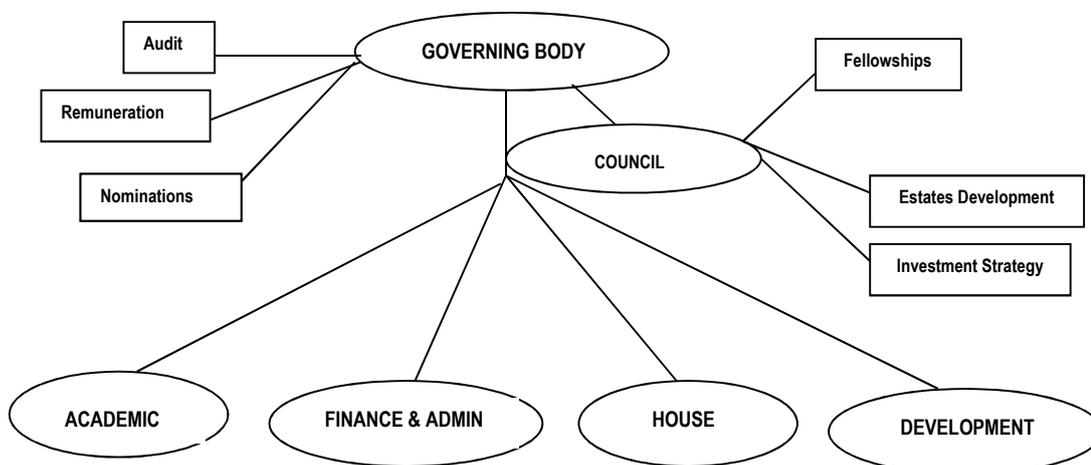
Although the College is a legally autonomous body it exists within the federal structure of the University. Matters of concern to all colleges are discussed and enacted through a system of University-wide committees including the Colleges' Committee of which all Heads of House are members, the Senior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

# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2013

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The trial internal Committee structure has continued as previously. The following diagram shows the main structure. In June 2013 Governing Body approved a replacement trial structure, which will come into place in October 2013.



### REVISED COMMITTEE STRUCTURE

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

#### College Council

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

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

#### Academic Committee

An Academic Committee meets termly. Sub-committees reporting to the Academic Committee are Scholarships and Learning Resources.

#### Finance and Administration Committee

The Finance and Administration Committee meets termly. Sub-committees reporting to the Finance and Administration Committee are the Budget Committee, Administrative IT Committee and Health and Safety at Work Committee.

#### House Committee

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

#### Development Committee

The Development Committee meets termly.

# HUGHES HALL

## REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Trustees

Head of House      Squire, Mrs Sarah L (President)\*

### Fellows

Affara, Professor Nabeel A*	Marteau, Professor Teresa (Retired 28/11/2012)
Barker, Dr John H (Acting Deputy Vice-President, Easter Term 2012)*	Melville, Dr Sara E
Barrett, Professor Michael	Mercer, Professor Neil M (Pro-Vice-President)*
Bayer, Dr Bernhard C	Mogull, Mr Marc
Blamire, Professor Mark (Retired 14/12/2012)	Nuttall, Professor William J
Berg Rust, Mr Richard (Development Director)	Palmer, Dr Christopher R
Bonaccorso, Dr Francesco	Parlikad, Dr Ajith
Britton, Mr Peter	Phippen, Mr Mark
Bruna, Dr Matteo	Piccirillo, Dr Sara G M
Buckley, Professor	Powell, Professor Jonathan*
Mary Burton, Dr Hilary*	Rawlings, Mr John B
Charnley, Mr William F	Redmond, Dr Aisling
Crawford, Dr Megan	Roughley, Dr Corinne
Devereux, Dr Bernard J (Vice-President)*	Ruthven, Professor Kenneth B
Dowdall, Dr Rachel	Sacchi, Dr Marco
Durrell, Dr John (Retired 25/06/2013)	Sargent, Dr Carole A*
Franklin, Dr Michael J (Praelector)*	Siklos, Dr Paul W L
Freeling, Dr Anthony	Singal, Dr Nidhi
Gehring, Dr Markus W	Smith, Dr Seth (Retired 28/02/2013)
Goodwin, Dr Normann	Stefflova, Dr Klara (Retired 5/02/2013)
Gronn, Professor Peter	Taylor, Mr Neil E (Bursar)*
Hodge, Professor Ian D	Taylor, Dr Jonathan (Retired 8/03/2013)
Johnston, Dr Philip (Senior Tutor)*	Taylor, Mr Roger
Kaufman, Professor James F	Toner, Dr Jeremy P
Kumar, Dr Chetan (Retired 31/03/13)	Turin, Dr Mark
Lambert, Dr Jean F	Veal, Dr Robyn
Lemons, Mr Anthony D*	Wakeford, Mr Richard E*
Lockhart, Dr Alastair S*	Weller, Professor Marc
Long, Dr Grainne	White, Dr Jessica
	Winter, Dr Robert
	Zimmern, Dr Ronald L

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

# HUGHES HALL

## REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Advisers

Auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors The Quorum Barnwell Road Cambridge CB5 8RE
Solicitors	Ashton KCJ Chequers House 77-81 Newmarket Road Cambridge CB5 8EU  Taylor Vinters Merlin Place Milton Road Cambridge CB4 0DP  Mills & Reeve Francis House 112 Hills Road Cambridge CB2 1PH
Bankers	HSBC Bank plc. Vitrum St John's Innovation Park Cambridge CB4 0DS  Allied Irish Bank (GB) PO Box 52496 Hampstead London NW3 9ED
Fund Managers	Cazenove Fund Management Ltd 12 Moorgate London EC2R 6DA

# HUGHES HALL

## REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Academic Report

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

### Student Numbers

Figures for all fee-paying students in mid-year (Jan 2013) were as follows. Note that 'fee-paying' does not include students who are intermitting or beyond their official end-term (e.g. PhD writing up).

