

Charity Registration No: 1137471

# **HUGHES HALL**

**RECOMMENDED CAMBRIDGE  
COLLEGE ACCOUNTS**

**FOR THE YEAR ENDED**

**31 JULY 2014**

# HUGHES HALL

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

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# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2014

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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 2013, 57.1% of successful UK applicants to Hughes Hall were from the maintained sector, compared with 61.4% for the University as a whole.

It would be not be cost effective for the College to run an outreach programme on its own (Home students are accepted from all regions of the United Kingdom) and there are currently students from 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.

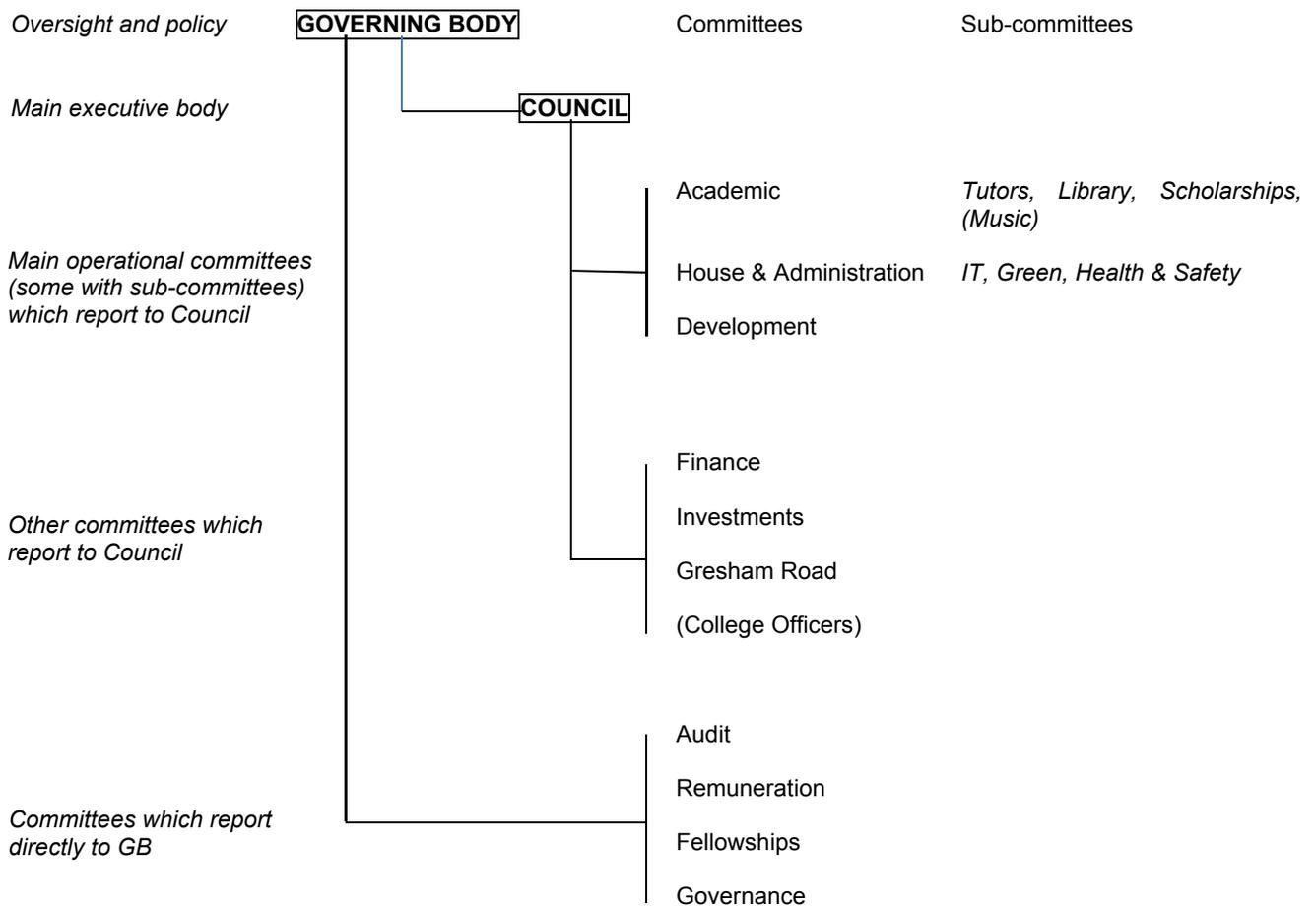
# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2014

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 have responsibility for ensuring that the charity has the money it needs; spends its money sensibly on the activities it was raised for; follows the law, including preparing reports and accounts to send to the Charity Commission; and doesn't break the rules in its Statutes.

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.

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 came into effect in October 2013.



### REVISED COMMITTEE STRUCTURE

Under the revised trial scheme reporting to the Governing Body is an Audit Committee, a Remuneration Committee, a Fellowships' Committee and a Governance Committee.

# HUGHES HALL

## **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2014**

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### **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 the Academic Committee, the House and Administration Committee, the Development Committee, Finance Committee, Investments Committee, Estates Committee (renamed temporarily as the Gresham Road Committee to reflect a current building project) and the College Officers Management Committee.

### **Academic Committee**

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

### **House and Administration Committee**

The House and Administration Committee meets termly. Sub-committees reporting to it are the IT, 'Green' and Health & Safety.

### **Development, Finance and Investments Committees**

The Development, Finance and Investments Committees meet termly.

# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2014

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The trustees of the College as at 31 July 2014 were:

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

Affara, Professor Nabeel A*	Lockhart, Dr Alastair S*
Barker, Dr John H	Melville, Dr Sara E
Barrett, Professor Michael	Mercer, Professor Neil M (Vice-President)*
Berg Rust, Mr Richard (Development Director)*	Mercure, Dr Jean-François
Blackmore, Dr Heather L	Mogull, Mr Marc
Bonaccorso, Dr Francesco	Nuttall, Professor William J
Britton, Mr Peter	Parlikad, Dr Ajith
Bruna, Dr Matteo	Piccirillo, Dr Sara G M
Buckley, Professor Mary (Pro-Vice-President)*	Powell, Professor Jonathan*
Burton, Dr Hilary*	Rawlings, Mr John B
Charnley, Mr William F	Redmond, Dr Aisling
Crawford, Dr Megan	Rough, Dr Sarah
Devereux, Dr Bernard J (Deputy-Vice-President)*	Roughley, Dr Corinne
Du, Professor Ming-Qing	Ruthven, Professor Kenneth B H
Franklin, Dr Michael J (Praelector)*	Sacchi, Dr Marco
Freeling, Dr Anthony*	Sargent, Dr Carole A
Gehring, Dr Markus W*	Siklos, Dr Paul W L
Goodwin, Dr Normann	Singal, Dr Nidhi
Gronn, Professor Peter	Taylor, Mr Neil E (Bursar)*
Hodge, Professor Ian D	Taylor, Mr Roger
Ironside, Miss Rowena	Veal, Dr Robyn
Iwasiewicz-Wabnig, Dr Agnieszka	Weller, Professor Marc
Johnston, Dr Philip (Senior Tutor)*	White, Dr Jessica
Jupp, Dr Bianca	Winter, Dr Robert
Kaufman, Professor James F	Ypma, Dr Rolf J F
Lambert, Dr Jean F	Zimmern, Dr Ronald L
Lemons, Mr Anthony D	

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 FOR THE YEAR ENDED 31 JULY 2014

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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 FOR THE YEAR ENDED 31 JULY 2014

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

### Student Numbers

In 2013-14 Hughes Hall had 604 fee-paying students across the full range of courses: Bachelors, 1-year postgraduate including Masters, and doctoral courses. Most students were full-time, but c. 40 were part-time (M Ed, Executive MBA and part-time PhD).

### 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 2013-14 there were three ongoing scholarships (£18,972), plus four new and two ongoing bursaries (£14,448), totalling £33,420. The college also contributes to student recipients of Cambridge Bursaries (£4,500).

#### 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 2013-14, awards were made to c. 50 students totalling c. £12,000.

#### 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 2013-14, the amounts spent were £4,700 and £3,600 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 2013-14 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.

# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2014

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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 for by a benefactor)
- Medical Dinner (paid for by a benefactor)
- Law Dinner (paid for by a benefactor)
- Land Economy Dinner (paid for 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 2013-14 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.

### **Computer Support**

The College systems have been reviewed and an extensive program of improvements to the IT facilities is underway. The improvements are to both the cabling infrastructure and the Server hardware, improving resiliency and reliability. Consolidation of equipment will reduce the total cost of ownership while removing some of the bespoke systems, decreasing risk. Continued development of the in-house "Portal" management system is aiding College administration. Wireless Internet provision is a key area for improvement to aid student learning and, as such, the next year will see a greater deployment of the University Information Service "Lapwing" wireless system. Significant extra funds have been allocated to pay for the upgrades.

### **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 2013-14 Hughes Hall was well represented in the two best known sports of rugby and rowing.

# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2014

### 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	2014	2013*	2012	2011	2010
<b>Student Numbers</b>	604	538	539	565	522
<b>Income (£)</b>					
Academic Fees	1,620,156	1,389,993	1,501,660	1,486,641	1,368,412
Residences, catering and conferences	2,066,598	1,946,458	1,824,945	1,705,529	1,644,751
Endowment income and donations	670,807	375,517	197,009	525,036	192,529
Other income	91,662	140,134	55,096	52,196	38,802
<b>Total Income</b>	<b>4,449,223</b>	<b>3,852,102</b>	<b>3,578,710</b>	<b>3,769,402</b>	<b>3,244,494</b>
<b>Expenditure (£)</b>					
Education	1,725,685	1,652,311	1,529,654	1,519,220	1,373,986
Residences, catering and conferences	2,020,418	1,833,586	1,874,372	1,672,224	1,585,509
Other	24,937	24,497	25,617	12,962	13,528
<b>Total expenditure</b>	<b>3,771,040</b>	<b>3,510,394</b>	<b>3,429,643</b>	<b>3,204,406</b>	<b>2,973,023</b>
<b>Operating Surplus for the year (£)</b>	678,183	341,708	149,067	564,996	271,471
<b>Contribution under Statute G,II</b>	0	0	0	0	0
	<b>678,183</b>	<b>341,708</b>	<b>149,067</b>	<b>564,996</b>	<b>271,471</b>
<b>Transfer to Accumulated Income Within Restricted Capital</b>	(131,702)	(121,519)	(186,808)	(311,967)	(29,656)
<b>Net surplus</b>	546,481	220,189	(37,741)	253,029	241,815
Add back: depreciation	247,263	278,045	277,859	282,497	284,809

Note: The figures above for 2013 and 2014 are group figures i.e. they include amounts imported from Hughes Hall Ltd and Hughes Hall (Hong Kong) Ltd. The figures for 2013\* have been restated to take this account.

The year's financial outturn was much improved on the previous year due to a significant increase in student numbers generating additional fees. Income further increased due to a substantial donation to the College and investment returns were maintained. An increased surplus was achieved as expenditure did not increase at the same rate as income but the larger cohort of students gave rise to some administrative pressures, so in future years the College is likely to reduce numbers closer to those of the previous few years.

# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2014

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### Academic Fees

Academic fees consist of the college fee and grants to support teaching and research. 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 undergraduate, PGCE students and clinical medical students amounted to £362,961 for 109 students, which equated to 22% of total academic fees. The College received £4,500 for each publicly-funded undergraduate and set a fee of £5,316 for those privately funded. The College also received College Fees of £1,257,195 for 495 graduate students, which made up the remainder of the academic fees.

