

Charity Registration Number 1137497

HOMERTON COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 30 JUNE 2021

Registered address

Hills Road
Cambridge
CB2 8PH

Charity registration number: 1137497

Members of Council (Trustees)

Ex officio Members

Principal	Prof Geoffrey Ward (retired 30 September 2021) Lord Woolley of Woodford from 1 October 2021
Vice Principal	Dr Louise Joy
Senior Tutor	Dr Penelope Barton
Bursar	Ms Deborah Griffin

Elected Fellows (for 3-year terms to 30 September)

Dr Joel Chalfen (2020)
Dr Simone Hochgreb (2020)
Mr Matthew Moss (2021)
Dr Francesca Moore (2021)
Dr Juliana Cavalcanti (2022)
Ms Liz Osman (2022)
Dr David Clifford (2022)
Dr Julia Kenyon (2023)
Dr Timos Kipouros (2023 -second term)
Dr Paul Warwick (2023 – second term)
Dr Paul Elliott (2024 – second term)

Co-opted Fellows (not Trustees)

Dr Georgie Horrell
Dr Melanie Keene

Student Members (not Trustees)

JCR President	Joseph Saxby
MCR President	Bethan Morris Zelna Weich

Senior Officers

Head of House	Prof Geoffrey Ward (retired 30 September 2021) Lord Woolley of Woodford from 1 October 2021.
Vice Principal	Dr Louise Joy
Senior Tutor	Dr Penelope Barton
Bursar	Ms Deborah Griffin
Admissions Tutors	Dr Paul Elliott Dr Georgie Horrell
Graduate Tutor	Dr Melanie Keene
Secretary to the Governing Body and Council	Dr Simon Wadsley

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 30 JUNE 2021

Auditors

Price Bailey LLP
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Bankers

Lloyds Bank plc
Endeavour House
Chivers Way
Histon
Cambridge
CB24 9ZR

Solicitors

Taylor Vinters LLP
Merlin Place
Milton Road
Cambridge
CB4 0DP

Property advisers

Carter Jonas
6-8 Hills Road
Cambridge
CB2 1NH

Bidwells
Bidwell House
Trumpington Road
Cambridge
CB2 9LD

Investment managers

Rothschild & Co
New Court
St Swithin's Lane
London
EC4N 8AL

SCOPE OF THE FINANCIAL STATEMENTS

The trustees of Homerton College ('the College') present their report incorporating the operating and financial review, together with the audited financial statements for the year ended 30 June 2021. These cover the consolidated operations of Homerton College and its subsidiaries. The financial statements have been prepared in accordance with the accounting policies set out on pages 29 to 35 and comply with applicable laws, the requirements of the Recommended Cambridge College Accounts (RCCA), the Statement of Recommended Practice: Accounting for Further and Higher Education (2015), and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

GOVERNANCE AND ORGANISATIONAL STRUCTURE

Homerton College is an Independent College of the University of Cambridge. The College is governed by its Royal Charter and its Statutes and Ordinances, which may be found on the College website.

The Fellows of the College comprise the Governing Body which has the "ultimate authority in the government of the College as a place of education, religion, learning and research", and its powers are set out in the Charter and Statutes. The College Council is established by the Governing Body to exercise on its behalf such powers as are set out in the Statutes and Ordinances, other than those reserved for exercise by the Governing Body itself.

The members of the Council are deemed to be the trustees of the College for the purpose of charity law, and its composition is set out on page 2. A number of committees have been established to advise the Council in carrying out its duties, and these are set out in the Corporate Governance Statement on pages 19 and 20.

A number of subsidiaries and other significant investments have been established to undertake trading operations for the benefit of the College (see also note 12):

- ◆ Colophon Limited undertakes commercial conferences and also operates the College bar.
- ◆ HBC 1 Limited and Colokate LLP were incorporated during 2013-14 in order to facilitate the development of the residential element of Homerton Gardens which is adjacent to the main College site. This development is now completed and during the year to 30 June 2020 HBC1 was dissolved.
- ◆ Ward Griffin LLP is a partnership between Homerton College and St Mary's School, Cambridge, established in April 2020 for the development and management of the sports fields owned by St Mary's School and leased to the partnership for 66 years.

AIMS AND OBJECTIVES OF THE COLLEGE

The objects of the College, as set out in its Royal Charter, are:

- a. for the public benefit to advance education, religion, learning and research within the University of Cambridge;
- b. for the public benefit to provide for persons, who shall be members of the University, a College wherein they may work for degrees of the University of Cambridge.

PUBLIC BENEFIT

In setting the objectives and planning the activities of the College, the Council has given, careful consideration to the Charity Commission's general guidance on public benefit.

College Plan

The College is in the third year, of five years, of its College Plan, which was approved by the Governing Body in November 2018. The Plan is underpinned by the aims of the College to:

- ◆ Excel by the standards of Collegiate Cambridge;
- ◆ Utilise our position as the newest college so as to be seen to serve and reflect society's current and future needs;
- ◆ View and use our appeal to students from a wide variety of backgrounds as a distinctive strength;
- ◆ Support the PGCE, and training for the professions.

From October 2020, with the introduction of Architecture, the College offers all the Triposes for undergraduates. There is a need to expand the Fellowship particularly through the engagement of University Teaching Officers "UTOs" in all major subject areas. The Fellowship comprising the Governing Body now numbers 63 of whom 46 have been appointed since 2013. The College has also created an Associate Fellowship, for distinguished individuals whose continuing association with the College has demonstrable benefit and welcomes those of post-doctoral status as Research Associates to participate in the community as members of the College.

During 2019 Homerton Changemakers was launched to offer an extra-curricular support programme to Homerton students throughout their degrees. Whilst this has by necessity been mostly on-line for the past 18 months, the programme has proved an invaluable support for many of our students.

In July 2020, the College appointed a Website and Internal Communications Manager and launched a new website in September 2021. This involved revisiting and re-evaluating our vision and values of the College.

Education

Student membership of the College was as follows:

Academic year ended 30 June	2019	2020	2021
Undergraduates	577	586	615
Postgraduate Certificate in Education (PGCE)	202	165	181
Higher Degree students - Full time	162	188	183
- Part time	243	249	213
Total	1,184	1,188	1,192

PUBLIC BENEFIT (continued)

Achievements

The multiple achievements of the College members are listed extensively in the College's Annual Review, which is available at <https://issuu.com/homerton/docs/20.4.2021> - [homerton 2020 ar web](https://issuu.com/homerton/docs/20.4.2021)

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Academic years 2019-20 and 2020-21 have been extraordinary due to the COVID-19 pandemic. Whilst the 2020 final-year undergraduate degree results were the best in the College's history, with a third of Finalists gaining a First-Class degree, and no student graduating with a result lower than a 2:1 this reflected a near normal period of study until the final term and the move to on-line assessment and away from traditional exam papers in lecture halls, something that may have benefitted many students.

The academic year 2020-21 was far more disrupted with many periods of isolation during Michaelmas, and the majority of students studying at home in variable circumstances during Lent term. Whilst most returned for the Easter term, studying and exams took place mostly in their bedrooms. The results of finalists in 2021 reflected a higher proportion of firsts than previous years (except 2020) with the percentage of first and 2:1s as in previous years (bar 2020 when it was much higher).

Student support

The College commits to offering places to applicants from a broad range of backgrounds who may have received very variable preparation at school. The College provides an extended induction for incoming first years and a number of students are offered pre-sessionals in mathematics for non-maths courses. To ensure all students can fully participate in all the University and College has to offer the College participates in and has instigated a number of schemes.

Through a scheme operated in common with the University and other Cambridge colleges, the College provides bursary support to undergraduate students of limited financial means. The Cambridge Bursary Scheme is approved by the Office of Fair Access (OFFA) and provides benefits at substantially higher level than the minimum OFFA requirement. During the year, 150 (2020: 144) Homerton students benefited from the scheme, to the value of £484,283 (2020: £409,288). College officers have also supported the various strands of the University's Student Support Initiative and the College continued participation in the Pilot Top-Up Bursary Scheme which benefited 161 Homerton students in 2021 to the value of £108,910 (2020: 108 students to the value of £81,470). This was in part funded by Trinity College. From October 2021, this will be replaced by an enhanced Cambridge Bursary Scheme for first years although College has committed to paying the top-up to the remaining years.

The College also operates its own Hardship Fund and awards a number of other grants, as well as prizes for academic achievement. The total cost of such financial support was £185,247 (2020: £249,726). The College's Finance Tutor seeks to support students in need not only from College resources but also a range of University and other Funds.

Research Grants, for postgraduates, were used, to fund an expanded criteria of expenses, recognising that fees and travel for conferences was limited by the pandemic. Eligible PhD students were supported in applying for UKRI Covid-10 extension funding and the University's own postgraduate CAS scheme for self-funded students.

Student support (continued)

All undergraduates have a Director of Studies who meet with and monitor students' Academic development. One-to-one support is available for any student who requires assistance with writing skills, maths support or time management and personal organisation. Due to the pandemic there was a limited number of subject dinners held during the year. These bring together undergraduates, postgraduates, Fellows and staff, and in some cases alumni, for further discussion of the respective subjects.

All students have a Tutor for pastoral support. During the year, the roles and responsibilities of both undergraduate and postgraduate tutors was reviewed. For the Academic Year 21-22 this resulted in an increased number of undergraduate Tutors and a restructuring of postgraduate support with more tutors covering all students whereas previously a PGCE Tutor and two Graduate Tutors for part-time graduate students had supported the Graduate Tutor. There is also an increased diversity of tutors which was an aim of the restructuring.

The College runs a Personal Development Programme open to all undergraduate and graduate students.

Homerton Changemakers was launched during 2019. The costs amounted to £83,270 (2020: £133,494). This is a three year, integrated, co-curricular programme, designed to help Homerton students thrive both during and after graduation. It is based on the pillars of responsibility, efficacy, action and leadership. Changemakers continued to deliver an innovative programme throughout the year, albeit mostly online.