	Full-time	Subject	No.	Part-time	Subject	No.
<i>Undergraduate</i>	BA	Various	60			
	CGCM	Medicine	27			
<i>1-yr Graduate</i>	MPhil	Various	105	MSt	Religion	1
	PGCE	Education	36	MEd	Education	22
	MBA & MFin	Business	43	Exec MBA	Business	13
	LLM	Law	28			
	MASt	Maths/Physics	13			
	Other	Various	21			
<i>PhD</i>	PhD	Various	162	PhD	various	7
<b>Totals</b>			<b>495</b>			<b>43</b>

These figures show that almost half our full-time students (246/495) are on 1-year courses, although a number of such students continue on to PhDs.

### Financial Support

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

#### Scholarships and Bursaries

This fund is administered by the Academic Committee. Awards are made on the criteria of academic merit and contribution to college life, with annual review of both. In 2012-13 there were two new scholarships and three ongoing, plus one new bursary and five on-going. This fund also makes a college contribution to student recipients of Cambridge Bursaries. The total given to scholarships and bursaries was c. £57,000.

# HUGHES HALL

## REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Travel Fund

A travel fund is administered by the Senior Tutor on behalf of and in consultation with the tutorial team, with awards of normally £250 per applicant per year. This is mostly for students doing PhD research or a CGCM elective, and is very occasionally offered to others for whom travel is a requirement of the course. In 2012-13, awards were made to 42 students totalling c. £10,000.

### President's Discretionary Fund and Senior Tutor's Innominate Fund

These funds are for specific needs as determined by the relevant officer. The budget for each fund is £10 per full time student which is drawn from College Fees. In 2012-13, the amounts spent were £5,019 and £5,637 respectively.

### **Community Life**

The main strength of the Cambridge collegiate system is that it provides not only residence and dining facilities but also a genuine thriving academic and cultural life. Here aspiring scholars can mix with others from different disciplines, both students and fellows, and develop their minds through stimulus and challenge. In 2012-13 events in College included:

- 'Hat Club': occasional presentations by students and Fellows, organised by the student body.
- Margaret Wileman Music Society concerts.
- Hughes Hall Medical Lecture.
- Hughes Hall City Lecture.
- Kathleen Hughes Memorial Lecture, in co-operation with Dept of Anglo-Saxon, Norse & Celtic.
- Hughes Hall Academic Evening, organised by the student body.

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

It also provides special dinners for invited students and guests:

- Five Matriculation Dinners (one paid by a benefactor)
- Medical Dinner (paid by a benefactor)
- Law Dinner (paid by a benefactor)
- City Dinner
- Scholars' Dinner, for college scholars and prize-winners
- PhD Dinner, for college PhD students and their supervisors
- Completion Dinner and Graduation Dinner, for leaving students

### **Tutorial Support**

In 2012-13 Hughes Hall had 9 tutors, each with responsibility for approximately 65 full-time students. Tutors see undergraduates every term, and graduates at the start of their course and then on request. Tutors are an important source of support, both for regular matters like grant applications, and for occasional difficulties, whether personal, financial, or academic.

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

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

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

# HUGHES HALL

## REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### Computer Support

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

### Sport

There are several college sports clubs, and a number of students participate in university teams. Hughes Hall supports the college boats, and individual students in university clubs. As often, in 2012-13 Hughes Hall was well represented in the two best known sports of rugby and rowing.

### Financial Review

#### Income and Expenditure

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

Year ended 31 July	2013 £	2012 £	2011 £	2010 £	2009 £
<b>Income</b>					
Academic Fees	1,389,993	1,501,660	1,486,641	1,368,412	1,304,475
Residences, catering and conferences	1,946,458	1,824,945	1,705,529	1,644,751	1,627,299
Endowment income and donations	246,264	197,009	525,036	192,529	273,291
Other income	140,133	55,096	52,196	38,802	40,601
<b>Total Income</b>	<b>3,722,848</b>	<b>3,578,710</b>	<b>3,769,402</b>	<b>3,244,494</b>	<b>3,245,666</b>
<b>Expenditure</b>					
Education	1,613,784	1,529,654	1,519,220	1,373,986	1,417,582
Residences, catering and conferences	1,801,675	1,874,372	1,672,224	1,585,509	1,491,528
Other	21,990	25,617	12,962	13,528	14,946
<b>Total expenditure</b>	<b>3,437,449</b>	<b>3,429,643</b>	<b>3,204,406</b>	<b>2,973,023</b>	<b>2,924,056</b>
<b>Operating Surplus for the year</b>	<b>285,399</b>	<b>149,067</b>	<b>564,996</b>	<b>271,471</b>	<b>321,610</b>
<b>Transfer to Accumulated Income Within Restricted Capital</b>	(91,539)	(186,808)	(311,967)	(29,656)	(18,027)
<b>Net surplus/(deficit)</b>	<b>193,860</b>	<b>(37,741)</b>	<b>253,029</b>	<b>241,815</b>	<b>303,583</b>
Add back: depreciation	278,045	277,859	282,497	284,809	288,793
<b>Net surplus before depreciation</b>	<b>471,905</b>	<b>240,118</b>	<b>535,526</b>	<b>526,624</b>	<b>592,376</b>

The year was challenging mirroring the global financial situation. Despite a reduction in student fee income, overall income increased as a result of greater utilisation of student accommodation and there was an improved return on investment income and donations. College expenditure increased primarily on education itself. There was a reasonable operating surplus and, after making appropriate provision for depreciation, the College showed a net operating surplus for the year.