### The Colleges' Fund

The College received a grant of £569,000 towards the College's Endowment; this has been added to existing funds managed by the Fund Managers, Cazenove Capital. This sum is not shown in the numbers above as it goes straight into restricted non-expendable funds. The Governing Body recognises that it cannot rely on the Colleges' Fund to continue making annual contributions to its invested Endowment indefinitely and adopts prudent financial management of all its activities.

### Conferences

The College attracts modest conference activity, which generates a positive cash surplus. This 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.

### Investments

The College holds investments in an Endowment Fund and an Amalgamated Fund, which are managed by its Cazenove Fund Management Ltd.

The Endowment Fund was valued at £9.6 million on 31 July and is invested as permanent capital on a total return basis. To date, the dividends have been re-invested for growth.

The Amalgamated Fund was valued at £4.43 million on the 31 July and comprises a number of individual investments (some Restricted some Unrestricted) as general reserves. The managers have been set target return on Investments of 5%. It is intended to maintain the real value of the fund by drawing down 3% of the return to subsidize research fellows, assist students in genuine hardship and offer travel grants and bursaries.

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

Cazenove has been asked to ensure that sufficient cash is available within the funds on an agreed schedule for drawdown to fund the Gresham Road development (see below).

# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2014

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### Private Placement Funding

Together with a number of other colleges the Governing Body agreed that Hughes Hall would raise money for a new infrastructure project (the purchase of the former University's site on Gresham Road) to enable it to construct, ideally, a further 85 single, en-suite student rooms. A company, Cambridge Colleges Funding plc, was set up as the lender and private placement money was borrowed at an interest rate of 4.4%. The College's share of the total borrowing was £4.34 million from Cambridge Colleges Funding plc (CCF) and £3.16 million from Cambridge Colleges Funding II plc (CCF II). Tranche 1 of CCF (£2.41 million) is due for repayment in full on 30 October 2043 and Tranche 2 (£1.93 million) on 30 October 2053. A second placement (Cambridge Colleges Funding II (CCF II)) was agreed in January 2014 with the College borrowing an additional £3.16 million at 4.45% repayable in full on 31 January 2044. The total annual interest and administrative charges for the combined borrowing is £332,786.

The terms and conditions are set out in a 'Bible of Documents' issued by Mills & Reeve the solicitors for the colleges in respect of CCF and CCF II. These include a clear policy statement in the event of a default. In this respect, each of the colleges is a stand-alone entity; there is no collective responsibility for repayment.

Payment of the interest and administrative charges is made by Standing Order and is payable on the 16<sup>th</sup> day of the month on a quarterly basis.

### Cash Flow

Given the College's modest income and resources, it has aimed to generate an operating surplus each year on its activities, which necessarily constrains some of its ambitions. It operates with a prudent number of staff. Over the next two years, when the interest for the bonds will be payable but rent from the new building in Gresham Road has not yet been received, cash flow will inevitably be reduced. However, since the Gresham Road project has a strong financial return on its own, the College will aim to generate an operating surplus from its "business as usual" activities, rather than overall.

### 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, 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 third report to the Governing Body in June 2014.

### Reserves

The College maintains two funds: an Endowment Fund and an Amalgamated Fund which together constitute its reserves. The College takes a long-term view of the investment portfolio within the Endowment Fund and, to date, has reinvested the dividend for growth. The Amalgamated Fund comprises a number of either restricted or unrestricted funds. In respect of restricted funds, it has set its Investment Managers a target growth for these of 5% per annum and draws down 3% of the funds each year to support the aims of the College. The remainder is held in reserves to cover possible variations in student fee and rooms income. Within the Amalgamated Fund there is also cash invested to support the estate and the College's IT infrastructure. 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 FOR THE YEAR ENDED 31 JULY 2014

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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.

The key potential financial uncertainties and risks are:

- Reduction in income from students due to either a reduction in student numbers or to changes in the student financing
- Increases in the costs of providing future student support
- The long-term cost of pension provisions
- Movements in investment markets reducing the value of the Endowment and other investment assets;
- An uncertain economic and financial environment putting pressure on our ability to raise development funds.

### Development and Fundraising

The College maintains an active Development Office with responsibility for fundraising, alumni relations, events and broader development partnerships, with the objective of benefiting all College students and the wider academic community of the College. It manages a database of over 7000 alumni and friends of Hughes Hall.

Many College alumni live overseas and visits are made to Europe, US, Canada and Hong Kong and Malaysia for alumni and fundraising events. In 2011, the College established Hughes Hall Hong Kong Ltd as a vehicle for tax-efficient giving for our many supporters there. The Development Office works closely with Cambridge in America to promote Hughes Hall to US alumni. This year the College was pledged the largest gift in its recent history, a donation of £750,000 over three years from an overseas donor; £250,000 of this was received in the current year.

The College magazine Hughes is distributed to 600 alumni globally, a regular e-bulletin is sent twice each term to alumni with known e-mail addresses and the Development Office contributes significantly to the College communications programme through the website and other media.

The Development Office is involved with the academic dinners and lectures referred to above. In addition, the office works in partnership with the University on the Alumni Weekend in September, staging a variety of events including a lecture and dinner for Hughes alumni and several alumni gatherings throughout the year, including a Summer Garden Party.

# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2014

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### 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.

### 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		271 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

# HUGHES HALL

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2014

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### Capital Programme (continued)

The largest capital investment in the College's history, the development of the University's former Physical Education Building on Gresham Road, has been approved by the Governing Body. The College has submitted a Planning Application to re-develop the site. The aim is to build 85 single en-suite graduate student rooms with associated domestic support facilities for occupation in October 2016. While the building itself will cost around £7m, the total cost of the land, building, access and other related requirements, including professional advisers, will be in the region of £12.5m.

Proper maintenance of all buildings, which have an insured value of £35,335,092 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.