The College also employs a Nurse and Counsellor to provide onsite care for students.

Outreach and access

The College is concerned to ensure that the benefits of the education provided by the College are, and are understood to be, open to talented applicants from every background, raise educational aspiration, and attract outstanding applicants who might not have otherwise considered applying to Cambridge and Homerton College. The College employs a full-time Schools Liaison Officer. The Schools Liaison Officer, in consultation with the Admissions Tutors, operates an extensive outreach programme of visits to schools, visits by schools to the College, summer schools and open days. The pandemic meant that many of these activities were curtailed or moved online. In agreement with other Colleges, Homerton focuses its outreach on three geographical areas: Richmond and Hounslow, Doncaster and Rotherham, and Scotland. Webinar links were provided for our schools in these areas. During the year, over 400 potential applicants visited the College (2020: 1,301) and subject based open days catered for a further c.600 students

In 2019, the College invested in third-party software to allow prospective students to talk to current students usually in their subject area via chat and this was invaluable during the pandemic.

Cognisant of the difficult study and exam conditions that many of our prospective students had endured, the College provided on-line access and preparation courses for around 1,500 pre-applicants.

Admissions

Undergraduate admissions for the 2020-21 Academic year exceeded planned numbers due to the absence of exams for sixth form students. This is creating pressure on accommodation as this cohort moves through the years. Our admissions process will continue to be dictated by discussions between interviewers, Directors of Studies and Admissions Tutors on the quality of each applicant with an appropriate consideration of individual applicants' contextual information. Nevertheless, we are proud that we exceed metrics set for POLAR, OAC and IMD participation in the agreement with the Office for Students for 2024.

Extra-curricular activities

Homerton students are encouraged to participate in a wide range of activities both College-based and in the wider University. A total of 34 (2020 – 39) representation awards of £200 recognised the contribution of our students across activities in sport, music, dance, drama and societies in the wider University. The College also made donations, totaling £8.5k, to local charities and student societies usually with a Homerton student or staff involvement.

The College provides support to a range of musical activities, in particular through the Charter Choir. The College employs a Director of Music, and each year awards a number of Choral and Organ scholarships. Two new large and airy music practice rooms were completed in summer 2020.

Research

Fellows of the College are supported in their research activities with generous computer and research allowances. There were 8 Junior Research Fellows during the year and a number moved onto prestigious lectureships around the world. The College also supported its community of 20 Research Associates who provide a valuable resource for teaching and seminars. Masters and PhD students also receive research allowances for attendance at conferences or workshops and fieldwork expenses.

Research Suppers continued online throughout the academic year with talks from members of the College on their work unfortunately not with the customary research supper afterwards. The annual joint research event with our sister College in Oxford, Harris Manchester was planned, but had to be cancelled due to Covid-19.

The Director of Research has helped to coordinate the College's data for the upcoming REF submission and the Research Committee has continued to look at how fellows can apply for external funding grants and the criteria for claiming research allowances and graduate grants and awards.

Responding to Covid-19

The College was unable to accept any event or summer school business during the summer of 2020, however there was hope that the academic year would be a new beginning. The University and Colleges commissioned weekly asymptomatic testing and students were organized into households of between 5 and 12 (average 9) around their kitchen or "gyp room." There were no large gatherings in line with government regulations and student activity focused on the households. Some 150 International students were supported to quarantine on arrival prior to the start of term. Unfortunately, in mid-October, with cases rising Public Health England advised the lockdown of our largest student residence, West House, housing mostly freshers.

PUBLIC BENEFIT (continued)

Responding to Covid-19 (continued)

Students were able to order meals online and an army of catering staff delivered food to each room. Directors of studies, tutors and supervisors provided support to students wherever they were located. The Porters Lodge were supplemented with staff to take deliveries, snacks and "gifts" to each room to try and lift spirits. The Homerton Union of Students (HUS) provided online support with games and chat. It was a very difficult time and as the first of the Colleges to "go down" were very much a guinea pig for PHE and the other Colleges.

The remainder of the year followed a similar pattern. Although there were no more outbreaks, there were always students in quarantine or isolation that needed support. After the Christmas vacation resident student numbers gradually grew as students increasingly found it difficult to study at home or could not return home. The College officers and management continued to work with the University and other Colleges with joint planning to interpret and implement each change in legislation and risk assessed good practice.

The academic year finished with most students in residence and undertaking many exams from their rooms. Graduations took place although with few guests and the ceremonies themselves streamed to family and friends.

A large onerous task that took place over the summer of 2020 (and again this summer) was the packing up and return of the belongings of almost 650 students who had left the residence in March 2020 with the expectation of returning in April.

The pandemic has had a significant financial impact on the College. The principal matters up to 30 June 2021 included the loss of student rental income and catering throughout the year and loss of all conference, events and Homerton International programme revenues.

FINANCIAL REVIEW

Review of the results for the year

Overview

The College Income and Expenditure Account for the year ended 30 June 2021 reflects the impact of Covid-19 with the absence of any conference and events income from March to 30 June and the loss of one-term's student residential and catering income, although the reduction in costs partly offset this. There was a loss before other gains and losses of £1,775k (2020: loss before other gains and losses of £668k). This was after a contribution of £38k (2020: £37k) to the Colleges' Fund under University of Cambridge Statute G, II.

Education Account

The per capita rate applicable to the undergraduate college fee for Home and EU students was £4,625 (Years 1- 4) and £4,500 (Year 5). The graduate and PGCE fee to the Colleges was increased by 4% to £4,069 (2020: £3,911). Of the total graduate fee income, this included a sum of £61,178 which was directly taken to the Vice Chancellor's Graduate Fund. Total income from college fees, grants etc amounted to £5.4m (2020: £5.17m).

Education expenditure was £6.29m (2020: £6.34m) a decrease of £56k leaving a deficit of £0.89m (2020: £1.17m).

Residence and catering accounts

The College is very mindful of student finances and strives to keep increases in accommodation rents and catering prices as low as possible whilst endeavoring to cover costs and maintaining a high standard of (mostly en-suite) accommodation through regular refurbishment. This year room rents increased by 13.0% for undergraduates (2020: 2.9%) and 4.6% for graduates (2020: 3%) and Hall food prices reduced by an average 40% (2020: 0%). The Minimum Meal Charge (MMC) was ended in 2020. The college is pleased that our student room rents continue to be amongst the lowest in Cambridge and the lower food prices came at a time when many students in isolation or quarantine had no choice.

The residence account income was £2.37m (2020: £2.37m). Costs for the year were £3.33m (2020: £3.09m) resulting in a loss of £954k (2020: loss of £717k). In the previous year, almost a term of residence income was lost (Easter term), whereas for this financial year the loss was incurred throughout the academic year.

Term-time students, staff and college function catering produced a turnover of £0.35m (2020: £0.79m) reflecting both the reduction in pricing and less College functions and residents.. After allowing for pay expenditure of £958k (2020: £765k) and non-pay and overheads of £566k (2020: £738k), the account was in deficit by £1.17m (2020: deficit £710k).

Costs which would normally have been charged to the conference and events business were charged to the student residence and catering accounts.

FINANCIAL REVIEW (continued)

Review of the results for the year (continued)

Conference and Events business

Income from conferences forms a vital part of the College's funding and the loss of business for the whole of the year is reflected in the increased deficit in the accounts. A significant portion of business has postponed events until 2022 although this in many cases will be instead of events that would have occurred in any case. College is aware of the need to rebuild this business post Covid-19 and is investing in its meeting rooms. The North Wing auditorium and guest bedrooms completed in summer 2020 will also provide a significant additional income in future years.

Conference and Events income from the provision of catering and accommodation services to residential and day conferences (including Colophon Limited) was £2k (2020: £1,135k). Direct conference expenditure amounted to £11k (2020: £525k), giving a net loss of £9k (2020: £609k contribution).

Maintenance of buildings and capital expenditure

The College aims to preserve the quality of its building, residences, public spaces and infrastructure to provide students with a quality experience now and for future generations.

During the summer of 2020, the top floor of ABC residences (27 rooms and gyp rooms) underwent a complete refurbishment.

The first phase of the new Sports fields commenced in October 2019 which has three artificial flood-lit pitches for hockey, tennis and netball and football and rugby. The pitches were completed in September 2020 and the construction of the Pavilion began shortly afterwards. Covid, and shortage of supplies, has delayed completion, which is now scheduled for October 2021. Cost expended in the year was £1.879m.

The new Dining Hall with servery, kitchens and Buttery, commenced construction in February 2020 and is on schedule to be completed by March 2022. Work over the summer 2020 on the Dining Hall included, a new electricity substation and the installation of a large Ground Source Heat Pump (GSHP) array under the lawns, to provide heating and cooling to the facility.

Some of the other capital works and projects that took place over summer 2020 are listed below.

- Refurbished 188 Hills Road flat
- A new grease management system installed in main kitchen
- the Great Hall, Fellows' Dining Room and Principal's corridor flooring has been completely sanded down and refinished.
- Increased pigeon netting over Harrison Drive building areas

FINANCIAL REVIEW (continued)

Review of the results for the year (continued)

Investment policy and performance

Investment portfolio

The College maintains a long-term approach to investment, retaining a diversified portfolio of high quality assets, to protect the real value of the capital base and provide protection against inflation risk. The College's primary investment objectives are:

- ◆ to seek to maintain the value of the portfolio in real terms i.e. 1% above inflation; and
- ◆ to maintain a predicted annual standard deviation of returns less than 12.

The actual total return target is RPI +4% per annum, net of all investment fees and costs, over 5-7 years in order to sustain a spending rate of 3% over a trailing 3 year average. Rothschild & Co are retained to manage the investment portfolio. UBS retained a small portfolio of private equity assets which have been invested in since 2008. These latter investments were realized post year end.