# HUGHES HALL

## REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Funding

#### Academic Fees

Academic fees consist of the college fee and grants to support teaching and research. Of these, the most significant is the fee paid to the College on behalf of the students by the University from its HEFCE grant towards the cost of admitting and supervising publicly-funded undergraduates and providing tutorial support, social and recreational facilities. In 2012-13 this payment amounted to £285,289 which equated to 20% of total income for 100 students including publicly-funded undergraduate, PGCE students and clinical medical students. The College received £3,951 for each publicly-funded undergraduate and set a fee of £4,800 for those privately funded.

#### The Colleges' Fund

The College received a grant of £537,000 from the College's fund towards the College's Endowment; this has been added to existing funds managed by the Fund Managers, Cazenove Capital.

#### Remuneration

The Remuneration Committee is required by the Governing Body to make recommendations on the level of remuneration and other direct and indirect benefits of the President, Fellows and College Officers of Hughes Hall, and to have oversight of the overall processes used to determine all other salaries within the College. The Committee made its first annual report to the Governing Body in the Michaelmas Term 2012.

#### Development and Fundraising

The College continues to enhance its activities in respect of Alumni Relations, broader development activities and fundraising, with the objective of benefiting all students of the College and the wider collegiate academic community.

To assist with these initiatives the staffing of the Alumni Relations and Development Office has been increased to the level envisaged in the Strategic Development Plan, (to 4 FTE staff) enabling additional alumni relations outreach and fundraising activities.

The College continues to seek to engage with its alumni through a range of communications channels. The College newsletter *News from Hughes* is sent twice a year to around 4,800 alumni globally. An e-bulletin is sent at least termly to all alumni with known e-mail addresses and additional communications are sent to notify alumni of events relevant to their locality or subject. Alumni are invited to College events and some act as advisors or mentors to students via College societies such as the Hughes Hall Business Society and the Law Society. We continue to seek to identify and contact those alumni whose addresses and details are no longer known to the College and have expanded our social media initiatives on LinkedIn, Facebook and Twitter to engage with these and also with more recent graduates from the College. We have set up a vehicle for tax-efficient giving for our supporters in Hong Kong and made visits to alumni in both Hong Kong and the United States, where we continue to work through Cambridge in America to communicate and reach out to our US alumni.

A series of dinners and lectures in the core areas of the College's academic activities are held annually. The dinners form an opportunity for students, Fellows and Alumni of the College to meet with other guests from academia and the business world. Several of these events are generously sponsored by donors, including the Ogden Matriculation Dinner (Education), the Zimmern Medical Lecture and Dinner, and the Charnley Law Dinner. In addition, several events ranging from academic presentations to concert performances were held during the year and attended by a diverse group of alumni, along with social events such as London Drinks and our Summer Garden Party.

# HUGHES HALL

## REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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The College's Telethon took place between June 22<sup>nd</sup> and July 7<sup>th</sup>, and we were fortunate in recruiting a highly motivated and talented student team of 10, with both mature undergraduates and postgraduates taking part. During the campaign we spoke to over 400 alumni and secured just over £50,000 in support for the College.

### Conferences

The College attracts modest conference activity which generates a positive cash surplus which contributes to the overall operating surplus. There has been a move, within the last couple of years, to expand our residential conferencing during the summer Long Vacation. In addition to the long-standing arrangements with Carleton College and TWCU, we are targeting smaller, one-off conferences. We have also opened up our accommodation to Alumni and others with a connection to the College during July, August and September and this has generated significant income for the College and is a source of tax revenue for HMRC from charges for VAT.

### Investments

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

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

### Cash Flow

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

### Reserves

The College's unrestricted funds and reserves amount to £26 million and are represented in the balance sheet by the College's operational buildings which are used for teaching and residential purposes and by part of the investment portfolio. The College takes a long-term view of the investment portfolio and has adopted a policy of reinvesting dividends to assist growth to strike a balance between the needs of present members and future generations. Performance is reviewed by an Investments Committee twice yearly.

Charitable donations are recognised on receipt and are lodged in an Amalgamated Fund. Income is drawn down from those which are Restricted – currently at a rate of 3% per annum for allocation in accordance with the donor's wishes.

# HUGHES HALL

## REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Risk Management

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

- primary sources of income are the College Fee, student rental income, and modest conference income;
- Endowment is small in comparison with other Colleges of the University and it has adopted a policy of re-investing income from the Endowment for growth; and
- In the present economic climate raising endowments and attracting donations is difficult.