### 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.

**N E Taylor**  
**Bursar, for and on behalf of the Board of Trustees**  
**Date: 29 October 2014**

# HUGHES HALL

## REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL *FOR THE YEAR ENDED 31 JULY 2014*

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We have audited the financial statements of Hughes Hall for the year ended 31 July 2014 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and college balance sheet, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

### **Scope of the audit of financial statements**

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

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group and the College's affairs as at 31 July 2014 and of the group's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes, and the Statutes of the University of Cambridge;
- 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

# HUGHES HALL

## REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL (CONTINUED) *FOR THE YEAR ENDED 31 JULY 2014*

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### **Matters on which we are required to report by exception**

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

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

**Price Bailey LLP**

**Chartered Accountants  
Statutory Auditors**

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

**Dated: 14 November 2014**

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

# HUGHES HALL

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2014

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### **Basis of preparation**

The financial statements have been prepared in accordance with the Statutes of the College and of the University of Cambridge and applicable United Kingdom accounting standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The 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 consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary undertakings included are set out in note 9. Intra-group balances are eliminated on consolidation. The consolidated financial statements do not include the activities of student societies.

### **Restatement of Prior Year Figures**

During the preparation of these financial statements various trust fund donations and expenditure in the prior year were reclassified from the Statement of Total Recognised Gains and Losses to the Income and Expenditure Account. This has also affected the cashflow statement. There has been no change to the overall net assets of the College and they remain at £26,812,312 as previously reported. In addition, endowment assets have been separately shown on the face of the College balance sheet in the current and prior years.

### **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.

#### *Restricted grant income*

Grants received for restricted purposes are recognised as income to the extent that relevant expenditure has been incurred.

#### *Income from research grants*

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

#### *Donations and benefactions*

Charitable donations are recognised on receipt or where there is certainty of future receipt and the value can be measured reliably. The accounting treatment of a donation depends on the nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the College, and other donations with substantially restricted purposes, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.

# HUGHES HALL

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

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### *Capital grants and donations*

Grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to deferred capital grants when the related capital expenditure is incurred and released to income over the estimated useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.

### *Other income*

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

### *Endowment and investment income*

All investment income is credited to the Income and Expenditure Account in the period in which it is earned. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the Income and Expenditure Account to restricted endowments.

### **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 contracts, at contract rates. The resulting exchange differences are dealt with in the determination of the income and expenditure for the financial year.

### **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.

# HUGHES HALL

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

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### 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 a deferred capital account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

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

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

#### b. Maintenance of premises

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

#### c. Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £2,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised 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

### 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

Fixed asset investment and endowment assets are included in the balance sheet at market 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.

# HUGHES HALL

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

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### **Stocks**

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

### **Provisions**

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

### **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. 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

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2014

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	Note	2014 £	Restated 2013 £
<b>Income</b>			
Academic fees and charges	1	1,620,156	1,389,993
Residences, catering and conferences	2	2,066,598	1,946,458
Investment income	3	271,618	240,276
Donations and beneficiaries	4	399,189	135,241
Other income		91,662	140,134
<b>Total income</b>		<u>4,449,223</u>	<u>3,852,102</u>
<b>Expenditure</b>			
Education	5	1,725,685	1,652,311
Residences, catering and conferences	6	2,020,418	1,833,586
Other		24,937	24,497
<b>Total expenditure</b>	7	<u>3,771,040</u>	<u>3,510,394</u>
<b>Operating surplus</b>		678,183	341,708
Transfer to accumulated income within restricted expendable capital (unspent income for the year from Trust Funds carried forward)		131,702	121,519
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>546,481</u>	<u>220,189</u>

All of the above results derive from continuing operations.

# HUGHES HALL

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2014

	Note	Restricted Funds Collegiate Purposes £	Unrestricted Funds £	Total 2014 £	Restated Total 2013 £
Balance as at start of year		1,985,883	24,847,641	26,833,524	24,528,303
Retained surplus for the year		-	546,481	546,481	220,189
Increase on market value of investments	10	36,403	314,119	350,522	1,432,654
Unspent trust or other restricted fund income retained by funds	18	131,702	-	131,702	121,519
Capital grant received from College Fund	18	-	569,000	569,000	557,000
New endowments	18	85,000	-	85,000	-
Foreign currency adjustment		-	(2,207)	(2,207)	461
Transfers		(140,000)	140,000	-	-
Actuarial losses on pension scheme assets and liabilities	21	-	(30,179)	(30,179)	(26,602)
Total recognised gains for the year		113,105	1,537,214	1,650,319	2,305,221
Balance as at end of year		2,098,988	26,384,855	28,483,843	26,833,524

The above figures exclude a Deferred Capital Grant of £100,000 (2013: £nil), shown on the Balance Sheet.

# HUGHES HALL

## BALANCE SHEET AS AT 31 JULY 2014

	Note	Group 2014 £	College 2014 £	Group 2013 £	Restated College 2013 £
<b>Fixed assets</b>					
Tangible assets	9	19,486,454	19,486,454	16,659,961	16,659,961
Investments	10	9,971,745	9,971,745	7,786,681	7,786,681
		<u>29,458,199</u>	<u>29,458,199</u>	<u>24,446,642</u>	<u>24,446,642</u>
<b>Endowment assets</b>	11	3,224,988	3,224,988	2,542,883	2,542,883
<b>Current assets</b>					
Stock and work in progress	12	293,556	13,397	11,997	11,997
Debtors	13	139,380	436,416	111,306	128,182
Cash	14	5,837,788	5,795,884	2,296,984	2,258,896
		<u>6,270,724</u>	<u>6,245,697</u>	<u>2,420,287</u>	<u>2,399,075</u>
<b>Creditors: amounts falling due within one year</b>	15	(1,081,662)	(1,081,626)	(745,937)	(745,937)
<b>Net current assets</b>		<u>5,189,062</u>	<u>5,164,071</u>	<u>1,674,350</u>	<u>1,653,138</u>
<b>Total assets less current liabilities</b>		<u>37,872,249</u>	<u>37,847,258</u>	<u>28,663,875</u>	<u>28,642,663</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(9,108,903)	(9,108,903)	(1,685,918)	(1,685,918)
<b>Net assets excluding pension liabilities/asset</b>		<u>28,763,346</u>	<u>28,738,355</u>	<u>26,977,957</u>	<u>26,956,745</u>
<b>Pension liability</b>	21	(179,503)	(179,503)	(144,433)	(144,433)
<b>NET ASSETS including pension liability</b>		<u><u>28,583,843</u></u>	<u><u>28,558,852</u></u>	<u><u>26,833,524</u></u>	<u><u>26,812,312</u></u>