Overall, the College's Investment portfolio has increased in value from £82.0m to £91.6m at the year end (note 13) after £14m was withdrawn to pay down the Rolling Credit Facility (RCF) with Lloyds Bank and fund capital projects. The return since the appointment of Rothschild & Co (October 2015) comfortably exceeds the total target return on an annualised basis. The Investment Committee advises the Trustees on the ethical policy with regard to its investments and follows and discusses the debate on issues of an environmental, social and governance nature. Through its investment managers, the College is seeking to invest long-term in assets which demonstrate a sustainable investment performance, and therefore, it is natural that considerations of an ESG nature will be taken, when acquiring, managing and trading in holdings. The Investment Committee also encourage their equity managers to discharge their responsibilities in accordance with their own corporate governance policies, taking into account, the UK Corporate Governance code, UN Principles of Responsible Investment and the UK Stewardship Code.

The Investment Committee also monitors, through its investment managers, its holdings of so called "sin stocks" and investments in industries extracting fossil fuels. The College does not hold any direct shareholdings in fossil fuel companies (and has not for at least 5 years) and its holdings through funds are considered *de minimis*.

Homerton Gardens

The commercial development was completed in Spring 2016 at a cost of £18m. The main tenant is Alpha Plus Group operating Abbey College, a sixth form school. Rent, on the 25 year lease, commenced in September 2016. The commercial buildings were valued as at 30 June 2021 at £45.5m (30 June 2020: £42.75m). A discount on rent was given for the first half of the year recognizing the difficulties that the school was experiencing from the pandemic.

The value of the residential development is stated as other investments at £0.5m (30 June 2020: £0.5m) and reflects the value of the leaseholds.

FINANCIAL REVIEW (continued)

Investment policy and performance (continued)

Investment portfolio (continued)

Investment Land

Bidwell's performed a valuation of the investment land, as at 30 June 2021. The land has been valued at £6.6m (30 June 2020: £6.0m).

Leases

The Northern Site is the subject of a 99 year lease, from 9 January 2005, to the University of Cambridge, for which a premium has been received and accounted for as deferred rental income. This is released in equal annual instalments over the lease term.

The Mary Allan Building is subject to a 60 year lease, to the University of Cambridge, of its offices and shared teaching and auditorium space from 2001.

The lease of the Science Education Centre to the University of Cambridge is for 25 years from August 2001 and has been extended for a further 15 years.

College Land and Buildings

The College reviewed its accounting policies in the light of the new accounting standard FRS102 in the year ended 30 June 2016 and decided that the College's operational assets should no longer be revalued, and that any new operational assets should be added at cost. The College's land and buildings are therefore stated at their value at 31 July 2013, as updated by the Governing Body to 1 July 2014 to £79.7m. Transactions since 1 July 2014 have been reflected in the balance of £100.6m at 30 June 2021. Assets under construction at 30 June 2021 represented costs expended to date on the Dining Hall, Buttery and kitchens.

Expenditure of a capital nature over the past 5 years has been funded through College operational cash flow and the proceeds of the bond issue in August 2015 (Note 18). Cash flow forecasts are regularly presented to the Investment Committee and College Council showing the requirement to use funds invested to complete the Estates Strategy 2014-2024 over the period 2021 to 2024. The loss of cash flow from operations over the past two financial years has increased the need to fund ongoing projects from the investment portfolio. Rather than use invested funds, a £10m Revolving Credit Facility (RCF) was agreed with the College's bankers, Lloyds Bank in June 2019. This was drawn on for the first time in February 2020 - £4m to fund the ongoing capital works. The remaining £6m was drawn down in July 2020.

The loan was repaid in May 2021 from the investment portfolio.

FINANCIAL REVIEW (continued)

Fundraising

Fundraising is undertaken through the College staff employed in the Development office, and is focused on the Alumni of the College, and partnerships with Santander and others. Fundraising is largely through the annual telephone campaign, emails and requests, to Alumni, and the College participates in the Cambridge in America scheme. All donations raised in this way are used to support our students. The amount raised to 30 June 2021 was £1,402k (2020: £248k) of which, £1.047m was from a legacy.

We did not use the services of any professional or commercial fundraisers. We are registered with the Fundraising Regulator and abide by its voluntary scheme for regulating fundraising. We did not receive any complaints about our activities for the purposes of fundraising. Before commencing the annual telephone campaign, all identified participants (who are all Alumni) are contacted by mail and given the opportunity to not be contacted. All our callers, who are current students, are trained and monitored to avoid unreasonable intrusion on a person's privacy.

Staff costs and pensions

Total payroll costs, including employer's pension and national insurance contributions, were £7.5m (2020: £7.0m) (see note 10).

Each year, staff are appraised and an application can be made to the Staff or Fellows Remuneration committees for consideration of a regrade for that position. Salaries are benchmarked against other Colleges and, where appropriate, local companies. Salaries are increased each year in line with the UCEA negotiated pay increase. Homerton College is one of the few Colleges still offering a benefit as opposed to a contribution pensions scheme to all permanent staff and therefore average support staff costs are amongst the highest in Cambridge Colleges. All staff receive a meal whilst on duty.

College policy is to pay the Living Wage to all permanent and temporary employees.

The funded pension scheme operated for non-teaching staff is the Cambridgeshire County Council Local Government Pension Scheme (LGPS). The College also supports membership of the Universities Superannuation Scheme (USS), mainly for its Academic staff.

LGPS

The LGPS share of deficit, calculated to meet the requirements of FRS 102, attributable to existing and former staff was £3.5m (2020: deficit of £3.89m). The Employer's contribution rate changed in April 2021 to 18.0% (April 2020: 18.1%).

USS

Due to the nature of this 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 accounts for the scheme as if it were a defined contribution scheme.

As reported in Note 21 the trustee estimates that the funding ratio as at 31 March 2021 had increased to 84% (from 79% as at 31 March 2020) reducing the deficit to £15.2bn (2020: £20.2bn).

FINANCIAL REVIEW (continued)

Staff costs and pensions (Continued)

US\$ (continued)

The College has entered into a Recovery Plan with the Universities' Superannuation Scheme to fund the deficit within the Scheme. Consequently, the College has recognised a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the statement of comprehensive income and expenditure. At 30 June 2021, this liability was £0.57m (2020: £0.58m). The recovery plan will currently increase Employer contributions further in October 2021 to 21.4%.

Since the year end, following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed in respect of the USS pension scheme. As detailed in Note 29 this results in an increase of £1.037m in the provision for the obligation to fund the deficit on the USS pension which would instead be £1.611m. If the Joint Negotiating Committee (JNC) recommended deed on benefit changes has not been executed by 28 February 2022 then there would be an increase of £1.999m in the provision for the obligation to fund the deficit on the USS pension which would instead be £2.573m.

Reserves policy

The College's investment portfolio, its conference business and rental income from leases have the function of sustaining the activities of the College. Expenditure is guided by an assessment of forecast performance and liabilities with the objective of identifying sustainable affordable expenditure and achieving inter-generational equity. This is discussed in more detail above in respect of the investment policy.

The total unrestricted funds of the group totalled £227.0m at 30 June 2021 (30 June 2020: £200.7m). Of this, the general reserve, excluding the pension reserve, amounted to £120.6m (30 June 2020: £111.7m).

The free reserves of the College are largely represented by the College Investment portfolio, under management with Rothschild & Co, and cash held, totalling £91.6m at 30 June 2021 (30 June 2020: £82.0m). Each year, the Investment committee considers the cash flow projections for the College for the next 5 years and the appropriateness of the level of investments and advises the Trustees. The Investment Committee consider:

- ◆ The capital expenditure planned under the Estates Strategy to 2024;
- ◆ The re-payment of the bonds issued in 2013 and 2015 due from 2040;
- ◆ The age and condition of the existing buildings used for teaching, catering, offices and accommodation;
- ◆ The operating income and cash flows.

Until this year, the College had had no reason to withdraw funds from the investment portfolio managed by Rothschild since its inception in 2015. Covid-19 has increased the need to access funds from the investment portfolio from 2021 onwards as a result of the loss of income and cash flow from student and conference residential income and catering and events. However, the portfolio has achieved exceptional returns to June 30 2021 which allowed the withdrawal of £14m of funds to repay the RCF of £10m in May 2021, and contribute to funding capital projects.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

The Investment Committee is comfortable that the level of investments which represents the free reserves of the College is appropriate to the needs and size of the College and will be available to fund the remaining projects of the Estates Strategy and the shortfalls in operating cash flow as a result of the Covid-19 pandemic over the next 3 to 5 years.

PLANS FOR FUTURE PERIODS AND POST BALANCE SHEET EVENTS

Short-term future plans and activities

Estates

The Dining Hall with new servery, buttery and kitchen is scheduled for completion in March 2022. New furniture for the Hall has been commissioned, and new artwork by Shezad Dawood has been commissioned, including a large tiled mosaic in the entrance foyer, a film, and tapestry for the Hall.

The Pavillion of the new Sports ground and outside areas was completed at the end of October 2021 and an opening ceremony held on October 25th. Negotiations to engage a management company to provide for Community Use under the S106 agreement are ongoing.

During 2020-21, an architecture competition was held for a new Porters Lodge, additional study spaces and exhibition space, and a Children's Literature Resource Centre. Alison Brooks were appointed in July 2021, and significant planning is being undertaken by the design team and College team, with the intention of submitting planning in January 2022 and commencing construction, if planning is received, in the summer of 2022. Once planning is submitted, we can continue planning for the Great Hall and its environs.

During the summer of 2021, a second tranche of the bedrooms and en-suite shower rooms, of 27 of the 81 bedrooms in ABC, were completely refurbished, and one of the Hills Road residences has been refurbished.