### The Environment

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

- The aim is to reduce gross energy consumption by 20% over five years (effective start date was 1 April 2010) based on consumption figures for 2008-09.
- A 33kW photo-voltaic array has been installed on the Fenner's Building.
- It has installed additional metering to provide data on energy consumption.
- It is working towards implementing a strict recycling policy and moved to mixed-waste recycling in October 2012.
- A survey of all buildings has been carried out to assess energy efficiency; a programme of remedial action is in hand.
- New, more efficient boilers have been installed in both Wollaston Lodges and the Margaret Wileman Building in the last two years and likewise in the Fenners Building where both boilers need to be replaced prematurely because of failures.
- A number of windows in the Margaret Wileman Building have been upgraded to improve draught-proofing. There is a plan in place to upgrade the remaining windows in this building over the next few years.

### Assets Held on Behalf of Other Charities

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

# HUGHES HALL

## REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Strategic Plan and Outlook

An on-going review of the College's long-term strategy is in progress, with the engagement of the Trustees and other stakeholders.

The Governing Body continues actively to examine ways of increasing its stock of student rooms and discussions have been held on the most cost effective means of financing the necessary expansion in student accommodation.

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

The decision to protect the Endowment Fund has been taken to provide a cushion against such potential revenue loss. Investment return has been reasonable, and it is growing steadily.

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

### Capital Programme

#### Buildings

Year	Location	No. of Student Rooms
1896	Margaret Wileman Building	38
	Wollaston Lodges	23
1992	Chancellor's Court	35
1995	Centenary Building	33
	College Houses	71
2004	Fenners Building	77
TOTAL		259 single + 6 double

#### Restoration and Major Refurbishment

Year	Location	No. of Student Rooms
2007	Margaret Wileman Building	38
2009-13	College Houses	71
2010	Wollaston Lodges	23

Proper maintenance of the buildings, which have an insured value of £35,864,656, is an essential investment in the College's future. For the past decade, a rolling programme of maintenance and refurbishment has been instituted to bring the buildings up to modern standards. All College Rooms meet the Houses in Multiple Occupancy standards and 45% are en-suite. As a priority, ways are being examined to provide more College-owned student accommodation within the available resources

# HUGHES HALL

## RESPONSIBILITIES OF THE GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2013

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### Responsibilities of the Governing Body

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

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

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

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

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

# HUGHES HALL

## REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL *FOR THE YEAR ENDED 31 JULY 2013*

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We have audited the financial statements which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

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

### **Respective Responsibilities of the Governing Body and Auditors**

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

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

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

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

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

### **Basis of Audit Opinion**

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

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

# HUGHES HALL

## REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the College's affairs as at 31 July 2013 and of its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge;
- the information given in the Report of the Trustees is consistent with the financial statements; and
- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

**Price Bailey LLP**

**Chartered Accountants  
Statutory Auditors**

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

**Dated: 21 November 2013**

# HUGHES HALL

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2013

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### **Basis of preparation**

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

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 7.

### **Basis of accounting**

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

### **Consolidation**

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

### **Recognition of income**

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

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

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

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

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

# HUGHES HALL

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Pension schemes

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

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

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

### Tangible fixed assets

#### a. Land and buildings

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

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

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

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

#### b. Maintenance of premises

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

#### c. Furniture, fittings and equipment

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

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

# HUGHES HALL

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### Tangible fixed assets (continued)

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

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

### Investments

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

### Stocks

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

### Provisions

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

### Taxation

The College is a registered charity (number 1137471).

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

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

### Contribution under Statute G,II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. The contribution is used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants.

# HUGHES HALL

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2013

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	Note	2013 £	2012 £
<b>Income</b>			
Academic fees and charges	1	1,389,993	1,501,660
Residences, catering and conferences	2	1,946,458	1,824,945
Investment income	3	240,276	191,835
Donations and beneficiaries	4	5,988	5,174
Other income		140,133	55,096
<b>Total income</b>		<u>3,722,848</u>	<u>3,578,710</u>
<b>Expenditure</b>			
Education	5	1,613,784	1,529,654
Residences, catering and conferences	6	1,801,675	1,874,372
Other		21,990	25,617
<b>Total expenditure</b>	7	<u>3,437,449</u>	<u>3,429,643</u>
<b>Operating surplus</b>		285,399	149,067
Transfer to accumulated income within restricted expendable capital (unspent income for the year from Trust Funds carried forward)		91,539	186,808
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>193,860</u>	<u>(37,741)</u>

All of the above results derive from continuing operations.

# HUGHES HALL

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2013

	Note	Restricted Funds Collegiate Purposes £	Unrestricted Funds £	Total 2013 £	Total 2012 £
Balance as at start of year		1,556,423	22,971,929	24,528,352	23,854,350
Retained surplus/(deficit) for the year		-	193,860	193,860	(37,741)
Unrealised gains/(losses) on investments	9	307,941	1,124,713	1,432,654	(13,290)
Spent trust or other restricted fund income retained by funds		91,539	-	91,539	186,808
Capital grant received from College Fund		-	557,000	557,000	561,000
Miscellaneous capital receipts		-	10,815	10,815	29,354
Restricted permanent capital receipts		97,008	-	97,008	45,949
Restricted permanent capital payments		(67,028)	-	(67,028)	(6,769)
Actuarial gains/(losses) on pension scheme assets and liabilities		-	(31,888)	(31,888)	(91,309)
Total recognised gains for the year		429,460	1,854,500	2,283,960	674,002
Balance as at end of year	14	1,985,883	24,826,429	26,812,312	24,528,352