# HUGHES HALL

## BALANCE SHEET (continued)

AS AT 31 JULY 2014

Represented by

	Note	Restricted funds 2014 £	Unrestricted funds 2014 £	Group Total 2014 £	College Total 2014 £	Group Total 2013 £	Restated College Total 2013 £
<b>Deferred capital grants</b>	17	100,000	-	100,000	100,000	-	-
<b>Endowments</b>							
Expendable endowments	18	568,268	-	568,268	568,268	329,677	329,677
Permanent endowments	18	1,530,720	1,126,000	2,656,720	2,656,720	2,213,206	2,213,206
<b>Total Endowments</b>		<u>2,098,988</u>	<u>1,126,000</u>	<u>3,224,988</u>	<u>3,224,988</u>	<u>2,542,883</u>	<u>2,542,883</u>
<b>Reserves</b>							
Operational property reserve	19	-	3,501,918	3,501,918	3,501,918	3,501,918	3,501,918
General reserves	19	-	21,938,186	21,938,186	21,911,449	20,932,695	20,911,944
Pension reserve	19	-	(179,503)	(179,503)	(179,503)	(144,433)	(144,433)
Foreign currency translation Reserve	19	-	(1,746)	(1,746)		461	-
<b>Total Reserves</b>		<u>-</u>	<u>25,258,855</u>	<u>25,258,855</u>	<u>25,233,864</u>	<u>24,290,641</u>	<u>24,269,429</u>
Total Reserves and Endowments		<u>2,098,988</u>	<u>26,384,855</u>	<u>28,483,843</u>	<u>28,458,852</u>	<u>26,833,524</u>	<u>26,812,312</u>
<b>Balance as at 31 July 2014</b>		<u><u>2,198,988</u></u>	<u><u>26,384,855</u></u>	<u><u>28,583,843</u></u>	<u><u>28,558,852</u></u>	<u><u>26,833,524</u></u>	<u><u>26,812,312</u></u>

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

The financial statements were approved by the Governing Body on 29 October 2014 and signed on their behalf by:

Member of College Council and Governing Body

# HUGHES HALL

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2014

	2014 £	Restated 2013 £
<b>A. Operating Activities</b>		
Net surplus on continuing operations	678,183	341,708
Depreciation	247,263	278,045
Foreign currency adjustment	(2,207)	461
Investment income	(271,618)	(240,276)
Loan interest payable	311,343	101,811
Pension contributions paid/FRS17 adjustment	4,891	5,286
(Increase)/decrease in stocks	(281,559)	3,304
(Increase) in debtors	(28,074)	(10,347)
Increase in creditors	332,027	120,237
<b>Net cash inflow from operating activities</b>	<u>990,249</u>	<u>600,229</u>
<b>B. Returns on Investment and Servicing of Finance</b>		
Loan interest paid	(311,343)	(101,811)
Investment income	271,618	240,276
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>(39,725)</u>	<u>138,465</u>
<b>C. Capital Expenditure and Financial Investment</b>		
Payments to acquire tangible fixed assets	(3,073,756)	(13,014)
Net purchase of long term investments	(2,516,646)	744,659
Capital grant received from Colleges Fund	569,000	557,000
Deferred capital grant received	100,000	-
New endowments received	85,000	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<u>(4,836,402)</u>	<u>2,425,888</u>
<b>Net cash (outflow)/inflow before financing</b>	<u>(3,885,878)</u>	<u>2,027,339</u>
<b>D. Financing</b>		
New bond arrangements	7,500,000	-
<b>Net cash inflow from financing</b>	<u>7,500,000</u>	<u>-</u>

# HUGHES HALL

## CASH FLOW STATEMENT (continued) FOR THE YEAR ENDED 31 JULY 2014

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	Note	2014 £	2013
<b>D. Reconciliation of Net Cash Flow to Movement in Net Debt</b>			
Increase in cash in the period		3,540,804	1,958,020
(Increase)/decrease in debt in the period		(7,426,682)	69,319
		<u>(3,885,878)</u>	<u>2,027,339</u>
<b>Net funds at 1 August 2013</b>		<u>537,748</u>	<u>(1,489,591)</u>
<b>Net (debt)/funds at 31 July 2014</b>	20	<u><u>(3,348,130)</u></u>	<u><u>537,748</u></u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2014

### 1. Academic fees and charges

	£	2014 £	2013 £
<b>College Fees</b>			
Fee income paid on behalf of undergraduates eligible for student support			
Undergraduate rate (per capita fee £4,068 / £4,500)	124,452		
PGCE (per capita £2,424)	121,200		
Graduate medical (per capita £4,920 / £5,136)	116,316		
	<hr/>	361,968	338,859
Other undergraduates fee income			
Overseas and Privately funded UK and EU (per capita £4,800)	210,744		
	<hr/>	210,744	182,400
Graduates fee income			
Graduates (per capita £2,424)	964,752		
M Ed students (per capita £483)	8,211		
MASt students (per capita £5,136)	66,768		
Other	7,713		
	<hr/>	1,047,444	868,734
Total		<hr/> <hr/>	<hr/> <hr/>
		1,620,156	1,389,993

### 2. Residences, catering and conference income

		2014 £	2013 £
Accommodation	College members	1,443,257	1,403,936
	Conferences (including meeting rooms)	125,745	99,559
Catering	College Members and staff	408,204	379,611
	Conferences	89,392	63,352
		<hr/>	<hr/>
Total		<hr/> <hr/>	<hr/> <hr/>
		2,066,598	1,946,458

