

Homerton College

Annual Report and Financial Statements

30 June 2019

Charity Registration Number 1137497

Reference and administrative information

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Reference and administrative information

Registered address	Hills Road Cambridge CB2 8PH
Charity registration number	1137497
Members of Council (Trustees)	
Ex officio Members	
Principal	Prof Geoffrey Ward
Vice Principal	Dr William Foster
Senior Tutor	Dr Penelope Barton
Bursar	Ms Deborah Griffin
Elected Fellows	
(for 3 year terms to 30 September)	Dr Melanie Keene (2018) Dr André Neves (2018) Mr Stephen Watts (2019) Dr Timos Kipouros (2019) Dr Simone Hochgreb (2020) Dr Paul Warwick (2020) Dr Louise Joy (2020 – 2 nd term) Mr Matthew Moss (2021 – 2 nd term) Dr Paul Elliott (2021) Dr Francesca Moore (2021)
Student Members (not Trustees)	
JCR President	Ms Miranda Hewkin Smith
MCR President	Ms Madison McLeod
Senior Officers	
Head of House	Prof Geoffrey Ward
Vice Principal	Dr William Foster
Senior Tutor	Dr Penelope Barton
Bursar	Ms Deborah Griffin
Admissions Tutor	Mr Stephen Watts
Graduate Tutor	Dr Melanie Keene
Secretary to the Governing Body and Council	Dr Simon Wadsley

Reference and administrative information

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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 Wealth Management (UK) Limited 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 2019. 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 26 to 31 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 16 and 17.

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, HBC1 sold its interest in Colokate LLP to the College.

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

During the year, the Principal presented a five year College Plan which was approved by the Governing Body. 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.

The plan recognises that, as from 2020, the College will offer all the Triposes, there is a need to expand the Fellowship particularly through the engagement of University Teaching Officers "UTOs" in all major subject areas. The College will continue to work with the University and seek new partnerships that will benefit the College.

A key element of the Plan was the launch during the year of Homerton Changemakers, which as a programme, supported by the appointment of an Academic Director, offers an extra-curricular support programme to Homerton students throughout their degrees.

Education

Student membership of the College was as follows:

Academic year ended 30 June	2017	2018	2019
Undergraduates	557	564	577
Postgraduate Certificate in Education (PGCE) students	187	181	202
Higher Degree students - Full time	150	158	162
- Part time	217	215	243
Total	1,111	1,118	1,184

PUBLIC BENEFIT (continued)

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. An extended induction for incoming first years was introduced in 2017 and the number of students offered pre-sessionals in mathematics for non-maths courses increased. A priority of the College Plan is to ensure all Freshers receive a comprehensive and quality induction to student life at Homerton. 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 undergraduates 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, 133 (2017-18: 150) Homerton students benefited from the scheme, to the value of £408,487 (2017-18: £445,127). College officers have also supported the various strands of the University's Student Support Initiative and the College participated in the Pilot Top-Up Bursary Scheme which benefited 44 Homerton students in 2019, to the value of £27,144. This was in part funded by Trinity College.

The College also operates its own Hardship Fund and awards a number of other grants (including research grants for postgraduate students), as well as prizes for academic achievement. The total cost of such financial support was £194,840 (2017-18: £219,697).

All undergraduate students have a Tutor for pastoral support - there is also a Graduate Tutor, PGCE Tutor and two Graduate Tutors for part-time graduate students. The College runs a Personal Development Programme open to all undergraduate and graduate students.

Homerton Changemakers was launched during 2019. The costs amounted to £54,361. 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.

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. During the year subject dinners are held bringing together undergraduates, postgraduates, Fellows and staff, and in some cases alumni, for further discussion of the respective subjects.

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

PUBLIC BENEFIT (continued)

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 and open days. During the year, 1,685 (2017-18: 1,272) students from 222 (2017-18: 233) schools visited the College and a further 3,424 students from 102 (2017-18: 120) schools were visited by the Schools Liaison Officer. This includes 179 (2017-18: 277) students from 112 (2017-18: 170) schools who attended a Summer School or other residential event hosted by the College.

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 50 (2018 – 63) representation awards of £200 recognised the contribution of our students across activities in sport, music, dance and drama. The College also made donations totalling £7,855 to local charities and student societies usually with a Homerton student or staff involvement.

During the year, the College contributed to the construction and fit-out costs of City of Cambridge Rowing Club's new Boat House. Our student rowers will now have a home for the first time in Cambridge which will help the Boat Club to thrive. This year we had one representative on Boat Race day in the winning Men's eight.

Homerton 250

In 2018, the College celebrated 250 years since the opening of its first permanent home in 1768, in Homerton High Street in London. A series of events throughout the Academic Year culminated in a Festival on what has now become Foundation Day, 27 October, which featured 43 activities with the majority led by current Homertonians or people associated with the College. Attendance was free and included about 1,000 members of the public. Dame Evelyn Glennie, an Honorary Fellow of Homerton, conducted a masterclass and other Heads of Houses and friends of Homerton attended a reception in the evening.

In November 2018, an inspiring evening on the life of Dame Leah Manning was followed by a closing Concert where 'Elevation', a new work by Dr John Hopkins, Emeritus Fellow and Composer in Residence, was premiered.

Research

Fellows of the College are supported in their research activities with generous computer and research allowances. There were only 7 Junior Research Fellows completing the year as 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.

PUBLIC BENEFIT (continued)

Research (continued)

Research Suppers were introduced during the year, with a presentation at each twice-termly event from one postgraduate student and one Fellow or Research Associate. A Graduate Research Day celebrating postgraduate research projects alternates location with our sister college, Harris Manchester, Oxford providing the opportunity for students to present and discuss their work.