Also, starting in July 2021, is a complete refurbishment of the meetings rooms in the Ibberson building, to improve the interior design, install state-of the-art audio visual equipment, especially to host hybrid meetings and, the starting point of the project, to improve the fire safety of this Grade 2 listed building by providing additional fire escapes and thereby restoring the capacities of these rooms. The sustainability of this building is also being investigated.

With the retirement of the Principal, Professor Geoffrey Ward, the Principal's Lodge on Luard Road is being redecorated and furnished for the incoming Principal, Lord Woolley.

Environment

Having established existing Scope 1 and Scope 2 carbon emissions for the site which can then be tracked each year, we have commissioned Skelly & Couch to report on:

- Energy evaluation by building and options for improving energy use
- A feasibility for the elimination of gas as an energy source
- Generation from existing photovoltaics (PVs)
- Electric Vehicle Charging provision

PLANS FOR FUTURE PERIODS AND POST BALANCE SHEET EVENTS (continued)

Short-term future plans and activities (continued)

Environment (continued)

This is a long-term project, but we are confident of eliminating gas from the campus within 20 years. Cambridge Colleges currently purchase electricity from a company that generates through 100% renewables. The new Dining Hall and Buttery are powered by electricity, and heating and cooling provided by Ground Source Heat pumps (GSHP).

College also funded students of the Environmental Society to undertake a biodiversity study of College campus and in particular the conservation area during summer 2021.

Funding

£6m was drawn down in July 2021 from the Investment portfolio to fund the construction of the capital projects (see Note 28).

Admissions over the summer

Having been challenged by the admittance of its largest ever first year undergraduate cohort (201 students) in 2020, the offer ratio was reduced and the College admitted 178 undergraduates in 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

The College's Governing Body and the directors of the College's subsidiaries continued with their policy of formal risk assessment. All College Committees review and update the risk assessment appropriate to their purpose at least annually. These are consolidated and reviewed by the Audit Committee, College Council and Governing Body.

Previously considered significant risks such as Brexit, which has created substantial uncertainties for fellows, staff and students are still in the background and are manifesting themselves in difficulties in recruiting staff and supply shortages. The UK Governments report on Initial Teacher Training puts at risk the PGCE course in Cambridge University and the loss of fee income for the College and the impact on its tenant the Faculty of Education.

The impact of the pandemic still dominates the risk assessment. There are uncertainties as to the recovery from the pandemic and the likelihood of further such events in the future. The impact of the pandemic in many ways, is a consolidation of previously identified risks, and still presents a risk, financially, academically and for personnel.

Also increasing in terms of likelihood and severity is the possible deterioration on the mental health and academic achievement of students primarily as a result of their experience over the past 18 months as first years and sixth form students. The College is providing additional support to our students, and have increased academic and support programmes, through Changemakers, and re-structured the pastoral support, through the Tutor system, for all students.

The major change from last year's heatmap is the increase in likelihood and severity of the failure to recruit more University Teaching Officers. This is within the Academic strategy as an area of focus.

AUDITOR

In so far as the trustees are aware:

- ◆ there is no relevant audit information of which the College and group's auditor is unaware; and
- ◆ the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the Governing Body on April 19th 2002] and signed on its behalf by:



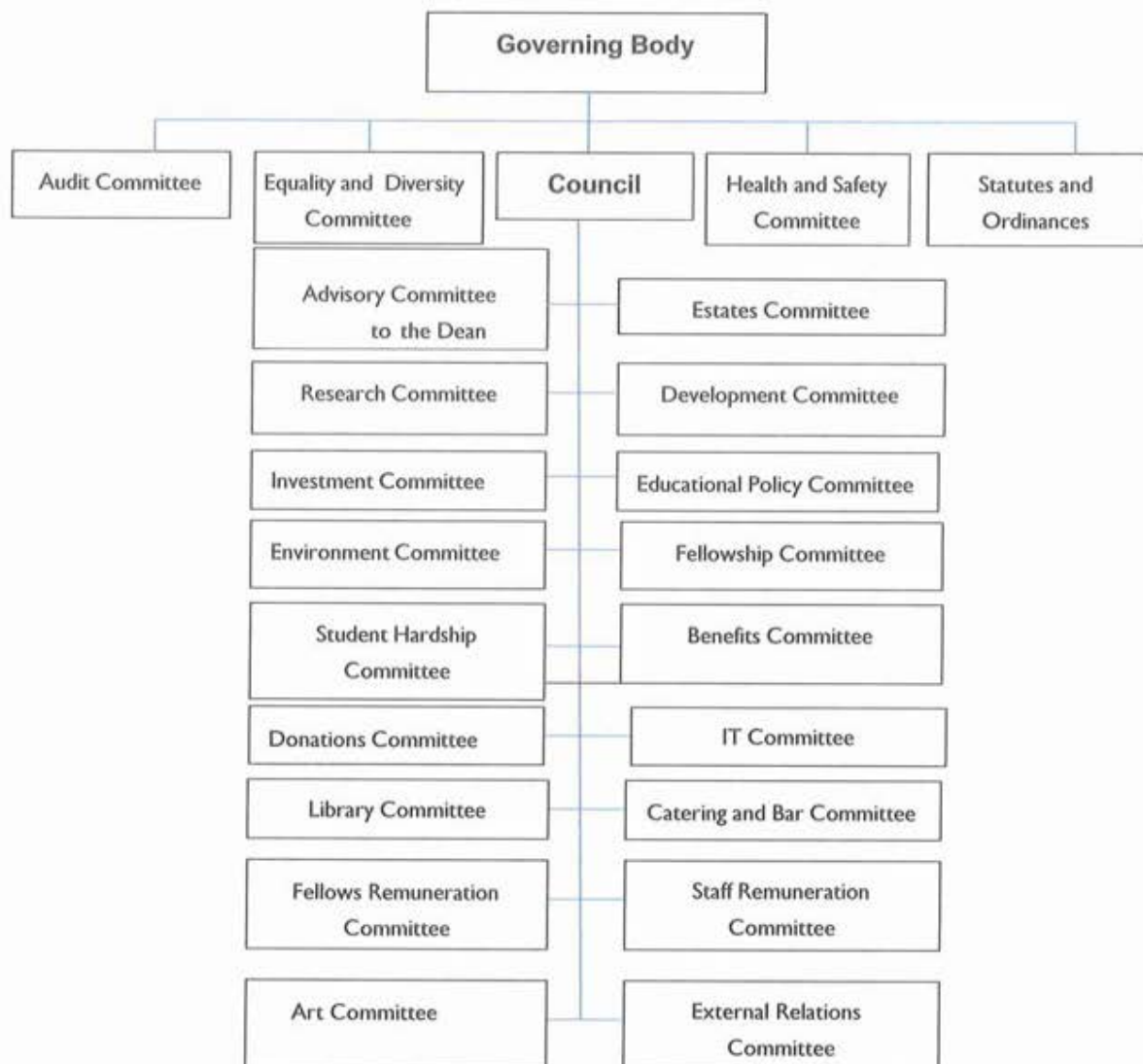
Bursar and Fellow

Governance

The following statement is provided by the Council to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.

The College is a registered charity (registered number 1137497) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law.

The Governing Body and Council are advised in carrying out their duties by a number of Committees as explained below:



On occasion working groups are set up to provide time limited direction such as the Music Strategy working group. The principal officers of the College are:

- ◆ The Principal
- ◆ The Vice-Principal
- ◆ The Bursar
- ◆ The Senior Tutor
- ◆ The Admissions Tutors
- ◆ The Post-Graduate Tutor

Governance (continued)

It is the duty of the Audit Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Governing Body on the appointment of external auditors; to consider reports submitted by the auditor; to monitor the implementation of recommendations made by the auditor; to make an annual report to the Council and Governing Body. Membership of the Audit Committee includes two independent chartered accountants and two fellows who are not members of the Council.

Declarations of Interests are completed by all Members of the Council and the senior administrative officers. Declarations of interest are made systematically at meetings.

The College's Members of the Council during the year ended 30 June 2021 are set out on page 2.

Statement of Internal Control

The Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the College's Statutes.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2021 and up to the date of approval of the financial statements.

The Governing Body is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:

- ◆ The Audit Committee reviews a risk assessment report which it submits to the Governing Body in the Easter Term;
- ◆ The Audit Committee presents an annual report, including the adequacy of the internal controls and the preparation of the financial statements in the Michaelmas Term.

The Governing Body's review of the effectiveness of the system of internal control is informed by the work of the various Committees, the Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditor in their management letter and other reports.

Statement of Internal Control (continued)

The Council 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) and presenting it to the Governing Body for approval.

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable UK 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 Group and the College will continue in operation.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council 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.

Opinion

We have audited the financial statements of Homerton College (the 'College') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated Statement of Changes in Reserves, the Consolidated and the College Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and College's affairs as at 30 June 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; 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.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the College Council and Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:
the information given in the financial statements is inconsistent in any material respect with the report of the College Council and Governing Body; 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.

Responsibilities of College Council and Governing Body

As explained more fully in the College Council and Governing Body' responsibilities statement set out on pages 21 and 22, the College Council and Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the College Council and Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the College Council and Governing Body are responsible for assessing the group's and College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the College Council and Governing Body either intend to liquidate the group or the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the College and how it operates and considered the risk of the College not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements. In relation to the College this included data protection, health and safety, employment law and financial reporting.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions to identify large or unusual transactions.

We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions.

We reviewed minutes of College Council and Governing Body meetings and agreed the financial statement disclosures to underlying supporting documentation.

We have made enquiries of management and officers of the College regarding laws and regulations applicable to the organisation.

We reviewed the risk management processes and procedures in place including a review of the risk register and reporting to the College Council and Governing Body.

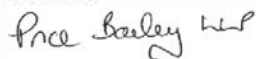
Independent auditor's report 30 June 2021

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the College's College Council and Governing Body, as a body, in accordance with College's statutes, the Statutes of the University of Cambridge and part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the College's College Council and 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 charity and the charity's College Council and Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.