# HUGHES HALL

## BALANCE SHEET AS AT 31 JULY 2013

	Note	2013 £	2012 £		
<b>Fixed assets</b>					
Tangible assets	8	16,659,961	16,924,992		
Investments	9	10,329,564	9,641,569		
		<u>26,989,525</u>	<u>26,566,561</u>		
<b>CURRENT ASSETS</b>					
Stock		11,997	15,301		
Debtors	10	128,182	117,835		
Cash	11	2,258,896	322,027		
		<u>2,399,075</u>	<u>455,163</u>		
<b>Creditors: amounts falling due within one year</b>	12	<u>(745,937)</u>	<u>(621,591)</u>		
<b>Net current assets/(liabilities)</b>		<u>1,653,138</u>	<u>(166,428)</u>		
<b>Total assets less current liabilities</b>		<u>28,642,663</u>	<u>26,400,133</u>		
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(1,685,918)</u>	<u>(1,759,236)</u>		
<b>Net assets excluding pension liabilities/asset</b>		<u>26,956,745</u>	<u>24,640,897</u>		
<b>Pension liability</b>	17	<u>(144,433)</u>	<u>(112,545)</u>		
<b>NET ASSETS including pension liability</b>		<u><u>26,812,312</u></u>	<u><u>24,528,352</u></u>		
<b>Represented by</b>					
	Note	<b>Restricted funds 2013 £</b>	<b>Unrestricted funds 2013 £</b>	<b>Total 2013 £</b>	<b>Total 2012 £</b>
<b>Deferred capital grants</b>		-	-	-	-
<b>Endowments</b>					
Expendable endowments	14	329,677	-	329,677	204,330
Permanent endowments	14	1,656,206	-	1,656,206	1,352,091
<b>Reserves</b>					
Operational property reserve		-	16,652,120	16,652,120	16,894,222
General reserves		-	8,174,309	8,174,309	6,077,709
		<u>-</u>	<u>24,826,429</u>	<u>24,826,429</u>	<u>22,971,931</u>
Balance as at 31 July 2013	14	<u><u>1,985,883</u></u>	<u><u>24,826,429</u></u>	<u><u>26,812,312</u></u>	<u><u>24,528,352</u></u>

# HUGHES HALL

## **BALANCE SHEET (continued)**

***AS AT 31 JULY 2013***

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

The accounts on pages 16 to 39 were approved by the Governing Body on 30 October 2013 and signed on their behalf by:

Professor N M Mercer  
Member of College Council and Governing Body

# HUGHES HALL

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2013

	2013 £	2012 £
<b>A. Operating Activities</b>		
Net surplus/(deficit)	193,860	(37,141)
Depreciation	278,045	277,859
Investment income	(240,276)	(191,835)
Interest payable	101,811	105,867
Movement in pension surplus/deficit	-	(1,118)
Decrease/(increase) in stocks	3,304	(2,075)
(Increase)/decrease in debtors	(10,347)	17,540
(Decrease) in creditors	(50,783)	(396,056)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>275,614</u>	<u>(227,559)</u>
<b>B. Returns on Investment and Servicing of Finance</b>		
Unspent trust income	91,539	186,808
Investment income	240,276	191,835
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>331,815</u>	<u>378,643</u>
<b>C. Capital Transactions and Financial Investment</b>		
Payments to acquire tangible fixed assets	(13,014)	(104,850)
Payments to acquire investment assets	(1,124,229)	(1,789,356)
<b>Total capital expenditure</b>	<u>(1,137,243)</u>	<u>(1,894,206)</u>
Receipts from sale of investment assets	1,868,888	393,248
Capital grant received from Colleges Fund	557,000	561,000
Benefactions and donations received	40,795	68,535
<b>Total capital receipts</b>	<u>2,466,683</u>	<u>1,022,783</u>
<b>Net cash inflow/(outflow) from capital transactions</b>	1,329,440	(871,423)
<b>Increase/ (decrease) in cash</b>	<u><u>1,936,869</u></u>	<u><u>(720,339)</u></u>

# HUGHES HALL

## CASH FLOW STATEMENT (continued) FOR THE YEAR ENDED 31 JULY 2013

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	2013 £	2012 £
<b>D. Reconciliation of Net Cash Flow to Movement in Net Debt</b>		
Increase/ (decrease) in cash in the period	1,936,869	(720,339)
Decrease in debt in the period	69,319	65,264
	<hr/> 2,006,188	<hr/> (655,075)
<b>Net debt at 1 August 2012</b>	<hr/> (1,506,528)	<hr/> (851,453)
<b>Net funds/ (debt) at 31 July 2013</b>	<hr/> <hr/> 449,660	<hr/> <hr/> (1,506,528)

# HUGHES HALL

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2013

### 1. Academic fees and charges

	£	2013 £	2012 £
<b>College Fees</b>			
Fee income paid on behalf of undergraduates eligible for student support			
Undergraduate rate (per capita fee £3,951 / £4,500)	143,775		
PGCE (per capita £2,349)	84,564		
Graduate medical (per capita £3,951 / £4,500)	110,520		
	<hr/>	338,859	328,260
Other undergraduates fee income			
Overseas (per capita fee £4,800)	72,000		
Privately funded UK and EU (per capita £4,800)	48,000		
MASt students (per capita £4,800)	62,400		
	<hr/>	182,400	194,040
Graduates fee income			
Graduates (per capita £2,349)	850,338		
M Ed students (per capita £469.80)	10,336		
Other	8,060		
	<hr/>	868,734	829,360
		<hr/>	<hr/>
		1,389,993	1,351,660
Other			
Grant from PHG foundation		-	150,000
		<hr/>	<hr/>
Total		1,389,993	1,501,660
		<hr/> <hr/>	<hr/> <hr/>