FINANCIAL REVIEW

Review of the results for the year

Overview

The College Income and Expenditure Account reflects a satisfactory outcome for the year ended 30 June 2019. There was a surplus before other gains and losses of £246k (2018: deficit before other gains and losses of £84k). This was after a contribution of £40k (2017-18: £25k) 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 and 2) and £4,500. The graduate and PGCE fee was increased by 6.0% to £3,700 (2017-18: £3,490). Of the total graduate fee income, this included a sum of £49,156 which was directly taken to the Vice Chancellors Graduate Fund. Total income from college fees, grants etc amounted to £4.91m (2017-18: £4.51m).

Education expenditure was £6.26m (2017-18: £6.12m) an increase of £0.14m leaving a deficit of £1.35m (2017-18: £1.61m).

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 to a reasonable level and maintaining a high standard of (mostly en-suite) accommodation through regular refurbishment. This year room rents increased by 4.2% for undergraduates (2018: 3%) and 4.2% for graduates (2018: 2%) and food prices by an average 5% (January 2018: were frozen). The Minimum Meal Charge (MMC) remained unchanged (2018: unchanged). The college is pleased that our student room rents continue to be amongst the lowest in Cambridge.

The residence account income was £3.15m (2017-18: £2.91m). Costs for the year were £2.99m (2017-18: £2.65m) resulting in a surplus of £163k (2017-18: £255k).

Term time students, staff and college function catering produced a turnover of £1.14m (2017-18: £1.15m). After allowing for pay expenditure of £748k (2017-18: £780k) and non-pay and overheads of £719k (2017-18: £776k), the account was in deficit by £324k (2017-18: deficit by £408k).

FINANCIAL REVIEW (continued)

Review of the results for the year (continued)

Conference business

Income from conferences forms a vital part of the College's funding and will continue to do so going forward. To this end, the College continues to invest in its conference business amidst increasing competition from other colleges and nearby rival facilities.

Conference income from the provision of catering and accommodation services to residential and day conferences (including Colophon Limited) was £1,776k (2017-18: £1,499k). Direct conference expenditure amounted to £752k (2017-18: £656k), giving a net contribution towards the overheads of the College of £1,024k (2017-18: £843k).

Maintenance of buildings and capital expenditure

The College operates a rolling maintenance programme with the objective of preserving the quality of its building, residences, public spaces and infrastructure. The main works that took place were the replacement of external lights with LED fittings - 149 in total.

The main capital projects that took place during 2018-19 were enabling works for the new Dining Hall and North Wing developments. These included:

- ◆ Construction of a Building Services building adjacent to the Gardens Building. On completion the existing maintenance building to the north of Paupers' Walk was demolished;
- ◆ Infill in the Science Education Centre to create new entrance, plant room and facilities. On completion the Lecture theatre was demolished to create space for the Dining Hall;
- ◆ New toilets and student launderette. On completion the toilet block and launderette north of Paupers' Walk were demolished to create space for North Wing developments.

In addition two Victorian houses in Homerton Gardens were converted into 10 student residences in 2 flats.

North Wing will provide a new auditorium for c.110 people, two large music practice rooms and music storage and 18 guest bedrooms to support the Conference business which will also be available for alumni, parents and relatives of students and visitors. This commenced in March 2019 and will be ready summer 2020 and will also provide lift access to student residences D&E.

Throughout the year the Project Team continued to work on the designs for a new Dining Hall, Kitchens and Buttery with architects Feilden Fowles. Planning permission was granted in June 2019.

Planning permission was obtained in November 2018 to develop the sports grounds off Long Road in partnership with freeholder St Mary's School. The team went to tender on the first phase of this in July 2019.

FINANCIAL REVIEW (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. In summer of 2015 the management of the investments was transferred to Rothschild after a competitive tender and continues to be managed on a total return basis. UBS retained a small portfolio of private equity assets which have been invested in since 2008.

Overall, the College's Investment portfolio has increased in value from £75.1m to £79.6m at the year end (note 13). The return since inception (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 into account 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 and 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 its holdings through funds are considered *de minimus*.

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 2019 at £38.25m (2018: £34.5m).

The value of the residential development is stated as other investments at £0.5m (2018 £0.5m) and reflects the value of the leaseholds.

Investment Land

Bidwells performed a valuation of the investment land as at 30 June 2019. The land has been valued at £6.0m (2018: £6.0m) (see note 12a).

FINANCIAL REVIEW (continued)

Investment policy and performance (continued)

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 will be extended for a further 15 years. The Dance Studio lease was terminated on 30 June 2018 in anticipation of the construction of the new Dining Hall.

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 £96.2m at 30 June 2019. Assets under construction at 30 June 2019 represented fees expended to date on the Dining Hall (planning permission granted in June 2019); fees on sports fields development at Long Road (planning permission granted in November 2018); and fees and construction costs on North Wing commenced March 2019.

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).

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 2019 was £231k (2018: £162k).

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.

FINANCIAL REVIEW (continued)

Staff costs and pensions

Total payroll costs, including employer's pension and national insurance contributions, were £6.9m (2017-18: £6.4m) (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 £0.33m (2017-18: surplus of £1.45m). The Employer's contribution rate remained 18.2% (April 2018: 18.2%).

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 the annual report and accounts, continued adverse market conditions have had an impact on the scheme's funding position and the trustee estimates that the funding ratio as at 31 March 2019 had decreased to 92% (from 94% as at 31 March 2018) increasing the deficit to £5.7bn (2018: £4.3bn).

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 2019, this liability was £0.85m (2018: £0.34m).

The recovery plan has led to an increase in Employer contributions from April 2019 to 19.5% (April 2016 - March 2019: 18.0%) and from October 2019 will increase further to 21.2%.