Price Bailey LLP
Chartered Accountants and Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ
Date: 29 April 2022

Consolidated statement of comprehensive income and expenditure Year to 30 June 2021

	Note	2021 £'000	2020 £'000
Income			
Academic fees and charges	1	5,401	5,169
Residences, catering and conferences	2	2,745	4,345
Investment income	3	3,288	3,820
Other income	5	893	1,263
Total income before donations		12,327	14,597
Donations	4	1,402	248
Total income		13,729	14,845
Expenditure			
Education	6	(6,287)	(6,343)
Residences, catering and conferences	7	(4,895)	(5,657)
Investment management costs	3	(429)	(417)
Other expenditure	8	(3,855)	(3,059)
Contribution under Statute G, II		(38)	(37)
Total expenditure	9	(15,504)	(15,513)
(Deficit) before other gains and losses		(1,775)	(668)
College's share of loss on joint venture	13	(5)	(1)
Realised gains on investments	13	8,156	3,369
Unrealised gains on investments	13	18,169	2,834
Surplus for the year		24,545	5,534
Other comprehensive income			
Actuarial gain/(loss) in respect of pension schemes	21	1,379	(2,863)
Changes in assumptions arising on teachers' pension obligations	19	(78)	(233)
Total comprehensive income for the year		25,846	2,438

All items dealt with in arriving at the surplus for the above two accounting years relate to continuing operations.

Consolidated statement of changes in reserves: Year to 30 June 2021

	Income and expenditure reserve		Revaluation reserve		Total £'000
	Un-restricted £'000	Restricted £'000	Operational property £'000	Fixed asset investment £'000	
Balance at 1 July 2020	107,181	—	57,016	36,545	200,742
Surplus/(deficit) from income and expenditure	(1,780)	—	—	26,325	24,545
Other comprehensive income / expenditure	1,301	—	—	—	1,301
Transfers between revaluation and income and expenditure reserve	9,138	—	(983)	(8,155)	—
Balance at 30 June 2021	115,840	—	56,033	54,715	226,588

	Income and expenditure reserve		Revaluation reserve		Total £'000
	Un-restricted £'000	Restricted £'000	Operational property £'000	Fixed asset investment £'000	
<i>Balance at 1 July 2019</i>	<i>106,551</i>	<i>—</i>	<i>58,000</i>	<i>33,753</i>	<i>198,304</i>
<i>Surplus/(deficit) from income and expenditure</i>	<i>(668)</i>	<i>—</i>	<i>—</i>	<i>6,202</i>	<i>5,534</i>
<i>Other comprehensive expenditure</i>	<i>(3,096)</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>(3,096)</i>
<i>Transfers between revaluation and income and expenditure reserve</i>	<i>4,394</i>	<i>—</i>	<i>(984)</i>	<i>(3,410)</i>	<i>—</i>
<i>Balance at 30 June 2020</i>	<i>107,181</i>	<i>—</i>	<i>57,016</i>	<i>36,545</i>	<i>200,742</i>

The transfer between the operational property revaluation reserve and the income and expenditure reserve is made to compensate the income and expenditure reserve for the additional depreciation charged on the College's operational property as a result of its previous revaluations.

The transfer between the fixed asset investment revaluation reserve and the income and expenditure reserve represents the realised investment gains during the year on a historical cost basis.

The notes on page 36 to 55 form part of these financial statements.

Balance sheets Year to 30 June 2021

	Notes	Consolidated		College	
		2021 £'000	2020 £'00	2021 £'000	2020 £'000
Fixed assets					
Intangible assets	11	442	453	442	453
Tangible assets	12	111,369	107,282	111,357	107,262
Investments	13	148,490	133,014	148,530	133,014
		260,301	240,749	260,329	240,769
Current assets					
Stocks	14	30	27	21	17
Trade and other receivables	15	1,846	2,351	2,147	2,643
Cash at bank and in hand	16	4,363	2,174	4,276	2,099
		6,239	4,552	6,444	4,759
Current liabilities					
Creditors: amounts falling due within one year	17	(2,932)	(3,153)	(2,901)	(3,154)
Net current assets		3,307	1,399	3,543	1,605
Total assets less current liabilities		263,608	242,148	263,872	242,374
Creditors: amounts falling due after more than one year	18	(32,444)	(36,469)	(32,444)	(36,469)
Provisions for liabilities and charges	19	(498)	(460)	(498)	(460)
Pension scheme (liability)	21	(4,078)	(4,477)	(4,078)	(4,477)
Total net assets		226,588	200,742	226,852	200,968
The funds of the group/college:					
Unrestricted reserves					
General reserves excluding pension reserve		119,918	111,658	120,152	111,854
Pension reserve		(4,078)	(4,477)	(4,078)	(4,477)
Operational property revaluation reserve		56,033	57,016	56,033	57,016
Fixed asset investment revaluation reserve		54,715	36,545	54,745	36,575
Total funds		226,588	200,742	226,852	200,968

The financial statements were approved by the Governing Body on April 19th and were signed on their behalf by: 2002

Bursar



Principal



Consolidated statement of cash flows Year to 30 June 2021

	Notes	2021 £'000	2020 £'000
Net cash provided by operating activities	23	(260)	(1,433)
Cash flows from investing activities	24	8,149	(6,751)
Cash flows from financing activities	25	(5,127)	2,873
Increase / (Decrease) in cash and cash equivalents in the year		2,762	(5,311)
Cash and cash equivalents at 1 July 2020		4,157	9,468
Cash and cash equivalents at 30 June 2021	26	6,919	4,157

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, modified in respect of the treatment of investments and land and buildings which are included at valuation.

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

The Statement of Comprehensive Income and Expenditure includes activity analysis in order to demonstrate that all fee income is spent for educational purposes. The analysis required by the SORP is set out in note 9.

The College constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Going concern

The Group has net current assets of £3,933,000 (2020: net current assets £1,399,000).

The College aims to break even at operational level which means that the cash flow is usually positive by a similar level to the amount of depreciation charged to the accounts. This has historically funded ongoing capital projects. To fund larger projects such as new graduate accommodation and the new Dining hall, the College has participated in a private placement or made use of an RCF. Cash flow plans shared with the Investment Committee and College Council forecast a need to draw down from the investment portfolio during the 2021 to 2024 period as projects under the Estates Strategy are completed.

The Covid-19 pandemic will impact the cash flow from operations over two financial years or more. This will increase the need to draw down from the Investment portfolio.

The Members of Council (Trustees) have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect of a period of one year from the date of approval of these financial statements.

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. Furthermore, the Trustees are of the opinion that the College is able to meet its liabilities as they fall due and that there are sufficient free reserves held

in readily accessible funds to both meet liabilities and allow the completion of ongoing capital projects

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Members of Council to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ valuation of investment land and buildings;
- ◆ estimating the useful economic life of tangible and intangible fixed assets; and
- ◆ pension scheme valuations, including deficit reduction payments due under the Universities Superannuation Scheme.

In addition to the above, the full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the group and charity's activities, beneficiaries and the wider economy. Estimates used in the financial statements, particularly with respect to investment property valuations (see note 13), and the value of listed investments are subject to a greater degree of uncertainty and volatility.

Basis of consolidation

The consolidated financial statements consolidate the College and its subsidiaries (see note 13) for the year ended 30 June 2021. Intra-group balances are eliminated on consolidation.

Joint venture

The College's investment in Colokate LLP was accounted for as a joint venture under the equity method of accounting until January 2018 when Colokate LLP became a wholly owned subsidiary of the College. The College's investment in Ward Griffin LLP was accounted for as a joint venture under the equity method of accounting.

Recognition of income

Academic fees

Academic fees are recognised in the year to which they relate and include all fees chargeable to students or their sponsors.

Grant income

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

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

Donations and benefactions

Non-exchange transactions without performance related conditions are donations and benefactions.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts. Restricted donations are recognised when the donor has specified that the donation must be used for a particular objective. Donations with no restrictions are recorded within the consolidated statement of comprehensive income and expenditure when the College is entitled to the income.

Other income

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

Investment income

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

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 comprehensive income and expenditure for the financial year.

Pension schemes

USS

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 trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The 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 Section 28 of FRS 102 "Employee Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

LGPS

The College also participates in the Cambridge County Council Pension Fund (CCCPF) which is a Local Government Pension Scheme (LGPS). The assets of the scheme are held and managed separately from those of the College. As the College is able to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis, in accordance with the requirements of Section 28 of FRS 102 "Employee Benefits", the pension scheme asset or liability is recognised in full on the balance sheet.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension and finance costs. Actuarial gains and losses are recognised in 'other comprehensive income' in the statement of comprehensive income and expenditure.

Employment benefits

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

Intangible fixed assets

Intangible assets comprise IT software and a purchased licence to occupy premises capitalised at cost and amortised through the statement of financial activities over their expected useful life as follows:

Licence to occupy	Over the length of the license
IT software	Over a period of 7 years

Tangible fixed assets

Land and buildings

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

New freehold buildings are depreciated on a straight-line basis over their expected useful economic life of 50 years. Freehold buildings held at 1 July 2014 were previously held at a valuation. As permitted by FRS 102, with effect from 1 July 2014 the College elected to deem the valuation of these properties as cost. The value was been calculated by a previous valuation being updated to 1 July 2014 by the Governing Body. The remaining useful economic lives of these buildings from the date the values were deemed to be cost is 40 years. Consequently, these buildings are now depreciated over a 40 year period.

Freehold land is not depreciated as it is considered to have an indefinite useful life. A review for impairment is carried out if events or changes in circumstances indicate that the carrying value of the fixed asset may not be recoverable.

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to 30 June. They are not depreciated until they are brought into use.