### 2. Residences, catering and conference income

		2013 £	2012 £
Accommodation	College members	1,403,936	1,316,777
	Conferences (including meeting rooms)	99,559	101,790
Catering	College Members and staff	379,611	356,935
	Conferences	63,352	49,443
		<hr/>	<hr/>
Total		1,946,458	1,824,945
		<hr/> <hr/>	<hr/> <hr/>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 3. Investment income

	2013 Income from restricted funds for collegiate purposes £	2013 Income from unrestricted funds £	Total 2013 £	Total 2012 £
Income from:				
Freehold land and buildings	-	44,573	44,573	29,411
Unit trusts	89,247	102,574	191,821	156,304
Cash	2,292	1,590	3,882	6,120
Total	<u>91,539</u>	<u>148,737</u>	<u>240,276</u>	<u>191,835</u>

#### Investment management costs:

	2013 £	2012 £
Income from:		
Unit trusts	10,852	11,425
Cash	220	447
Total	<u>11,072</u>	<u>11,872</u>

### 4. Donations

	2013 £	2012 £
Unrestricted donations	5,988	5,174
Total	<u>5,988</u>	<u>5,174</u>

### 5. Education expenditure

	2013 £	2012 £
Teaching	995,647	943,416
Tutorial	261,651	219,501
Admissions	128,600	123,838
Research	52,724	81,140
Scholarships and awards	73,203	60,011
Other educational facilities	101,959	101,748
Total (Note 6)	<u>1,613,784</u>	<u>1,529,654</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 6. Residences, catering and conferences expenditure

		2013 £	2012 £
Accommodation	College members	1,210,827	1,299,236
	Conferences (including meeting rooms)	101,865	109,303
Catering	College Members and staff	451,038	429,684
	Conferences	37,945	36,149
Total (Note 7)		<u>1,801,675</u>	<u>1,874,372</u>

### 7a. Analysis of 2013 expenditure by activity

	Staff costs (Note 16) £	Other Operating Expenses £	Depreciation £	Total £
Education (Note 5)	798,791	814,993	-	1,613,784
Residences, catering and conferences (Note 6)	632,535	891,095	278,045	1,801,675
Other	-	21,990	-	21,990
Total	<u>1,431,326</u>	<u>1,728,078</u>	<u>278,045</u>	<u>3,437,449</u>

### 7b. Analysis of 2012 expenditure by activity

	Staff costs (Note 16) £	Other Operating Expenses £	Depreciation £	Total £
Education (Note 5)	807,970	721,684	-	1,529,654
Residences, catering and conferences (Note 6)	603,807	992,706	277,859	1,874,372
Other	-	25,617	-	25,617
Total	<u>1,411,777</u>	<u>1,740,007</u>	<u>277,859</u>	<u>3,429,643</u>

Fundraising costs amounted to £179,531 (2012: £195,629)

### 7c. Auditors remuneration

Other operating expenses include:	2013 £	2012 £
Audit fees payable to the College's external auditors	10,000	10,000
Other fees payable to the College's external auditors	31,600	23,825
Total	<u>41,600</u>	<u>33,825</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 8. Tangible assets

	Freehold land and buildings £	Fixtures and fittings £	Kitchen equipment £	Total £
<b>Cost/valuation</b>				
At 1 August 2012	18,845,102	740,176	15,489	19,600,767
Additions	13,014	-	-	13,014
At 31 July 2013	<u>18,858,116</u>	<u>740,176</u>	<u>15,489</u>	<u>19,613,781</u>
<b>Accumulated depreciation</b>				
At 1 August 2012	1,950,880	709,406	15,489	2,675,775
Charge for the year	255,116	22,929	-	278,045
At 31 July 2013	<u>2,205,996</u>	<u>732,335</u>	<u>15,489</u>	<u>2,953,820</u>
<b>Net book value</b>				
At 31 July 2013	<u>16,652,120</u>	<u>7,841</u>	<u>-</u>	<u>16,659,961</u>
At 31 July 2012	<u>16,894,222</u>	<u>30,770</u>	<u>-</u>	<u>16,924,992</u>

The insured value of freehold land and buildings as at 31 July 2013 was £35,864,656 (2012: £35,335,092)

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

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

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 9. Investments

	<b>2013</b> £	<b>2012</b> £
As at 1 August 2012	9,641,569	8,258,75
Additions	1,124,229	1,789,356
Disposals	(1,868,888)	(393,248)
Appreciation /(diminution) on revaluation	1,432,654	(13,290)
<b>As at 31 July 2013</b>	<b>10,329,564</b>	<b>9,641,569</b>
Represented by:		
Quoted securities	9,882,671	8,262,715
Cash	446,893	1,378,854
	<b>10,329,564</b>	<b>9,641,569</b>

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

Both companies have not traded throughout the year. At 31 July 2013, HHL had reserves totalling £nil and the profit after tax for the year then ended was £49.

At 31 July 2013, EPHHC has reserves totally £nil and had no profit or loss for the year then ended.