FINANCIAL REVIEW (continued)

Reserves policy

The College's investment portfolio, its conference business and rental income from the leases to the University 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 £198.3m at 30 June 2019 (30 June 2018: £192.1m). Of this, the general reserve excluding the pension reserve amounted to £107.7m (30 June 2018: 105.4m).

The free reserves of the College are largely represented by the Colleges Investment portfolio under management with Rothschild & Co and cash held totalling £85.6m at 30 June 2019 (30 June 2018: £83.1m). Each year, the Investment committee considers 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 risk of income falls from fees in particular.

The Investment Committee does not consider a target level of reserves and is comfortable that the level of investments is appropriate to the needs and size of the College.

PLANS FOR FUTURE PERIODS AND POST BALANCE SHEET EVENTS

Short-term future plans and activities

Estates

The Estates Committee continues to assess the needs of the College to improve facilities for students, staff and Fellows. The construction of North Wing commenced in March 2019 to provide an auditorium, music practice rooms and guest bedrooms to support the Conference business. Alongside this, and over the summer of 2019, 66 bedrooms and gyp rooms and showers/toilets in D&E block will be completely refurbished with final showers/toilets completed over the Christmas vacation 2019. D&E block will also benefit from lift access and a better fire escape as a result of access to North Wing. Over the summer 2019, 12 Ground Source Heat Pumps (GSHP) will be sunk under the lawn to provide heating and cooling to North Wing.

Estates Committee has also considered the need to provide a new covered cycle store to separate cyclists, pedestrians and motorists at the front of the College. A planning application will be submitted with the plan to build the facility summer 2020.

It became apparent early in 2019 that there was a need for approximately 20 more student residential units if the College was to continue to be able to offer a significant amount of accommodation to PGCE students. To meet this need, the Trustees agreed to the purchase of 11 flats (1 one-bed and 10 2-bed) in Trumpington which would be attractive to the graduate community studying at the hospitals or in the bio-medical campus. This transaction was completed in July 2019 for £3.25m although only 3 flats will be available for September 2019. The College further negotiated with St John's College for a one-year lease on 16 rooms and 1 flat in Wolfson Court whilst St John's decide on the future of the complex. This lease was completed in August 2019 for one year from 1 September 2019.

College Council has approved the borrowing of a £10m revolving credit facility to fund the further estates works to smooth the withdrawals from the investment portfolio and in anticipation of higher investment returns than the cost of borrowing. This transaction was completed in July 2019.

During the summer of 2019, the tenders for the Dining Hall and kitchens were sent out, having obtained planning permission in June 2019 with an anticipated start date of January 2020.

Tenders for the pitch installation at St Mary's School playing fields, Long Road were conducted over the summer of 2019 with an anticipated start date of October 2019. This will be followed by contracts for the access road and tendering of pavilion construction.

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. The main risks were focused in the Academic and Financial areas.

The key risks to be managed are:

- ◆ Uncertainty over how the outcome of Brexit could impact student numbers, as 15% of our undergraduates come from the EU and significantly more graduates receive funding from the EU. There is some evidence that EU students perform slightly better than Home students and are likely to study STEM subjects, and in consequence student performance as well as numbers could decline. This would affect the College's reputation, and lead potentially to difficulty in recruiting suitable Fellows. Many of our Fellows have an EU background, and Brexit could compound the difficulty in recruiting new Fellows.
- ◆ The College remains exposed financially to changes in Government policy regarding PGCE training, and University policy regarding higher degree studies in Education. This would have a knock-on impact on the number of M.Ed students. If the recommendations of the Augar report (or similar) were to be implemented, undergraduate fee income could be significantly impacted.

Trustees' report (incorporating the operating and financial review) Year to 30 June 2019

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 [.....6.12.19] and signed on its behalf by:



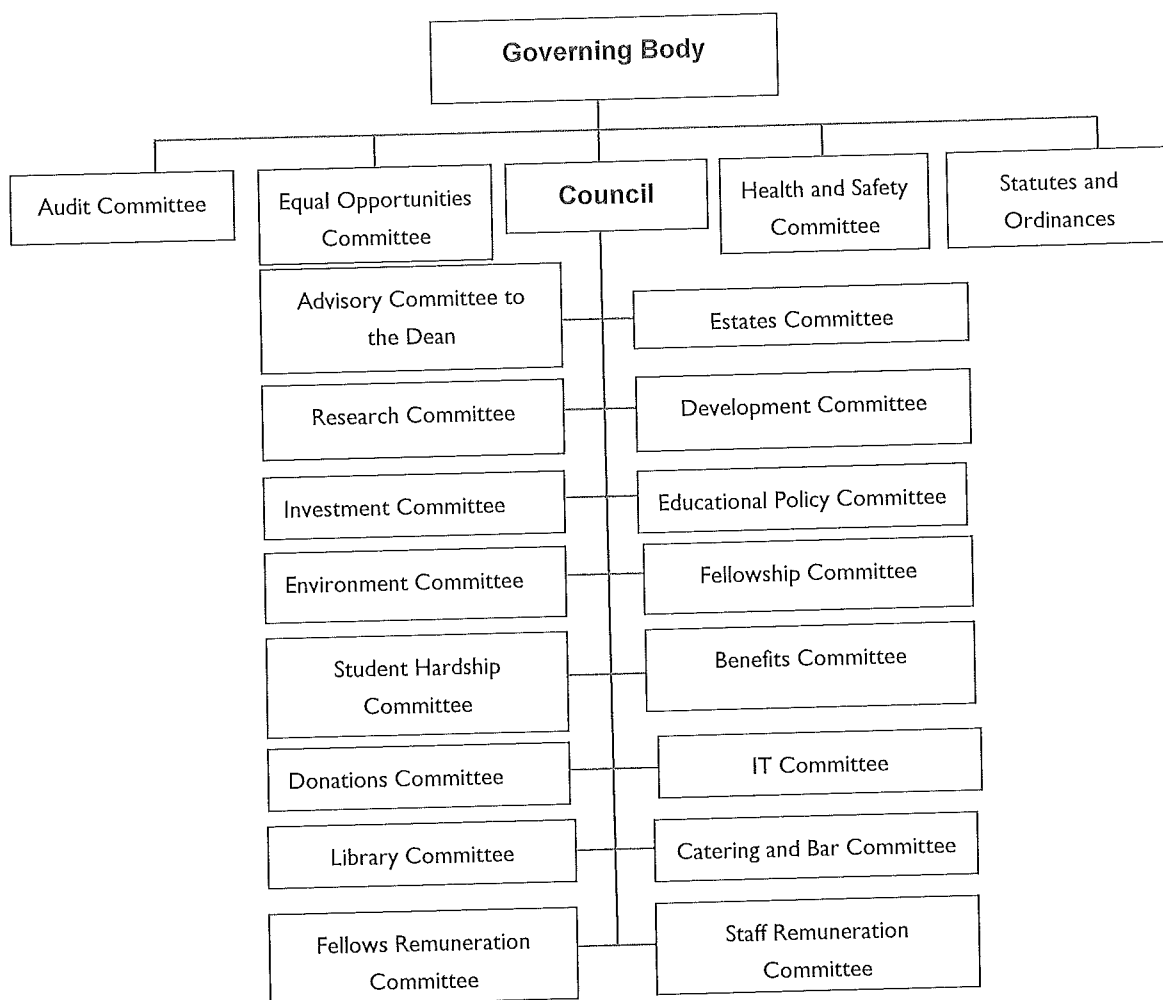
Bursar and Fellow

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 Tutor
- ◆ 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 2019 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 2019 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 for the year ended 30 June 2019 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated and College balance sheets, the consolidated statement of changes in reserves, the consolidated statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the group and the College's affairs as at 30 June 2019 and of the group's 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 Charities Act 2011, the College's Statutes and the Statutes and Ordinances 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 GII 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The College Council are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Statutes of the University of Cambridge

In our opinion 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.

Matters on which we are required to report by exception

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

- ◆ the information given in the trustees' report (incorporating the operating and financial review) and corporate governance statement is inconsistent in any material respect with the financial statements; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of College Council

As explained more fully in the College Council's responsibilities statement, the College Council 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of College Council (continued)

In preparing the financial statements, the College Council are responsible for assessing the group's and the parent charity'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 either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Governing Body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing Body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

12 December 2019

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

Consolidated statement of comprehensive income and expenditure Year to 30 June 2019

	Note	2019 £'000	2018 £'000
Income			
Academic fees and charges	1	4,906	4,513
Residences, catering and conferences	2	6,140	5,627
Investment income	3	3,852	3,806
Other income	5	1,163	1,537
Total income before donations		16,061	15,483
Donations	4	231	162
Total income		16,292	15,645
Expenditure			
Education	6	(6,264)	(6,123)
Residences, catering and conferences	7	(6,059)	(5,699)
Investment management costs	3	(370)	(378)
Other expenditure	8	(3,313)	(3,504)
Contribution under Statute G, II		(40)	(25)
Total expenditure	9	(16,046)	(15,729)
Surplus (deficit) before other gains and losses		246	(84)
Loss on disposal of tangible fixed assets	12	(229)	(160)
Operating profit on joint venture	13	—	1,045
Realised gains on investments	13	439	1,132
Unrealised gains on investments	13	7,156	456
Surplus for the year		7,612	2,389
Other comprehensive income			
Actuarial (loss)/gain in respect of pension schemes	21	(1,284)	2,253
Changes in assumptions arising on teachers' pension obligations	19	(115)	54
Total comprehensive income for the year		6,213	4,696

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 2019

	Income and expenditure reserve		Revaluation reserve		Total £'000
	Un-restricted £'000	Restricted £'000	Operational property £'000	Fixed asset investment £'000	
Balance at 1 July 2018	106,488	—	59,016	26,587	192,091
Surplus from income and expenditure statement	17	—	—	7,595	7,612
Other comprehensive expenditure	(1,399)	—	—	—	(1,399)
Transfers between revaluation and income and expenditure reserve	1,445	—	(1,016)	(429)	—
Balance at 30 June 2019	106,551	—	58,000	33,753	198,304

	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 2017</i>	<i>100,762</i>	<i>—</i>	<i>60,503</i>	<i>26,130</i>	<i>187,395</i>
<i>Surplus from income and expenditure statement</i>	<i>800</i>	<i>—</i>	<i>—</i>	<i>1,589</i>	<i>2,389</i>
<i>Other comprehensive income</i>	<i>2,307</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>2,307</i>
<i>Transfers between revaluation and income and expenditure reserve</i>	<i>2,619</i>	<i>—</i>	<i>(1,487)</i>	<i>(1,132)</i>	<i>—</i>
<i>Balance at 30 June 2018</i>	<i>106,488</i>	<i>—</i>	<i>59,016</i>	<i>26,587</i>	<i>192,091</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 pages 32 to 49 form part of these financial statements.