Furniture, fittings and equipment

Furniture, fittings and equipment costing more than £5,000 per individual item or if the aggregate value of related items exceed £100,000 are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% per annum
Computers and general equipment	20% per annum

Investments

Fixed asset investments are included in the balance sheet at fair value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at historical cost less any provision for impairment.

Increases in value arising on the revaluation of fixed asset investments are taken to a fixed asset investment revaluation reserve via the statement of comprehensive income and expenditure. Surplus or losses on sale of investments are taken to the statement of comprehensive income and expenditure.

Formal valuations for investment properties are usually carried out by a professional valuer and a formal valuation was last carried out by Bidwell's to provide a valuation for 30 June 2020. Valuation gains and losses are credited (or debited) to the statement of financial activities with the balance sheet reflecting the revalued amounts. No depreciation is charged on investment properties.

Stocks

Stocks are valued at the lower of cost and net realisable value, after any necessary provision for slow-moving and obsolete items.

Creditors and provisions

Creditors and provisions are recognized, when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the College anticipates it will pay to settle the debt.

Debentures and bank loans are a form of financial instrument and are included in the balance sheet at cost. A market rate of interest is charged on these liabilities, which is taken to the statement of comprehensive income and expenditure.

Deferred rental income is released to the statement of comprehensive income and expenditure evenly over the lease period. It is not discounted to the present value of the income because it is not a financial instrument as defined by sections 11 and 12 of FRS 102.

Contingent liabilities

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

Contingent liabilities are not recognized in the balance sheet but are disclosed in the notes.

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 1137497) and is 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 a Contribution under the provisions of Statute G, II of the University of Cambridge. This contribution is used to fund grants to Colleges from the Colleges' Fund. The College may from time to time be eligible for such grants. The liability for the period is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year and an estimate of its conference income for the current year.

Reserves

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

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

1 Academic fees and charges income	2021 £'000	2020 £'000
College fees		
Fee income paid on behalf of Undergraduates at the Publically-funded Undergraduate rate Per capita fee:£4,625/£4,500 (2019-20: £4,625/£4,500)	2,291	2,180
Privately-funded Undergraduate fee income Per capita fee:£9,390/ £9,025/£8,205/£7,375 (2019-20:£9,025/£8,205/£7,375, £6,990)	1,021	925
Fee income received at the Graduate fee rate (including PGCEs) Per capita fee: £4,069 (2019-20: £3,911)	1,789	1,802
Income from Cambridge Bursary Scheme	300	262
	5,401	5,169

2 Residences, catering and conferences income	2021 £'000	2020 £'000
Accommodation		
College members	2,374	2,375
Conferences	2	267
Catering		
College members	353	793
Conferences	-	169
Colophon conferences		
Accommodation	-	138
Catering	-	172
International Programme	-	389
College bar	16	42
	2,745	4,345

3 Investments	2021 £'000	2020 £'000
Analysis of income		
Land and buildings	1,980	2,215
Quoted securities	1,308	1,575
Cash deposits	-	30
	3,288	3,820
Analysis of expenditure		
Fees	429	417
	429	417

Notes to the financial statements Year to 30 June 2021

4 Donations

	2021 £'000	2020 £'000
Unrestricted donations	355	248
Unrestricted legacies	1,047	-
	<u>1,402</u>	<u>248</u>

5 Other income

	2021 £'000	2020 £'000
Servicing and recharges to the University of Cambridge	479	520
Miscellaneous income	147	424
Furlough grants	320	302
Other trading income (Colokate LLP, Colophon)	12	33
Other finance income:		
Interest on pension scheme assets (note 21)	328	492
Other pension scheme finance costs (note 21)	(393)	(508)
	<u>893</u>	<u>1,263</u>

6 Education expenditure

	2021 £'000	2020 £'000
Teaching	2,843	2,800
Tutorial	1,141	1,125
Admissions	841	841
Research	348	317
Scholarships and bursaries awards	787	744
Other educational facilities	327	516
	<u>6,287</u>	<u>6,343</u>

7 Residences, catering and conferences expenditure

	2021 £'000	2020 £'000
Accommodation		
College members	3,326	3,092
Conferences	11	229
Catering		
College members	1,524	1,503
Conferences	-	87
Colophon conferences		
Accommodation	-	235
Catering	-	88
International Programme	-	365
College bar	34	58
	<u>4,895</u>	<u>5,657</u>

8 Other expenditure

	2021 £'000	2020 £'000
College administration		
Pay expenditure:		
Directorate	17	16
Administrative staff	1,462	1,479
	1,479	1,495
Non-pay expenditure:		
Building repairs and maintenance	124	143
Fuel and light	100	101
Rates	25	44
Depreciation: buildings	528	518
Depreciation: furniture and equipment	54	55
Debenture interest payable	1,127	1,127
Other trading costs (Colokate LLP, Colophon)	15	18
Other expenses	403	81
Reclassification of costs to residence, catering and conferences	-	(523)
	3,855	3,059

A proportion of other expenses have been reallocated to residences for conference accommodation charges.

9 Analysis of expenditure by activity

2021	Staff costs (note 10) £'000	Other Operating expenses £'000	Depreciation And amortisation £'000	Total £'000
Education (note 6)	3,799	2,123	365	6,287
Residences, catering and conferences (note 7)	2,175	1,182	1,538	4,895
Investment management costs	-	429	-	429
Other (note 8)	1,479	1,794	582	3,855
Contribution under statute GII	-	38	-	38
	7,453	5,566	2,485	15,504

2020	Staff costs (note 10) £'000	Other Operating expenses £'000	Depreciation And amortisation £'000	Total £'000
Education (note 6)	3,519	2,441	383	6,343
Residences, catering and conferences (note 7)	1,949	2,283	1,425	5,667
Investment management costs	-	417	-	417
Other (note 8)	1,495	989	575	3,059
Contribution under statute GII	-	37	-	37
	6,963	6,167	2,383	15,513

9 Analysis of expenditure by activity (continued)

	2021 £'000	2020 £'000
Auditor's remuneration		
Other operating expenses include:		
Audit fees payable to the College's external auditor	25	32
Other fees payable to the College's external auditor	2	6
	27	38

10 Staff costs

	College Fellows & other academics £'000	Non- academics £'000	Total 2021 £'000
Emoluments	1,828	3,377	5,205
Social security costs	167	279	446
Other pension costs	331	1,471	1,802
2021 Total funds	2,326	5,127	7,453

	College Fellows & other academics £'000	Non- academics £'000	Total 2020 £'000
Emoluments	1,687	3,611	5,298
Social security costs	148	272	420
Other pension costs	271	974	1,245
2020 Total funds	2,106	4,857	6,963

At the Balance Sheet date there were 67 members of the Governing Body. During the year the average number receiving remuneration was the 48 shown below.

	2021 staff number		2020 staff number	
	Number of fellows	Full-time equivalent	Number of fellows	Full-time equivalents
Academic	48	-	48	-
Non-academic	-	117	-	119
	48	117	48	119

10 Staff costs (continued)

The number of officers and employees of the College, including Head of House, who received remuneration in the following ranges was:

	2021 £'000	2020 £'000
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
	2	2

Remuneration includes salary, employer's national insurance contributions, employer's pension contributions plus any taxable benefits either paid, payable or provided, gross of any salary sacrifice arrangements.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the College and are deemed to comprise the senior officers listed on page 2.

Aggregated emoluments (consisting of salary and taxable benefits, but excluding any employer's pension contribution) were as follows:

	2021 £'000	2020 £'000
Key management personnel	601	501
	601	501

11 Intangible fixed assets

Consolidated and College	Boathouse license £'000	Computer software £'000	Total £'000
Cost / valuation			
At beginning of year	330	176	506
Additions at cost	-	21	21
At end of year	330	197	527
Amortisation			
At beginning of year	3	50	53
Charge for the year	4	28	32
At end of year	7	78	85
Carrying amount			
At 30 June 2021	323	119	442
At 30 June 2020	327	126	453

12 Tangible fixed assets

Consolidated	College buildings and site £'000	Assets under construction £'000	Furniture, fittings and equipment £'000	Total £'000
Cost				
At beginning of year	113,360	3,866	3,250	120,476
Additions at cost	-	6,023	517	6,540
Disposals	-	-	(25)	(25)
At end of year	113,360	9,889	3,742	126,991
Depreciation				
At beginning of year	10,675	-	2,519	13,194
Charge for the year	2,123	-	330	2,453
Disposals	-	-	(25)	(25)
At end of year	12,798	-	2,824	15,622
Net book value				
At 30 June 2021	100,562	9,889	918	111,369
At 1 July 2020	102,685	3,866	731	107,282
College				
College	College buildings and site £'000	Assets under construction £'000	Furniture, fittings and equipment £'000	Total £'000
Cost				
At beginning of year	113,360	3,866	3,142	120,368
Additions at cost	-	6,023	517	6,540
Disposal	-	-	(25)	(25)
At end of year	113,360	9,889	3,634	126,883
Depreciation				
At beginning of year	10,675	-	2,431	13,106
Charge for the year	2,123	-	322	2,445
Disposals	-	-	(25)	(25)
At end of year	12,798	-	2,728	15,526
Net book value				
At 30 June 2021	100,562	9,889	906	111,357
At 1 July 2020	102,685	3,866	711	107,262

Additions include the costs for ABC third floor refurbishment to Furniture, Fixtures and Equipment. Additions of assets under construction represent fees and construction costs on the Dining Hall.

12 Tangible fixed assets (continued)

Land and buildings

As permitted under FRS 102, the charity has elected to deem a valuation of land and buildings prior to the transition date as deemed cost. Land and buildings owned at 1 July 2014 are included in the financial statements at a valuation made at 31 July 2013, which was updated by the Governing Body to arrive at a valuation as at 1 July 2014. With effect from 1 July 2014 the values assigned to these properties are now deemed their cost.