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

### 3. Investment income

	2014 Income from restricted funds for collegiate purposes £	2014 Income from unrestricted funds £	Total 2014 £	Total 2013 £
Income from:				
Freehold land and buildings	-	33,305	33,305	44,573
Unit trusts	107,173	115,571	222,744	191,821
Cash	1,217	14,352	15,569	3,882
Total	<u>108,390</u>	<u>163,228</u>	<u>271,618</u>	<u>240,276</u>

#### Investment management costs:

	2014 £	2013 £
Unit trusts	11,519	10,852
Cash	805	220
Total	<u>12,324</u>	<u>11,072</u>

### 4. Donations

	2014 £	Restated 2013 £
Restricted donations	119,554	97,008
Unrestricted donations	279,635	38,233
Total	<u>399,189</u>	<u>135,241</u>

### 5. Education expenditure

	2014 £	Restated 2013 £
Teaching	1,060,909	1,017,324
Tutorial	290,008	268,393
Admissions	142,172	133,560
Research	58,642	54,409
Scholarships and awards	61,867	74,203
Other educational facilities	112,087	104,422
Total (Note 7)	<u>1,725,685</u>	<u>1,652,311</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

### 6. Residences, catering and conferences expenditure

		<b>2014</b> £	<b>Restated</b> <b>2013</b> £
Accommodation	College members	1,314,551	1,219,465
	Conferences (including meeting rooms)	152,749	111,387
Catering	College Members and staff	495,538	460,656
	Conferences	57,580	42,078
Total (Note 7)		<u>2,020,418</u>	<u>1,833,586</u>

### 7a. Analysis of 2014 expenditure by activity

	<b>Staff costs</b> <b>(Note 8)</b> £	<b>Other</b> <b>Operating</b> <b>Expenses</b> £	<b>Depreciation</b> £	<b>Total</b> £
Education (Note 5)	834,733	890,952	-	1,725,685
Residences, catering and conferences (Note 6)	655,264	1,117,891	247,263	2,020,418
Other	-	24,937	-	24,937
Total	<u>1,489,997</u>	<u>2,033,780</u>	<u>247,263</u>	<u>3,771,040</u>

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

	<b>Staff costs</b> <b>(Note 8)</b> £	<b>Other</b> <b>Operating</b> <b>Expenses</b> £	<b>Depreciation</b> £	<b>Restated</b> <b>Total</b> £
Education (Note 5)	792,888	859,423	-	1,652,311
Residences, catering and conferences (Note 6)	638,566	916,975	278,045	1,833,586
Other	-	24,497	-	24,497
Total	<u>1,431,454</u>	<u>1,800,895</u>	<u>278,045</u>	<u>3,510,394</u>

Fundraising costs amounted to £250,706 (2013: £179,531)

### 7c. Auditors remuneration

Other operating expenses include:	<b>2014</b> £	<b>2013</b> £
Audit fees payable to the College's external auditors	12,500	10,000
Other fees payable to the College's external auditors	22,656	31,600
Total	<u>35,156</u>	<u>41,600</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

### 8. Staff costs

	College Fellows 2014 £	Non Academic 2014 £	Total 2014 £	Total 2013 £
Staff costs:				
Emoluments	283,995	1,043,133	1,327,128	1,262,425
Social Security costs	21,941	70,752	92,693	93,305
Other pension costs (see note 21)	19,814	50,362	70,176	75,724
	<u>325,750</u>	<u>1,164,247</u>	<u>1,489,997</u>	<u>1,431,454</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 2014 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.

### 9. Tangible assets

Group and college	Freehold land and buildings £	Fixtures and fittings £	Kitchen equipment £	Total £
<b>Cost/valuation</b>				
At 1 August 2013	18,858,116	740,176	15,489	19,613,781
Additions	3,073,756	-	-	3,073,756
At 31 July 2014	<u>21,931,872</u>	<u>740,176</u>	<u>15,489</u>	<u>22,687,537</u>
<b>Accumulated depreciation</b>				
At 1 August 2013	2,205,996	732,335	15,489	2,953,820
Charge for the year	255,116	(7,853)	-	247,263
At 31 July 2014	<u>2,461,112</u>	<u>724,482</u>	<u>15,489</u>	<u>3,201,083</u>
<b>Net book value</b>				
At 31 July 2014	<u>19,470,760</u>	<u>15,694</u>	<u>-</u>	<u>19,486,454</u>
At 31 July 2013	<u>16,652,120</u>	<u>7,841</u>	<u>-</u>	<u>16,659,961</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

### 9. Tangible assets (continued)

The insured value of freehold land and buildings as at 31 July 2014 was £36,258,938 (2013: £35,864,656)

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. In addition to this, after the surrender of long leases on accommodation buildings in 1997, the value of the freehold of the buildings was introduced by the Governing Body's valuation of £1,300,000 and this also represents part of the revaluation surplus shown in note 19.

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.

### 10. Investments

	2014 £	2013 £
As at 1 August 2013	10,329,564	9,641,569
Additions	1,974,104	1,124,229
Disposals	(595,647)	(1,185,397)
Appreciation /(diminution) on revaluation	350,522	1,432,654
Increase/(decrease) in cash balances held at fund managers	1,138,190	(683,491)
	<u>13,196,733</u>	<u>10,329,564</u>
Assets shown as endowment assets (note 11)	(3,224,988)	(2,542,883)
<b>As at 31 July 2014</b>	<u><u>9,971,745</u></u>	<u><u>7,786,681</u></u>
Represented by:		
Quoted securities	8,398,102	7,339,788
Cash	1,573,643	446,893
	<u><u>9,971,745</u></u>	<u><u>7,786,681</u></u>

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

At 31 July 2014, HHL had net liabilities totalling £60 and the loss after tax for the year then ended was £60.

At 31 July 2014, HHK had net assets totalling £25,050 and the profit after tax for the year then ended was £6,045.