Balance sheets Year to 30 June 2019

	Notes	Consolidated		College	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Intangible assets	11	351	—	351	—
Tangible assets	12	100,059	98,917	100,038	98,889
Investments	13	124,385	116,145	124,425	115,645
		<u>224,795</u>	<u>215,062</u>	<u>224,814</u>	<u>214,534</u>
Current assets					
Stocks	14	33	30	22	15
Trade and other receivables	15	2,288	2,114	2,493	3,524
Cash at bank and in hand	16	9,048	9,544	8,355	8,435
		<u>11,369</u>	<u>11,688</u>	<u>10,870</u>	<u>11,974</u>
Current liabilities					
Creditors: amounts falling due within one year	17	(3,774)	(2,927)	(3,115)	(2,704)
		<u>7,595</u>	<u>8,761</u>	<u>7,755</u>	<u>9,270</u>
Net current assets					
		<u>7,595</u>	<u>8,761</u>	<u>7,755</u>	<u>9,270</u>
Total assets less current liabilities					
		<u>232,390</u>	<u>223,823</u>	<u>232,569</u>	<u>223,804</u>
Creditors: amounts falling due after more than one year					
	18	(32,493)	(32,518)	(32,493)	(32,518)
Provisions for liabilities and charges					
	19	(416)	(322)	(416)	(322)
Pension scheme (liability) asset					
	21	(1,177)	1,108	(1,177)	1,108
Total net assets		<u>198,304</u>	<u>192,091</u>	<u>198,483</u>	<u>192,072</u>
The funds of the group/college:					
Unrestricted reserves					
General reserves excluding pension reserve		107,728	105,380	107,917	105,361
Pension reserve		(1,177)	1,108	(1,177)	1,108
Operational property revaluation reserve		58,000	59,016	58,000	59,016
Fixed asset investment revaluation reserve		33,753	26,587	33,743	26,587
Total funds		<u>198,304</u>	<u>192,091</u>	<u>198,483</u>	<u>192,072</u>

The financial statements were approved by the Governing Body on [6.12.19] and were signed on their behalf by:



Bursar



Principal

Consolidated statement of cash flows Year to 30 June 2019

	Notes	2019 £'000	2018 £'000
Net cash provided by operating activities	23	1,467	67
Cash flows from investing activities	24	(3,538)	20,177
Cash flows from financing activities	25	<u>(1,127)</u>	<u>(15,227)</u>
(Decrease) increase in cash and cash equivalents in the year		(3,198)	5,017
Cash and cash equivalents at 1 July		12,666	7,649
Cash and cash equivalents at 30 June	26	<u>9,468</u>	<u>12,666</u>

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 £7,595,000 (2018: net current assets £8,761,000). The Members of Council are of the opinion that the College is able to meet its liabilities as they fall due. Consequently, the financial statements have been prepared on the going concern basis.

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.

Basis of consolidation

The consolidated financial statements consolidate the College and its subsidiaries (see note 13) for the year ended 30 June 2019. 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.

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 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.

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 recognised 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

	2019 £'000	2018 £'000
College fees		
Fee income paid on behalf of Undergraduates at the Publically-funded Undergraduate rate Per capita fee: £4,625/£4,500 (2017-18: £4,625/£4,500)	2,079	2,060
Privately-funded Undergraduate fee income Per capita fee: £8,205/£7,375/£6,990 (2017-18: £7,375/£6,990)	845	684
Fee income received at the Graduate fee rate (including PGCEs) Per capita fee: £3,700 (2017-18: £3,490)	1,720	1,466
Income from Cambridge Bursary Scheme	262	303
	4,906	4,513

2 Residences, catering and conferences income

	2019 £'000	2018 £'000
Accommodation		
College members	3,152	2,905
Conferences	529	441
Catering		
College members	1,143	1,148
Conferences	404	316
Colophon conferences		
Accommodation	235	262
Catering	339	293
International Programme	269	187
College bar	69	75
	6,140	5,627

3 Investments

	2019 £'000	2018 £'000
Analysis of income		
Land and buildings	2,100	2,076
Quoted securities	1,679	1,706
Cash deposits	73	24
	3,852	3,806

	2019 £'000	2018 £'000
Analysis of expenditure		
Fees	370	378
	370	378

Notes to the financial statements Year to 30 June 2019

4 Donations	2019 £'000	2018 £'000
Unrestricted donations	231	162
	<u>231</u>	<u>162</u>
5 Other income	2019 £'000	2018 £'000
Servicing and recharges to the University of Cambridge	514	540
Miscellaneous income	476	377
Other trading income (Colokate LLP, Colophon)	140	634
Other finance income:		
Interest on pension scheme assets (note 21)	568	499
Other pension scheme finance costs (note 21)	(535)	(513)
	<u>1,163</u>	<u>1,537</u>
6 Education expenditure	2019 £'000	2018 £'000
Teaching	2,760	2,640
Tutorial	1,105	1,082
Admissions	1,245	1,276
Research	322	258
Scholarships and bursaries awards	202	224
Other educational facilities	630	643
	<u>6,264</u>	<u>6,123</u>
7 Residences, catering and conferences expenditure	2019 £'000	2018 £'000
Accommodation		
College members	2,989	2,650
Conferences	565	544
Catering		
College members	1,467	1,556
Conferences	206	151
Colophon conferences		
Accommodation	374	374
Catering	175	149
International Programme	215	187
College bar	68	88
	<u>6,059</u>	<u>5,699</u>

8 Other expenditure

	2019 £'000	2018 £'000
College administration		
Pay expenditure:		
Directorate	16	14
Administrative staff	1,417	1,063
	<u>1,433</u>	<u>1,077</u>
Non-pay expenditure:		
Building repairs and maintenance	146	109
Fuel and light	109	122
Rates	40	41
Depreciation: buildings	515	933
Depreciation: furniture and equipment	53	77
Debenture interest payable	1,127	1,127
Other trading costs (Colokate LLP, Colophon)	351	691
Other expenses	335	95
Reclassification of costs to residence, catering and conferences	(796)	(768)
	<u>3,313</u>	<u>3,504</u>