Land was valued at 1 July 2014 at £14.9m and buildings were valued at £64.8m, giving an overall value of £79.7m. The buildings are being depreciated from 1 July 2014 over 40 years. The original professional valuation was prepared adopting the following bases:

- ◆ College houses -- generally used for student and staff accommodation, were valued at open market value for existing use.
- ◆ College site -- due to the specialised nature of the College's activities, the principal method of valuation of land and buildings was open market capital value for existing use on a depreciated replacement cost basis.

Land and buildings purchased on or after 1 July 2014 are included in the financial statements at cost, less accumulated depreciation over 50 years. Other tangible fixed assets are stated at cost.

Included within College buildings and site is freehold land as at 30 June 2021 of £22.9m (2020: £22.9m). The insured value of freehold buildings as at 30 June 2021 was £96.2m (2020: £87.3m) including limited cover for irrecoverable VAT and the costs of related professional fees. The insurers are going to revalue the whole site for insurance purposes within the next two years.

13 Investments

Consolidated	Investment land £'000	Homerton Business Centre £'000	Quoted securities £'000	Other invest- ments £'000	Total 2021 £'000
At beginning of year	6,000	42,750	82,027	2,237	133,014
Additions	—	—	26,577	2,505	29,082
Disposals	—	—	(40,504)	—	(40,504)
Gains	600	2,750	22,975	—	26,325
Change in cash balances and deposits held at fund managers	—	—	573	—	573
At end of year	6,600	45,500	91,648	4,742	148,490

College	Investment land £'000	Homerton Business Centre £'000	Quoted securities £'000	Other invest- ments £'000	Total 2021 £'000
At beginning of year	6,000	42,750	82,027	2,277	133,054
Additions	—	—	26,577	2,505	29,082
Disposals	—	—	(40,504)	—	(40,504)
Gains	600	2,750	22,975	—	26,325
Change in cash balances and deposits held at fund managers	—	—	573	—	573
At end of year	6,600	45,500	91,648	4,782	148,530

13 Investments (continued)

The market value of investments was represented by:

	Consolidated		College	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investment land	6,600	6,000	6,600	6,000
Homerton Gardens	45,500	42,750	45,500	42,750
Quoted securities – equities	78,833	72,611	78,833	72,611
Fixed interest securities	10,259	7,433	10,259	7,433
Cash held for reinvestment	2,556	1,983	2,556	1,983
Other investments	4,742	2,237	4,782	2,277
	148,490	133,014	148,530	133,054

The College's quoted securities period end market valuations are provided by the College's investment managers, Rothschild Wealth Management and UBS AG.

The investment land was revalued by Bidwell at £6.6m on 30 June 2021 (2020: £6m). The valuation is undertaken on the basis of open market value taking account of the College's estates strategy for the future use of this land.

The increase in the value of Homerton Gardens at £45.5m (2020: £42.75m) reflects the revaluation by Bidwell at 30 June 2021. This has been valued based on the rental yield to be achieved under the Scheme.

Other investments comprise:

	Investments in subsidiary undertakings £'000	Investment in joint venture £'000	Other investments £'000	Total £'000
At beginning of year	580	1,687	10	2,277
Investment in Ward Griffin LLP		2,505		2,505
At end of year	580	4,192	10	4,782

Investments in subsidiary and joint venture undertakings comprise:

Name	Country	Class of shares	%	Activity
Colophon Limited	England and Wales	Ordinary	100	Commercial conferencing and other trading
Colokate LLP	England and Wales	See below	See below	Property management
Ward Griffin LLP	England and Wales	See below	See below	Property management

13 **Investments (continued)**

Colokate LLP is a limited liability partnership and hence has no share capital. Until 25 March, 2019, the members of the LLP comprised HBC1 Limited and Colophon Limited. Each member appointed a representative to the Management Board.

From 25 March 2019, the members of Colokate LLP comprise Homerton College and Colophon Limited.

The income and expenditure for Colokate LLP for the year ended 30 June 2020 included in the consolidated financial statements is as follows:

	2021 £'000	2020 £'000
Turnover	12	19
Costs / Administrative expenses	(4)	(5)
	<u>8</u>	<u>14</u>

Ward Griffin LLP is a limited liability partnership and hence has no share capital. The members comprise Homerton College and St. Mary's School.

Each member appoints two appointed representatives to the Management Board. Certain key decisions require the consent of both partners, so the LLP has been accounted for as a joint venture. The College's share of Ward Griffin LLP included in these financial statements is as follows:

	2021 £'000
Turnover	0
Costs / Administrative expenses	5
	<u>5</u>

	2021 £'000
Assets under construction	4,192
Liabilities due within one year	-
Homerton College's share of net assets	-
	<u>4,192</u>

14 **Stocks**

	Consolidated		College	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Goods for resale	30	27	21	17
	<u>30</u>	<u>27</u>	<u>21</u>	<u>17</u>

Notes to the financial statements Year to 30 June 2021

15 Trade and other receivables

	Consolidated		College	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	704	1,018	654	923
Amounts due from subsidiary undertakings	-	-	344	389
Prepayments and accrued income	1,142	1,333	1,149	1,331
	1,846	2,351	2,147	2,643

16 Cash

	Consolidated		College	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash at bank	4,361	2,172	4,275	2,098
Cash in hand	2	2	1	1
	4,363	2,174	4,276	2,099

17 Creditors: amounts falling due within one year

	Consolidated		College	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	682	1,115	680	1,116
Amounts due to subsidiary undertakings	-	-	-	37
Other taxation and social security	737	114	737	114
Contribution to Colleges' Fund (Statute G,II)	38	37	38	37
Other creditors and accruals	1,400	1,793	1,380	1,777
Deferred rental income (note 18)	32	32	32	32
Other deferred income	43	62	34	41
	2,932	3,153	2,901	3,154

18 Creditors: amounts falling due after one year

Consolidated and College	2021 £'000	2020 £'000
Debentures	29,862	29,855
Lloyds revolving credit facility	-	4,000
Deferred rental income	2,582	2,614
	32,444	36,469

During 2013-14 the College participated in a bond issue jointly with a number of other Cambridge colleges which raised £10m (before deduction of fees) of long term unsecured funding. In August 2015 the College participated in its own bond issue which raised £20m of long-term unsecured funding. The debentures are wholly repayable at the end of their respective terms and are structured as follows:

Debentures	Term	Interest rate (fixed)	Amount £'000
Tranche 1a – CCF (October 2013)	30 years	4.40%	3,211
Tranche 1b – CCF (October 2013)	40 years	4.40%	2,569
Tranche 2 – CCF (January 2014)	30 years	4.45%	4,220
Private Placement – Hermit/Prudential (August 2015)	25 Years	3.38%	20,000
Fees deducted			(138)
			29,862

On 14 June 2019 the College signed a £10m revolving credit facility with its bankers, Lloyds plc, to fund the New Dining Hall development. The credit facility is for 5 years, and £4m had been drawn down on 30 June 2020, it was decided, after we had drawn down the remaining £6 million, to repay the £10 million and close the facility. This was repaid on 28 May 2021.

Deferred rental income represents the deferral of monies received from the University of Cambridge Education Faculty for the grant of a 99 year lease in 2005 over their new building that has been constructed on the College site. The receipt is being released to the statement of comprehensive income and expenditure in equal annual instalments over the lease term.

19 Provisions for liabilities and charges

Consolidated and College	2021 £'000	2020 £'000
At beginning of year	460	416
Benefits paid	(35)	(45)
Charge to income and expenditure account	(5)	(144)
Changes in actuarial assumptions	78	233
At end of year	498	460

The provision relates to the College's liability to enhance the pensions of teaching staff who have retired early.

20 Contingent liabilities

There are £nil contingent liabilities as at 30 June 2021 (2020: £nil).

21 College pension schemes

Consolidated and College	2021 £'000	2020 £'000
Deficit under Cambridgeshire County Pension Fund	(3,504)	(3,894)
Liability for deficit reduction payment under Universities Superannuation Scheme	(574)	(583)
Deficit at end of year	(4,078)	(4,477)

The College participates in two pension schemes, the Universities Superannuation Scheme (USS) and Cambridgeshire County Council Pension Fund (CCCPF). The CCCPF is part of the Local Government Pension Scheme (LGPS). Both schemes are defined benefit schemes that are externally funded and contracted out of the State Second Pension. The assets of the schemes are held in separate trustee-administered funds. The College is unable to identify its share of the underlying assets and liabilities in respect of the USS scheme on a consistent and reasonable basis and therefore, as required by FRS 102, 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.

CCCPF has been able to apportion a percentage of its funds, assets and liabilities relating to the College and therefore the scheme has been treated as a defined benefit scheme in the financial statements. The disclosure requirements of FRS 102 in relation to these schemes are shown below.

The College is required to contribute a specified percentage of payroll costs to the pension schemes to fund the benefits payable to the company's employees. In 2021, the percentage was USS: 21.1% (2020: 21.1%) and CCCPF: 18.0% April 2021 (April 2020: 18.1%).

The total pension cost for the College and its subsidiaries for the year to 30 June 2021 was:

	2021 £'000	2020 £'000
Service cost of USS	295	(11)
Current service cost of CCCPF (LGPS)	1,507	1,256
Total pension cost	1,802	1,245

The latest valuations of the schemes assets and liabilities for which results are available:

	USS	CCCPF (LGPS)
Date of valuation	31 March 2018	31 March 2019
Market valuation of assets	£63,700m	£3,193m
Past service liabilities	£67,300m	£3,204m
Deficit of assets	£(3,600)m	£(11)m

21 College pension schemes (continued)

USS

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

As at the 30 June 2021, the latest available complete actuarial valuation of the Retirement Income Builder was at 31 March 2018 (the valuation date), which was carried out using the projected unit method. Since the year end the valuation as at 31 March 2020 was signed and filed with The Pensions Regulator with an effective date of 1 October 2021. As the new valuation was not in place at the financial year end, any adjustment in the deficit provision will be reflected in the financial statements for the year ended 30 June 2022.