At 31 July 2014, EPHHC has reserves of £nil and had no profit or loss for the year then ended.

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

### 11. Endowment assets

	Group 2014 £	College 2014 £	Group 2013 £	College 2013 £
Long term investments:				
Quoted securities - equities	3,224,988	3,224,988	2,542,883	2,542,883

### 12. Work in progress

	Group 2014 £	College 2014 £	Group 2013 £	College 2013 £
Work in progress	280,159	-	-	-
Stock	13,397	13,397	11,997	11,997
	<u>293,556</u>	<u>13,397</u>	<u>11,997</u>	<u>11,997</u>

### 13. Debtors

	Group 2014 £	College 2014 £	Group 2013 £	College 2013 £
Trade debtors	49,713	49,713	52,105	52,105
Amount due from subsidiary undertaking	-	343,830	-	16,876
Other debtors	89,667	42,873	59,201	59,201
Total	<u>139,380</u>	<u>436,416</u>	<u>111,306</u>	<u>128,182</u>

### 14. Cash

	Group 2014 £	College 2014 £	Group 2013 £	College 2013 £
Bank deposits	5,428,089	5,428,089	1,820,983	1,820,983
Current accounts	409,488	367,584	475,709	437,621
Cash in hand	211	211	292	292
Total	<u>5,837,788</u>	<u>5,795,884</u>	<u>2,296,984</u>	<u>2,258,896</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

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

	Group 2014 £	College 2014 £	Group 2013 £	College 2013 £
Bank loan	77,016	77,016	73,318	73,318
Trade creditors	112,185	112,185	105,356	105,356
Student prepayments	31,250	31,250	35,250	32,250
Other taxes and social security	35,870	35,870	4,362	4,362
Accruals	65,936	65,900	27,391	27,391
Deferred income	759,405	759,405	500,260	500,260
	<u>1,081,662</u>	<u>1,081,626</u>	<u>745,937</u>	<u>745,937</u>

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

	Group 2014 £	College 2014 £	Group 2013 £	College 2013 £
Bank loan and overdrafts	1,685,919	1,685,919	1,759,236	1,759,236
Private Placement Bonds	7,500,000	7,500,000	-	-
	<u>9,185,919</u>	<u>9,185,919</u>	<u>1,759,236</u>	<u>1,759,236</u>

The outstanding bank loan of £1.7m attracts a fixed rate of interest of 5.647% and is repayable in full by 31 July 2029.

#### Private Placement Bonds

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

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

	Group 2014 £	College 2014 £	Group 2013 £	College 2013 £
Due within one year	77,016	77,016	73,318	73,318
Between one and two years	82,241	82,241	77,016	77,016
Between two and five years	275,491	275,491	260,706	260,706
Due after more and five years	8,751,171	8,751,171	1,348,196	1,348,196
	<u>9,185,919</u>	<u>9,185,919</u>	<u>1,759,236</u>	<u>1,759,236</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

### 17. Deferred capital grants

Group and college	Donations £	2014 Total £	2013 Total £
Balance at beginning of year: Buildings	-	-	-
Grants and donations received: Buildings	100,000	100,000	-
Released to income and expenditure account: Buildings	-	-	-
Balances at end of year: Buildings	100,000	100,000	-

### 18. Endowments

Group and college	Unrestricted Permanent £	Restricted Permanent £	Total Permanent £	Restricted Expendable £	2014 Total £	2013 Total £
<b>Balance at beginning of year:</b>						
Capital and unspent income	557,000	1,656,206	2,213,206	329,677	2,542,883	1,556,423
New endowment received	569,000	85,000	654,000	-	654,000	557,000
Income receivable from endowment asset investment	-	-	-	227,944	227,944	188,547
Expenditure	-	-	-	(96,242)	(96,242)	(67,028)
Net transfer from income and Expenditure account	-	-	-	131,702	131,702	121,519
Transfers – CBSS unspent income	-	(106,889)	(106,889)	106,889	-	-
Adjustments – IT fund	-	(140,000)	(140,000)	-	(140,000)	-
Increase in market value of investments	-	36,403	36,403	-	36,403	307,941
<b>Balance at end of year</b>	<b>1,126,000</b>	<b>1,530,720</b>	<b>2,656,720</b>	<b>568,268</b>	<b>3,224,988</b>	<b>2,542,883</b>

Comprising:						
Capital and unspent income	1,126,000	1,530,720	2,656,720	568,268	3,224,988	2,542,883

#### Representing

Research funds	-	41,225	41,225	2,547	43,772	40,201
Student support	-	415,467	415,467	108,493	523,960	639,439
Bursaries	-	989,028	989,028	336,837	1,325,865	1,196,073
Other funds	1,126,000	85,000	1,211,000	205,391	1,331,391	667,170
<b>College total</b>	<b>1,126,000</b>	<b>1,530,720</b>	<b>2,656,720</b>	<b>568,268</b>	<b>3,224,988</b>	<b>2,542,883</b>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

### 19. Reserves

	General reserves £	Operational property revaluation reserve £	Foreign Currency translation reserve £	2014 Total £	2013 Total £
<b>Group</b>					
Balance at beginning of year	20,788,262	3,501,918	461	24,290,641	22,971,880
Surplus retained for the year	546,481	-	-	546,481	225,475
Actuarial loss	(30,179)	-	-	(30,179)	(31,888)
Increase in market value of investments	314,119	-	-	314,119	1,124,713
Reallocations	140,000	-	(2,207)	(2,207)	461
Balance at end of year	<u>21,758,683</u>	<u>3,501,918</u>	<u>(1,746)</u>	<u>25,258,855</u>	<u>24,290,641</u>