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

9 Analysis of expenditure by activity

	Staff costs (note 10) £'000	Other operating expenses £'000	Depreciation (note 12) £'000	Total £'000
2019				
Education (note 6)	3,403	2,481	380	6,264
Residences, catering and conferences (note 7)	2,053	2,667	1,339	6,059
Investment management costs	—	370	—	370
Other (note 8)	1,433	1,312	568	3,313
Contribution under statute GII	—	40	—	40
	<u>6,889</u>	<u>6,870</u>	<u>2,287</u>	<u>16,046</u>

	Staff costs (note 10) £'000	Other operating expenses £'000	Depreciation (note 12) £'000	Total £'000
2018				
Education (note 6)	3,251	2,430	442	6,123
Residences, catering and conferences (note 7)	2,034	2,554	1,111	5,699
Investment management costs	—	378	—	378
Other (note 8)	1,077	1,417	1,010	3,504
Contribution under statute GII	—	25	—	25
	<u>6,362</u>	<u>6,804</u>	<u>2,563</u>	<u>15,729</u>

9 Analysis of expenditure by activity (continued)

	2019 £'000	2018 £'000
Auditor's remuneration		
Other operating expenses include:		
Audit fees payable to the College's external auditor	29	25
Other fees payable to the College's external auditor	5	5
	<u>34</u>	<u>30</u>

10 Staff costs

	College Fellows & other academics £'000	Non- academics £'000	Total 2019 £'000
Emoluments	1,627	3,120	4,747
Social security costs	141	254	395
Other pension costs	233	1,514	1,747
2019 Total funds	<u>2,001</u>	<u>4,888</u>	<u>6,889</u>

	College Fellows & other academics £'000	Non- academics £'000	Total 2018 £'000
Emoluments	1,603	3,056	4,659
Social security costs	142	241	383
Other pension costs	236	1,084	1,320
2018 Total funds	<u>1,981</u>	<u>4,381</u>	<u>6,362</u>

	2019 No.	2018 No.
Average staff numbers		
Academic (including library)	91	92
Non-academics	129	130
Total	<u>220</u>	<u>222</u>

Average staff numbers (full time equivalents):

Non-academics	115	113
Academics:		
Fellows – Full Time Stipendiary	23	21
Fellows – Part Time Stipendiary	25	23
Fellows – Non Stipendiary	18	20
Other academics (non-Fellows - (Library and DoS (N/F))	25	28
Total	<u>206</u>	<u>205</u>

The Governing Body comprises 57 fellows, of which 48 declared above are stipendiary.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000 (2018: none).

10 Staff costs (continued)

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:

	2019 £'000	2018 £'000
Key management personnel	492	478
	492	478

11 Intangible fixed assets

Consolidated and College	Boathouse license £'000	Computer software £'000	Total £'000
Cost / valuation			
At beginning of year	—	—	—
Additions at cost	200	—	200
Transfers from assets under construction	—	173	173
At end of year	200	173	373
Amortisation			
At beginning of year	—	—	—
Charge for the year	—	22	22
At end of year	—	22	22
Carrying amount			
At 31 June 2019	200	151	351
At 30 June 2018	—	—	—

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	104,223	754	2,909	107,886
Additions at cost	—	3,753	90	3,843
Transfer	1,297	(1,470)	—	(173)
Disposals	(655)	—	—	(655)
At end of year	104,865	3,037	2,999	110,901
Depreciation				
At beginning of year	7,112	—	1,857	8,969
Charge for the year	1,937	—	329	2,266
Disposal	(393)	—	—	(393)
At end of year	8,656	—	2,186	10,842
Net book value				
At 30 June 2019	96,209	3,037	813	100,059
At 1 July 2018	97,111	754	1,052	98,917
College				
College	College buildings and site £'000	Assets under construction £'000	Furniture, fittings and equipment £'000	Total £'000
Cost				
At beginning of year	104,223	754	2,807	107,784
Additions at cost	—	3,753	90	3,843
Transfer	1,297	(1,470)	—	(173)
Disposal	(655)	—	—	(655)
At end of year	104,865	3,037	2,897	110,799
Depreciation				
At beginning of year	7,113	—	1,782	8,895
Charge for the year	1,936	—	323	2,259
Disposal	(393)	—	—	(393)
At end of year	8,656	—	2,105	10,761
Net book value				
At 30 June 2019	96,209	3,037	792	100,038
At 1 July 2018	97,110	754	1,025	98,889

Acquisitions include the costs for the new Maintenance building and two houses in Purbeck Road. Acquisitions of assets under construction represent fees and construction costs on North Wing accommodation and fees expended on the Dining Hall and St Mary's Sports Field.

12 Tangible fixed assets (continued)

Disposals in both the consolidated and College fixed assets reconciliations include an amount of £196,000 for the Lecture Theatre (demolished), £176,000 for Dance Studio Building (demolished), £36,000 for Maintenance Building (demolished), and £247,000 for Paupers Walk Laundrette/changing room building (demolished).