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

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

Under FRS 102, a liability has been recognised to reflect the cost of the Recovery Plan of the Scheme to the College. At 30 June 2021, this stood at £574,000 (2020: £583,000).

FRS 102 liability numbers have been produced for the scheme using the following assumptions:

	2021	2020
Discount rate	0.87%	0.74%
Pensionable salary growth	N/A	N/A
Price inflation (CPI)	2.50%	2.50%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2019 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

21 College pension schemes (continued)

USS (continued)

	2021	2020
Existing benefits		
Scheme assets	£80.6bn	£74.2bn
FRS 102 liabilities	£95.8bn	£94.4bn
FRS 102 deficit	£15.2bn	£20.2bn
FRS 102 funding level	84%	79%

Cambridgeshire County Council Pension Fund (CCCPF (LGPS))

The CCCPF is a defined benefit scheme based on final pensionable salary.

Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

The movement in the net surplus/(deficit) in the scheme was as follows:

	2021 £'000	2020 £'000
Consolidated and College		
(Deficit) surplus at beginning of year	(3,894)	(328)
Current service cost	(1,507)	(1,256)
Interest on assets	328	492
Contributions by employer	583	569
Other finance cost	(393)	(508)
Actuarial (loss)	1,379	(2,863)
(Deficit)/surplus at end of year	(3,504)	(3,894)

The main assumptions used for the purposes of FRS 102 are as follows:

	2021	2020
Discount rate	1.85%	1.5%
Rate of increase of salaries	3.3%	2.6%
Rate of increase of pension in payment	2.8%	2.1%

Assets are valued at fair value, principally market value for investments, and comprise:

	2021 £'000	2020 £'000
Equities	18,003	15,661
Bonds	3,858	2,610
Property	3,600	3,045
Other	257	435
	25,718	21,751

21 College pension schemes (continued)

Cambridgeshire County Council Pension Fund (CCCPF (LGPS)) (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations in years on retirement age 65 are:

	30 June 2021	30 June 2020
Current pensioners		
Males	22.2	22.0
Females	24.4	24.0
Future pensioners		
Males	23.2	22.7
Females	26.2	25.5

	30 June 2021 £'000	30 June 2020 £'000	30 June 2019 £'000	30 June 2018 £'000	30 June 2017 £'000	30 June 2016 £'000
Present value of funded obligations	(29,222)	(25,645)	(21,625)	(18,752)	(18,611)	(17,408)
Fair value of plan assets	25,718	21,751	21,297	20,199	18,413	16,263
Present value of unfunded obligations	(3,504)	(3,894)	(328)	1,447	(198)	(1,145)
Net (liabilities) assets recorded in the balance sheet	—	—	—	—	—	—
Experience (loss) gain on assets	(3,504)	(3,894)	(328)	1,447	(198)	(1,145)
Experience loss (gain) on liabilities	3,383	(175)	337	1,092	1,137	204
Experience loss (gain) on liabilities	2,004	2,688	1,621	(1,161)	(190)	(570)

Amounts charged to income and expenditure account	2021 £'000	2020 £'000
Current service cost	1,507	1,256
Interest on obligation	393	508
Interest on assets	(328)	(492)
	1,572	1,272

Analysis of amounts recognised in other comprehensive income	2021 £'000	2020 £'000
Return on assets excluding amounts included in net interest	3,383	(175)
Changes in financial assumption	(2,004)	(2,688)
Total actuarial loss recognized	1,379	(2,863)

21 College pension schemes (continued)

Cambridgeshire County Council Pension Fund (CCCPF (LGPS)) (continued)

Changes in the present value of the defined benefit obligation:	2021 £'000	2020 £'000
Opening defined benefit obligation	25,645	21,625
Current service cost	1,507	1,256
Interest cost	393	508
Contributions by members	206	198
Changes in financial assumption	2,004	2,688
Benefits paid	(533)	(630)
Closing defined benefit obligation	29,222	25,645

Changes in the fair value of plan assets:	2021 £'000	2020 £'000
Opening fair value of plan assets	21,751	21,297
Net interest	328	492
Contributions by members and other bodies	206	198
Contributions by employer	583	569
Return on assets excluding amounts include in net interest	3,383	(175)
Benefits paid	(533)	(630)
Closing fair value of plan assets	25,718	21,751

The College expects to contribute £577,000 to its defined benefit pension scheme in the year ending 30 June 2021 (2020: £577,000).

The management bases required by FRS 102 are likely to give rise to significant fluctuations in the reported amounts of the defined benefit pension scheme assets and liabilities from year to year, and do not necessarily give rise to a change in the contributions payable into the scheme, which are recommended by independent actuaries based on the expected long term rate of return on the scheme assets.

22 Related party transactions

Owing to the nature of the College's operations and the composition of the Governing Body, it is inevitable that transactions will take place with organisations in which a Governing Body member 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.

The College maintains a register of interests for all College Council members and where any member of the College Council has a material interest in a College matter they are required to declare that fact.

22 Related party transactions (continued)

During the year no fees or expenses were paid to Fellows in respect of their duties as Trustees.

Fellows are remunerated for teaching, research and other duties within the College. Fellows are billed for any private catering. The Trustees remuneration is overseen by the Fellows Remuneration Committee.

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

Salary	2021 Number	2020 Number
£nil	2	2
£1- £10,000	3	2
£10,001 - £20,000	0	2
£20,001 - £30,000	0	1
£30,001 - £40,000	1	0
£40,001 - £50,000	2	3
£50,001 - £60,000	3	2
£60,001 - £70,000	2	1
£70,001 - £80,000	1	2
£80,001 - £90,000	1	0
£90,001 - £100,000	0	1
£100,001 - £110,000	1	0
Total	16	16

The total Trustee salaries were £678,024 for the year (2020: £616,755).

The trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) total £218,604 for the year (2020: £197,409).

The College has a number of trading and dormant subsidiary undertakings which are consolidated into these accounts. All subsidiary undertakings are 100% owned by the College and are registered and operating in England and Wales.

The College has taken advantage of the exemption within section 33 of FRS 102 not to disclose transactions with wholly owned group companies that are related parties.

23 Reconciliation of consolidated operating surplus to net cash (outflow) inflow from operating activities

	2021 £'000	2020 £'000
(Deficit) surplus on continuing operations	(1,775)	(668)
Depreciation of tangible fixed assets (note 12)	2,453	2,352
Amortisation of intangible fixed assets	32	31
Interest payable	1,127	1,127
Investment income	(3,288)	(3,820)
Pension costs less contributions payable	980	437
Decrease (increase) in stocks	(3)	6
Decrease (Increase) in debtors	505	(63)
(Decrease) increase in creditors due within one year	(221)	(621)
Decrease in creditors due in more than one year	(25)	(24)
Decrease in provisions	(40)	(189)
Operating loss on joint venture	(5)	(1)
Net cash (outflow) inflow from operating activities	<u>(260)</u>	<u>(1,433)</u>

24 Cash flows from investing activities

	2021 £'000	2020 £'000
Investment income received	3,288	3,790
Bank interest received	0	30
Purchase of tangible fixed assets	(6,540)	(11,263)
Purchase of intangible fixed assets	(21)	(133)
Purchase of investments	(29,082)	(21,701)
Proceeds of disposal of investments	40,504	22,526
Total cash flows from investing activities	<u>8,149</u>	<u>(6,751)</u>

25 Cash flows from financing activities

	2021 £'000	2020 £'000
Interest paid	(1,127)	(1,127)
Net Loan Borrowing / (Repayment)	(4,000)	4,000
Total cash flows from financing activities	<u>(5,127)</u>	<u>2,873</u>

26 Consolidated reconciliation and analysis of net debt

Consolidated	At 1 July 2020 £'000	Cash flows £'000	Other non-cash changes £'000	At 30 June 2021 £'000
Cash and cash equivalents				
Cash at bank and in hand	2,174	2,189	-	4,363
Cash held with fund managers (note 13)	1,983	573	-	2,556
	4,157	2,762	-	6,919
Borrowings – amounts falling due after more than one year				
Debentures (note 18)	(29,855)	-	(11)	(29,866)
Lloyds revolving credit facility (note 18)	(4,000)	4,000	-	-
	(33,855)	4,000	(11)	(29,866)
	(29,698)	6,762	(11)	(22,947)

27 Financial instruments

	2021 £'000	2020 £'000
Financial assets		
<i>Financial assets at fair value through Statement of Comprehensive income</i>		
. Listed equity investments	78,833	72,611
. Fixed interest securities	10,259	7,433
<i>Financial assets that are equity instruments measured at cost less impairment</i>		
. Other equity investments	4,742	2,237
<i>Financial assets that are debt instruments measured at amortised cost</i>		
. Cash and cash equivalents	4,363	4,157
. Trade debtors	704	1,018
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
. Debentures	(29,862)	(29,855)
. Revolving credit facility	-	(4,000)
. Trade creditors	(682)	(1,115)

28 Capital commitments

	Land and buildings 2021 £'000	Land and buildings 2020 £'000
Authorised and contracted for	6,857	13,818
Authorised but not yet contracted for	10,221	4,161

29 Post Balance Sheet Event

Since the year end, following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed in respect of the USS pension scheme. A new Schedule of Contributions based on the 2020 actuarial valuation has been agreed, and become effective, post year end. This results in an increase of £1.037m in the provision for the obligation to fund the deficit on the USS pension which would instead be £1.611m. As the Schedule of Contributions was not in place at the financial year end this adjustment will be reflected in the Financial Statements for the year ended 30 June 2022. If the Joint Negotiating Committee (JNC) recommended deed on benefit changes has not been executed by 28 February 2022 then a different schedule of contributions would become applicable. If this were to happen then there would be an increase of £1.999m in the provision for the obligation to fund the deficit on the USS pension which would instead be £2.573m.