	General reserves £	Operational property revaluation reserve £	2014 Total £	2013 Total £
<b>College</b>				
Balance at beginning of year	20,767,511	3,501,918	24,269,429	22,971,929
Surplus retained for the year	540,495	-	540,495	204,675
Actuarial loss	(30,179)	-	(30,179)	(31,888)
Increase in market value of investments	314,119	-	314,119	1,124,713
Reallocations	140,000	-	140,000	-
Balance at end of year	<u>21,731,946</u>	<u>3,501,918</u>	<u>25,233,864</u>	<u>24,269,429</u>

### 20. Analysis of Net (Debt)/Funds

	At beginning of year £	Cashflow £	Other movements £	At end of year £
Cash at bank and in hand	2,296,984	3,540,804	-	5,837,788
Debts due within one year	(73,318)	73,318	(77,016)	(77,016)
Debts falling due after more than one year	(1,685,918)	(7,500,000)	77,016	(9,108,902)
Net (debt)/funds	<u>537,748</u>	<u>(3,885,878)</u>	<u>-</u>	<u>(3,348,130)</u>

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

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### 21. Pension Schemes

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

The following information regarding the USS pension scheme has been provided by the actuary. It is to be noted that the valuation date of 31 March 2014 has passed but no further information has been provided at the time of preparation of these accounts.

#### 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%.

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

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### 21. 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 2014

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### 21. 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 2014

### 21. 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 2014 and updated to 30 June 2014 by a qualified independent Actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	30 June 2014 % p.a.	30 June 2013 % p.a.
Discount rate	4.2	4.6
Expected long-term rate of return on Scheme assets	6.2	6.2
Increase in salaries	2.8 *	2.8 **
Retail Prices Index (RPI) assumption	3.3	3.3
Consumer Prices Index (CPI) assumption	2.3	2.3
Pension increases (RPI linked)	3.3	3.3
Pension increases (capped RPI linked)	3.1	3.1

\* 1.5% in 2014 to 2016, 2.8% thereafter

\*\* 1.5% in 2013; 2.8% 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 1.0% 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 22.3 years (previously 22.0)
- Female age 65 now has a life expectancy of 24.3 years (previously 24.2)
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.6 years (previously 22.9)
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.8 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 2014	Value at 30 June 2014 £	Long term rate of return expected at 30 June 2013	Value at 30 June 2013 £	Long term rate of return expected at 31 March 2013	Value at 31 March 2013 £
Equities and Hedge Funds	7.0%	309,973	7.0%	287,193	6.4%	250,750
Cash, Bonds and Net Current Assets	3.8%	101,848	4.0%	101,362	3.7%	94,981
Property	6.0%	30,997	6.0%	33,788	5.4%	34,193
		<u>442,818</u>		<u>422,343</u>		<u>379,924</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

### 21. Pension Schemes (continued)

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

	2014 £	2013 £	2012 £	2011 £
Total market value of assets	442,818	422,343	379,924	416,682
Present value of Scheme liabilities	(622,321)	(566,776)	(492,469)	(439,036)
Deficit in the Scheme	<u>(179,503)</u>	<u>(144,433)</u>	<u>(112,545)</u>	<u>(22,354)</u>

The amounts recognised in income and expenditure are as follows:

	30 June 2014 £	30 June 2013 £
In staff costs:		
Current service cost (net of employee contributions)	15,961	15,277
In endowment and investment income:		
Interest cost	26,071	23,151
Expected return on pension scheme assets	(25,991)	(21,337)
Net return	<u>16,041</u>	<u>17,091</u>
Actual return on pension scheme assets	<u>25,762</u>	<u>45,259</u>

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

	30 June 2014 £	30 June 2013 £
Present value of Scheme liabilities at beginning of year	566,776	492,469
Service cost (including employee's contributions)	19,967	19,255
Interest cost	26,071	23,151
Actuarial losses (gains)	29,950	50,524
Benefits paid	(20,443)	(18,623)
Present value of Scheme liabilities at end of year	<u>622,321</u>	<u>566,776</u>

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

### 21. Pension Schemes (Continued)

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

	<b>30 June 2014 £</b>	<b>30 June 2013 £</b>
Market value of Scheme assets at beginning of year	422,343	379,924
Expected return	25,991	21,337
Actuarial gains and (losses)	(229)	23,922
Contributions by employer	11,150	11,805
Additional contributions by members (including AVCs)	4,006	3,978
Benefits (and expenses) paid	(20,443)	(18,623)
Market value of Scheme assets at end of year	<u>442,818</u>	<u>422,343</u>

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

	<b>30 June 2014 £</b>	<b>30 June 2013 £</b>	<b>30 June 2012 £</b>	<b>31 March 2011 £</b>	<b>31 March 2010 £</b>
Present value of Scheme liabilities	(622,321)	(566,776)	(492,469)	(439,036)	(438,648)
Market value of Scheme assets	<u>442,818</u>	<u>422,343</u>	<u>379,924</u>	<u>416,682</u>	<u>368,606</u>
Surplus/(deficit)	<u>(179,503)</u>	<u>(144,433)</u>	<u>(112,545)</u>	<u>(22,354)</u>	<u>(70,042)</u>
Experience adjustments on Scheme liabilities	1,478	596	(18,493)	5,377	4,416
Experience adjustments on Scheme assets	(229)	23,922	(72,110)	10,680	40,402
Change in assumptions underlying present value of Scheme liabilities	(31,428)	(51,120)	(12,305)	21,086	(82,997)

# HUGHES HALL

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2014

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### 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 £23,533 (2013: £23,145).

The total pension cost for the College for the year to 31 July 2014 (see note 8) was as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
USS: Employer contributions	38,594	43,733
CCFPS: Charged to Income and Expenditure Account	8,049	8,846
Stakeholder Scheme: Employer contributions	23,533	23,145
	<u>70,176</u>	<u>75,724</u>

### 22. Financial Commitments

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Capital commitments		
Authorised by the Governing Body and contracted for	<u>-</u>	<u>-</u>

### 23. 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.

No disclosure of transactions with Hughes Hall Limited or Hughes Hall Hong Kong Limited has been made as those financial statements at 31 July 2014 have been consolidated.