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 £14,960,000 and buildings were valued at £64,778,000, giving an overall value of £79,738,000. 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 2019 of £22,900,000 (2018: £22,900,000). The insured value of freehold buildings as at 30 June 2019 was £85,903,000 (2018: £90,922,052) 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 2019 £'000
At beginning of year	6,540	34,540	75,055	10	116,145
Additions	—	323	16,510	540	17,373
Disposals	(540)	—	(13,486)	—	(14,026)
Gains	—	3,387	4,208	—	7,595
Change in cash balances and deposits held at fund managers	—	—	(2,702)	—	(2,702)
At end of year	6,000	38,250	79,585	550	124,385

13 Investments (continued)

College	Investment land £'000	Homerton Business Centre £'000	Quoted securities £'000	Other invest- ments £'000	Total 2019 £'000
At beginning of year	6,000	34,540	75,055	50	115,645
Additions	—	323	16,510	540	17,373
Disposals	—	—	(13,486)	—	(13,486)
Gains (loss)	—	3,387	4,208	—	7,595
Change in cash balances and deposits held at fund managers	—	—	(2,702)	—	(2,702)
At end of year	6,000	38,250	79,585	590	124,425

The market value of investments was represented by:

	Consolidated		College	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Investment land	6,000	6,540	6,000	6,000
Homerton Gardens	38,250	34,540	38,250	34,540
Quoted securities – equities	72,381	66,555	72,381	66,555
Fixed interest securities	6,784	5,378	6,784	5,378
Cash held for reinvestment	420	3,122	420	3,122
Other investments	550	10	590	50
	124,385	116,145	124,425	115,645

Other investments comprise:

College	Investments in subsidiary undertakings £'000	Other investments £'000	Total £'000
At beginning of year	40	10	50
Investment in Colokate LLP	540	—	540
At end of year	580	10	590

Investments in subsidiary undertakings comprise:

Name	Country of incorporation	Shares held Class	%	Activity
Colophon Limited	England and Wales	Ordinary	100	Commercial conferencing and other trading
HBC 1 Limited	England and Wales	Ordinary	100	Holding company
Colokate LLP	England and Wales	See below	See below	Property management

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.

13 Investments (continued)

The income and expenditure for Colokate LLP for the year ended 30 June 2019 included in the consolidated financial statements is as follows:

	2019 £'000	2018 £'000
Turnover	33	634
Costs / Administrative expenses	(236)	(691)
	<u>(203)</u>	<u>(57)</u>

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 £6,000,000 on 30 June 2019 (2018: £6,000,000). 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 £38,250,000 (2018: £34,540,000) reflects the revaluation by Bidwell at 30 June 2019. This has been valued based on the rental yield to be achieved under the Scheme.

14 Stocks

	Consolidated		College	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Goods for resale	33	30	22	15
	<u>33</u>	<u>30</u>	<u>22</u>	<u>15</u>

15 Trade and other receivables

	Consolidated		College	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	977	458	859	352
Amounts due from subsidiary undertakings	—	—	566	2,128
Prepayments and accrued income	1,311	1,056	1,068	1,044
Other debtors	—	600	—	—
	<u>2,288</u>	<u>2,114</u>	<u>2,493</u>	<u>3,524</u>

16 Cash

	Consolidated		College	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash at bank	9,046	9,542	8,354	8,434
Cash in hand	2	2	1	1
	<u>9,048</u>	<u>9,544</u>	<u>8,355</u>	<u>8,435</u>

17 Creditors: amounts falling due within one year

	Consolidated		College	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	962	617	802	575
Amounts due to subsidiary undertakings	—	—	—	6
Amounts due to joint venture	—	65	—	65
Other taxation and social security	243	321	243	321
Contribution to Colleges' Fund (Statute G,II)	40	25	40	25
Other creditors and accruals	2,320	1,728	1,859	1,596
Deferred rental income (note 18)	32	32	32	32
Other deferred income	177	139	139	84
	3,774	2,927	3,115	2,704

18 Creditors: amounts falling due after one year

	2019 £'000	2018 £'000
Consolidated and College		
Debentures	29,848	29,841
Deferred rental income	2,645	2,677
	32,493	32,518

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			(152)
			29,848

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.

Notes to the financial statements Year to 30 June 2019

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 £nil had been drawn down on 30 June 2019.

19 Provisions for liabilities and charges

	2019 £'000	2018 £'000
Consolidated and College		
At beginning of year	322	396
Benefits paid	(49)	(49)
Charge to income and expenditure account	28	29
Changes in actuarial assumptions	115	(54)
At end of year	<u>416</u>	<u>322</u>

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 2019 (2018 – £nil).

21 College pension schemes

	2019 £'000	2018 £'000
Consolidated and College		
(Deficit)/surplus under Cambridgeshire County Pension Fund	(328)	1,447
Liability for deficit reduction payment under Universities Superannuation Scheme	(849)	(339)
(Deficit)/surplus at end of year	<u>(1,177)</u>	<u>1,108</u>

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.

21 College pension schemes (continued)

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 2019, the percentage was USS: 19.5% (April 19) (2018: 18%) and CCCPF: 18.2% (April 2018: 18.2%).

The total pension cost for the College and its subsidiaries for the year to 30 June 2019 was:

	2019 £'000	2018 £'000
Contributions USS	705	206
Current service cost of CCCPF (LGPS)	1,042	1,114
Total pension cost	1,747	1,320

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

	USS	CCCPF (LGPS)
Date of valuation	31 March 2017	31 March 2016
Market valuation of assets	£60,000m	£2,277m
Past service liabilities	£67,500m	£2,902m
Deficit of assets	£(7,500)m	£(625)m

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.

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

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

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

21 College pension schemes (continued)

USS (continued)

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 2019 this stood at £849,000 (2018: £339,000).