### 10. Debtors

	<b>2013</b> £	<b>2012</b> £
Trade debtors	52,105	54,604
Amount due from subsidiary undertaking	16,876	17,465
Other debtors	59,201	45,766
Total	<b>128,182</b>	<b>117,835</b>

### 11. Cash

	<b>2013</b> £	<b>2012</b> £
Bank deposits	1,820,983	247,470
Current accounts	437,621	74,315
Cash in hand	292	242
Total	<b>2,258,896</b>	<b>322,027</b>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### 12. Creditors: amounts falling due within one year

	<b>2013</b>	<b>2012</b>
	£	£
Bank loan	73,318	69,319
Trade creditors	105,356	138,372
Student prepayments	35,250	49,487
Other creditors	-	30,087
Other taxes and social security	4,362	6,680
Accruals	27,391	29,697
Deferred income	500,260	297,949
Total	<u>745,937</u>	<u>621,591</u>

### 13. Creditors: amounts falling due after more than one year

	<b>2013</b>	<b>2012</b>
	£	£
Bank loan	<u>1,685,918</u>	<u>1,759,236</u>

The Bank loan attracts a fixed rate of interest of 5.647% and is repayable in full by 31 July 2029.

Repayments on the bank loan can be analysed as follows:

	<b>2013</b>	<b>2012</b>
	£	£
Due within one year	73,318	69,319
Between one and two years	77,016	73,318
Between two and five years	260,706	245,989
Due after more and five years	1,348,196	1,439,929
Total repayments	<u>1,759,236</u>	<u>1,828,555</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 14. Endowments

#### College

	Unrestricted Permanent £	Restricted Permanent £	Total Permanent £	Restricted Expendable £	2013 Total £	2012 Total £
<b>Balance at beginning of year:</b>						
Capital and unspent income	-	1,352,093	1,352,093	204,330	1,556,423	1,277,712
New endowment received	-	-	-	97,008	97,008	156,664
Income receivable from endowment asset investment	-	-	-	91,539	91,539	76,091
Expenditure	-	(3,828)	(3,828)	(63,200)	(67,028)	(6,769)
Net transfer between funds	-	-	-	-	-	-
Increase in market value of investments	-	307,941	307,941	-	307,941	52,723
<b>Balance at end of year</b>	-	1,656,206	1,656,206	329,677	1,985,883	1,556,421
Comprising:						
Capital and unspent income	-	1,656,206	1,656,206	329,677	1,985,883	1,556,421
<b>Balance at end of year</b>	-	1,656,206	1,656,206	329,677	1,985,883	1,556,421
<b>Representing</b>						
Research funds	-	40,417	40,417	(216)	40,201	30,438
Student support	-	543,603	543,603	95,836	639,439	511,630
Bursaries	-	965,296	965,296	230,777	1,196,073	903,636
Other funds	-	106,889	106,889	3,281	110,170	110,717
<b>College total</b>	-	1,656,206	1,656,206	329,677	1,985,883	1,556,421

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 15. Reserves

	General reserves £	Operational property revaluation reserve £	2013 Total £	2012 Total £
<b>College</b>				
Balance at beginning of year	6,077,707	16,894,222	22,971,929	22,576,638
(Deficit)/surplus retained for the year	193,860	-	193,860	(37,741)
Actuarial gain/(loss)	(31,888)	-	(31,888)	(90,191)
Increase in value	810,455	-	810,455	744,026
Transfer in respect of depreciation on revalued operational properties	-	(255,116)	(255,116)	(254,930)
Increase/(decrease) in market value of investments	1,124,175	13,014	1,137,187	34,129
Balance at end of year	<u>8,174,309</u>	<u>16,652,120</u>	<u>24,826,429</u>	<u>22,971,931</u>

### 16. Staff costs

	College Fellows 2013 £	Non Academic 2013 £	Total 2013 £	Total 2012 £
Staff costs:				
Emoluments	280,914	981,383	1,262,297	1,246,708
Social Security costs	23,873	69,432	93,305	88,157
Other pension costs (see note 17)	20,600	55,124	75,724	76,912
	<u>325,387</u>	<u>1,105,939</u>	<u>1,431,326</u>	<u>1,411,777</u>

#### Average number of staff (full time equivalents)

Academic numbers of stipendiary staff	8	-	8	8
Non academic	-	36	36	36
	<u>8</u>	<u>36</u>	<u>44</u>	<u>44</u>

At 31 July 2013 The Governing Body comprised of 52 Fellows of which the 8 declared above are stipendiary.

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

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### 17. Pension Schemes

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

#### Universities Superannuation Scheme

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

The latest triennial actuarial valuation of the scheme was at 31 March 2012. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

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

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2012 was 82%.

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### 17. Pension Schemes (continued)

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high.

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

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

#### **New Entrants**

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

#### **Normal pension age**

The Normal pension age was increased for future service and new entrants, to age 65.

#### **Flexible Retirement**

Flexible retirement options were introduced.

#### **Member contributions increased**

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

#### **Cost sharing**

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

#### **Pension increase cap**

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### 17. Pension Schemes (continued)

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS17 basis, using a AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

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

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

The trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimizing the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March 2013, USS had over 145,000 active members and the College had 8 active members participating in the scheme.

The total pension cost for the College was £43,733 (2012: £35,882). The contribution rate payable by the College was 16% of pensionable salaries.

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 17. Pension Schemes (continued)

#### Cambridge Colleges Federated Pension Scheme (CCFPS)

The College is a member of a multi-employer defined benefits scheme, the Cambridge Colleges' Federated Pension Scheme. A full valuation was undertaken as at 31 March 2011 and updated to 30 June 2013 by a qualified independent Actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	30 June 2013 % p.a.	30 June 2012 % p.a.
Discount rate	4.6	4.7
Expected long-term rate of return on Scheme assets	6.2	5.6
Increase in salaries	2.8 *	2.2 **
Retail Prices Index (RPI) assumption	3.3	2.7
Consumer Prices Index (CPI) assumption	2.3	1.7
Pension increases (RPI linked)	3.3	2.7
Pension increases (capped RPI linked)	3.1	2.5

\* 1.5% in 2013, 2.8% thereafter

\*\* 1.5% in 2012 and 2013; 2.2% thereafter

The underlying mortality assumption is based upon the standard table known as Self-administered Pensions Schemes (SAPS) mortality tables for average normal pensioners projected in line with the CMI 2012 projection and a target long-term improvement rate of 0.75% p.a. The allowance for improvements has been updated from 2012 when the CMI 2011 projection table was adopted. This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.0 years (previously 21.9)
- Female age 65 now has a life expectancy of 24.2 years (previously 24.1)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 22.9 years (previously 22.8)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.3 years (previously 25.3)

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

	Long term rate of return expected at 30 June 2013	Value at 30 June 2013 £	Long term rate of return expected at 30 June 2012	Value at 30 June 2012 £	Long term rate of return expected at 31 March 2011	Value at 31 March 2011 £
Equities and Hedge Funds	7.0%	287,193	6.4%	250,750	7.1%	233,342
Cash, Bonds and Net Current Assets	4.0%	101,362	3.7%	94,981	4.8%	150,006
Property	6.0%	33,788	5.4%	34,193	6.1%	33,334
		<u>422,343</u>		<u>379,924</u>		<u>416,682</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 17. Pension Schemes (continued)

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

	2013 £	2012 £	2011 £	2010 £
Total market value of assets	422,343	379,924	416,682	368,606
Present value of Scheme liabilities	(566,776)	(492,469)	(439,036)	(438,648)
Deficit in the Scheme	<u>(144,433)</u>	<u>(112,545)</u>	<u>(22,354)</u>	<u>(70,042)</u>

The amounts recognised in income and expenditure are as follows:

	30 June 2013 £	30 June 2012 £
In staff costs:		
Current service cost (net of employee contributions)	15,277	11,167
In endowment and investment income:		
Interest cost	23,151	24,083
Expected return on pension scheme assets	(21,337)	(25,732)
Net return	<u>17,091</u>	<u>9,518</u>
Actual return on pension scheme assets	<u>45,259</u>	<u>(46,378)</u>

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

	30 June 2013 £	30 June 2012 £
Present value of Scheme liabilities at beginning of year	492,469	439,036
Service cost (including employee's contributions)	19,255	15,104
Interest cost	23,151	24,083
Actuarial losses (gains)	50,524	30,798
Benefits paid	(18,623)	(16,552)
Present value of Scheme liabilities at end of year	<u>566,776</u>	<u>492,469</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

### 17. Pension Schemes (Continued)

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

	<b>30 June 2013 £</b>	<b>30 June 2012 £</b>
Market value of Scheme assets at beginning of year	379,924	416,682
Expected return	21,337	25,732
Actuarial gains and (losses)	23,922	(72,110)
Contributions by employer	11,805	22,235
Additional contributions by members (including AVCs)	3,978	3,937
Benefits (and expenses) paid	(18,623)	(16,552)
	<u>422,343</u>	<u>379,924</u>

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

	<b>30 June 2013 £</b>	<b>30 June 2012 £</b>	<b>30 June 2011 £</b>	<b>31 March 2010 £</b>	<b>31 March 2009 £</b>
Present value of Scheme liabilities	(566,776)	(492,469)	(439,036)	(438,648)	(343,826)
Market value of Scheme assets	422,343	379,924	416,682	368,606	300,035
	<u>(144,433)</u>	<u>(112,545)</u>	<u>(22,354)</u>	<u>(70,042)</u>	<u>(43,791)</u>
Experience adjustments on Scheme liabilities	596	(18,493)	5,377	4,416	(4,696)
Experience adjustments on Scheme assets	23,922	(72,110)	10,680	40,402	(76,334)
Change in assumptions underlying present value of Scheme liabilities	(51,120)	(12,305)	21,086	(82,997)	36,094

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2013

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### 17. 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 £23,145 (2012: £28,520).

The total pension cost for the College for the year to 31 July 2013 (see note 16) was as follows:

	<b>2013</b> £	<b>2012</b> £
USS: Employer contributions	43,733	35,882
CCFPS: Charged to Income and Expenditure Account	8,846	12,510
Stakeholder Scheme: Employer contributions	23,145	28,520
	<u>75,724</u>	<u>76,912</u>

### 18. Financial Commitments

	<b>2013</b> £	<b>2012</b> £
Capital commitments		
Authorised by the Governing Body and contracted for	-	14,213
	<u>-</u>	<u>14,213</u>

### 19. Related Party Transactions

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

Two Members of the Governing Body are Trustees of the PHG Foundation, Dr R L Zimmern and Dr A Freeling. No grant was made to the College during the year (2012: £150,000).

The College is the sole member of Hughes Hall Limited, a company limited by guarantee and incorporated in England and Wales. The principal purpose of Hughes Hall Limited is to develop new student accommodation for the College. The net assets of Hughes Hall Limited as at 31 July 2013 were £nil (2012 net liabilities: £49) and the net profit for the year then ended was £49 (2012 net loss: £61).

At 31 July 2013 Hughes Hall Limited owed the College £16,876 (2012: £17,465) and during the year a management charge of £110 (2012 £nil) was charged to the College.