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

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	N/A	N/A
Price inflation (CPI)	2.11%	2.02%

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 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	<p><u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.</p> <p><u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.</p>
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 CMI_2014 with a long term rate of and a long term improvement rate of 1.8% pa 1.5% p.a. for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

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

21 College pension schemes (continued)

USS (continued)

	2019	2018
Existing benefits		
Scheme assets	£67.4bn	£63.7bn
FRS 102 liabilities	£73.1bn	£68.0bn
FRS 102 deficit	£5.7bn	£4.3bn
FRS 102 funding level	92%	94%

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:

Consolidated and College	2019 £'000	2018 £'000
Surplus/(deficit) at beginning of year	1,447	(198)
Current service cost	(1,042)	(1,114)
Interest on assets	568	499
Contributions by employer	518	520
Other finance cost	(535)	(513)
Actuarial gain/ (loss)	(1,284)	2,253
(Deficit)/surplus at end of year	(328)	1,447

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

	2019	2018
Discount rate	2.3%	2.8%
Rate of increase of salaries	2.7%	2.6%
Rate of increase of pension in payment	2.4%	2.3%

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

	2019 £'000	2018 £'000
Equities	15,972	15,957
Bonds	2,556	2,424
Property	2,556	1,212
Other	213	606
	21,297	20,199

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

21 College pension schemes (continued)

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

	30 June 2019	30 June 2018
Current pensioners		
Males	21.4	22.4
Females	23.6	24.4
Future pensioners		
Male	22.3	24.0
Females	25.0	26.3

	30 June 2019 £'000	30 June 2018 £'000	30 June 2017 £'000	30 June 2016 £'000	30 June 2015 £'000	30 June 2014 £'000
Present value of funded obligations	(21,625)	(18,752)	(18,611)	(17,408)	(15,816)	(14,284)
Fair value of plan assets	21,297	20,199	18,413	16,263	15,037	13,890
	(328)	1,447	(198)	(1,145)	(779)	(394)
Present value of unfunded obligations	—	—	—	—	—	—
Net (liabilities) assets recorded in the balance sheet	(328)	1,447	(198)	(1,145)	(779)	(394)
Experience gain on assets	337	1,092	1,137	204	177	534
Experience loss (gain) on liabilities	1,621	(1,161)	(190)	(570)	(560)	(1,901)

Amounts charged to income and expenditure account	2019 £'000	2018 £'000
Current service cost	1,042	1,114
Interest on obligation	535	513
Interest on assets	(568)	(499)
	1,009	1,128

Analysis of amounts recognised in other comprehensive income	2019 £'000	2018 £'000
Return on assets excluding amounts included in net interest	337	1,092
Changes in financial assumption	(1,621)	1,161
Total actuarial loss recognised	(1,284)	2,253

21 College pension schemes (continued)

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

Changes in the present value of the defined benefit obligation:	2019 £'000	2018 £'000
Opening defined benefit obligation	18,752	18,611
Current service cost	1,042	1,114
Interest cost	535	513
Contributions by members	182	180
Changes in financial assumption	1,621	(1,161)
Benefits paid	(507)	(505)
Closing defined benefit obligation	21,625	18,752

Changes in the fair value of plan assets:	2019 £'000	2018 £'000
Opening fair value of plan assets	20,199	18,413
Net interest	568	499
Contributions by members and other bodies	182	180
Contributions by employer	518	520
Return on assets excluding amounts include in net interest	337	1,092
Benefits paid	(507)	(505)
Closing fair value of plan assets	21,297	20,199

The College expects to contribute £552,000 to its defined benefit pension scheme in the year ending 30 June 2020 (2019: £532,000).

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 its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures. Other than salaries payable to Fellows determined on an arm's length basis, there are no other related party transactions.

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

	2019 £'000	2018 £'000
Surplus (deficit) on continuing operations	246	(84)
Depreciation of tangible fixed assets (note 12)	2,266	2,563
Amortisation of intangible fixed assets	22	—
Interest payable	1,127	1,127
Investment income	(3,852)	(3,806)
Pension costs less contributions payable	1,009	600
Increase in stocks	(3)	—
Increase in debtors	(174)	(466)
Increase in creditors due within one year	847	153
Decrease in provisions	(21)	(20)
Net cash inflow from operating activities	<u>1,467</u>	<u>67</u>

24 Cash flows from investing activities

	2019 £'000	2018 £'000
Investment income received	3,779	3,782
Bank interest received	73	24
Purchase of tangible fixed assets	(3,843)	(6,280)
Purchase of intangible fixed assets	(200)	—
Proceeds from the sale of fixed assets	—	6
Purchase of investments	(17,373)	(16,430)
Proceeds from joint venture	—	22,718
Proceeds of disposal of investments	14,026	16,357
Total cash flows from investing activities	<u>(3,538)</u>	<u>20,177</u>

25 Cash flows from financing activities

	2019 £'000	2018 £'000
Interest paid	(1,127)	(1,127)
Repayment of loan borrowing	—	(14,100)
Total cash flows from financing activities	<u>(1,127)</u>	<u>(15,227)</u>

26 Analysis of changes in cash and cash equivalents

Consolidated	At 1 July 2018 £'000	Cash flows £'000	At 30 June 2019 £'000
Cash at bank and in hand	9,544	(496)	9,048
Cash held with fund managers (note 13)	3,122	(2,702)	420
	<u>12,666</u>	<u>(3,198)</u>	<u>9,468</u>

26 Analysis of changes in cash and cash equivalents (continued)

<i>Consolidated</i>	<i>At 1 July 2017 £'000</i>	<i>Cash flows £'000</i>	<i>At 30 June 2018 £'000</i>
<i>Cash at bank and in hand</i>	3,738	5,806	9,544
<i>Cash held with fund managers (note 13)</i>	3,911	(789)	3,122
	<u>7,649</u>	<u>5,017</u>	<u>12,666</u>

27 Capital commitments

	<i>Land and buildings 2019 £'000</i>	<i>land and buildings 2018 £'000</i>
Authorised and contracted for	9,350	3,124
Authorised but not yet contracted for	21,760	22,033