Homerton College

Annual Report and Financial Statements

30 June 2014

Charity Registration Number 1137497

Contents

Reference and administrative information

* The total number of elected Fellows exceeded nine during the year due to Fellows being on sabbatical leave for part of the year, during which their membership of the Council is effectively suspended temporarily pending their return.

** Miss Erica Irving intermitted from her studies shortly after the start of the Lent Term 2014, and thereafter the MCR was represented on the Council for the rest of the academic year by Miss Katie Boehme.

Reference and administrative information

Senior Officers	
Head of House	Dr Kate Pretty (retired 30 September 2013) Professor Geoff Ward (appointed 1 October 2013)
Vice Principal	Professor John Gray (retired 31 December 2013) Dr William Foster (appointed 1 January 2014)
Senior Tutor	Dr Peter Warner (retired 30 September 2013) Dr Penny Barton (appointed 1 October 2013)
Bursar	Ms Deborah Griffin
Admissions Tutor	Mr Steve Watts
Graduate Tutors	Dr Penny Barton (until 31 August 2013) Dr Melanie Keene (jointly from 1 September 2013) Dr André Neves (jointly from 1 September 2013)
Registered address	Hills Road Cambridge CB2 8PH
Charity registration number	1137497
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank plc Black Horse House Castle Park Cambridge CB3 0AR
Solicitors	Taylor Vinters LLP Merlin Place Milton Road Cambridge CB4 0DP

Reference and administrative information

Property advisers	Januarys Property Consultants York House 7 Dukes Court 54-62 Newmarket Road Cambridge CB2 8DZ
Investment managers	UBS AG 1 Curzon Street London W1J 5UB

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 2014. These cover the consolidated operations of Homerton College and its subsidiaries. The prior accounting period was 11 months to 30 June 2013.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 30 and comply with applicable laws and the requirements of the Recommended Cambridge College Accounts (RCCA).

HISTORY OF THE COLLEGE

In 1730 a society was founded by 'a few Protestant Dissenters' in London for the 'education of young men for the Christian ministry', namely the Congregational Church. This became known as the 'King's Head Society', after the inn near the Royal Exchange where they met. The Society began a series of weekly lectures, placing carefully selected students in dissenting academies in London. By 1768, it had grown to the point where the Society bought a large house in Homerton High Street, in the East End of London, to house about 12 students a year, together with a few other 'private scholars' and a Resident Tutor.

By 1817 it became known as 'Homerton Academy Society' and then 'Homerton College Society'. For a time it was affiliated to London University, but after the transfer of its theological function to New College London in 1850, Homerton was re-founded by the Congregational Board of Education and became solely concerned with the training of teachers, both men and women, for Board schools.

In 1894 it moved to Cambridge to get away from an increasingly industrialized East End and acquired the buildings known as Cavendish College in Hills Road. These still form the core of the old College. Almost immediately it became women-only since a mixed college was an anathema to an all-male University at that time. In 1976 it began to take men again and became an 'Approved Society' of the University of Cambridge with most of its undergraduates reading for the Education Tripos. In the late 1990's it went through a massive programme of rebuilding and refurbishment.

In 2001 it converged with the University, diversifying to cover the wide range of different academic subjects offered by the University and adding a post-graduate research community. From this point Homerton operated as a college of the University, though still governed by a Board of Trustees.

In 2007 the College made a formal submission to the University of Cambridge for full collegiate status. This was granted and Homerton was awarded a Royal Charter as a self-governing college of the University of Cambridge in 2010, becoming a Registered Charity in accordance with the requirements of the Charities Act 2006 (since superseded by the Charities Act 2011) on 16 August of that year.

The retirement of Dr Kate Pretty as Principal after 23 years and Dr Peter Warner as Senior Tutor in September 2013 and the appointment of Professor Geoffrey Ward and Dr Penny Barton respectively heralds the next stage of Homerton's interesting history.

GOVERNANCE AND ORGANISATIONAL STRUCTURE

The College is governed by its Royal Charter and its Statutes and Ordinances, which may be found on the College website.

The Governing Body 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 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 1. 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 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, HBC 2 Limited and Colokate LLP were incorporated during the year in order to facilitate the development of the Homerton Business Centre on land adjacent to the main College site.

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 and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

ACHIEVEMENTS AND PERFORMANCE

Students

Academic achievements and performance
Student membership of the College was as follows:

Academic year ended 30 June		**2011-12**	**2012-13**	**2013-14**
Undergraduates		596	585	581
Postgraduate Certificate in Education (PGCE) students		305	327	277
Higher Degree students	- Full time	149	158	157
	- Part time	167	170	234
Total		1,217	1,240	1,249

The College admitted undergraduates for 22 of the Cambridge Triposes. Students are supported in their studies by the academic staff of the College headed by the Senior Tutor, which include 9.5 College Teaching Officer (CTOs) on a full time equivalent basis, 33 Directors of Studies, 18 Tutors and numerous Supervisors.

The examination results for 2014 were pleasing with over 22% of third and fourth year finalists gaining a First Degree. As usual our students also achieved a high proportion of 2.1 degrees at around 60%. The emphasis of the College teaching is focused on ensuring students reach their full potential and increase the proportion achieving a First Degree.

Student support
Through a scheme operated in common with the University, the other Cambridge colleges and the Isaac Newton Trust, the College provides bursary support to undergraduates and PGCE 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, 193 (2012-13: 217) Homerton students benefited from the scheme to the value of £509,092 (2012-13: £530,650).

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 £87,126 (2012-13: £98,206).

To raise education aspiration and attract outstanding applicants who might not have otherwise considered applying to Cambridge and Homerton College, the College shares a joint post of Schools Liaison Officer with Selwyn College. The Schools Liaison Officer, in consultation with the Admissions Tutor, operates an outreach programme of visits to schools, visits by schools to the College and open days. During the year, 316 (2012-13: 342) students from 13 (2012-13: 16) schools visited the College and a further 30 (2012-13: 31) schools were visited by the Schools Liaison Officer.

Extra-curricular achievements and performance

The College supports a wide range of extra-curricular activities by the students through the subvention to the Homerton Union of Students (HUS) which comprises both the JCR and MCR. For 2014-15 the support has been doubled and funding made available to support coaching, teaching, facility hire and kit requirements. In addition the College awards a cash prize to those students who have been awarded a Blue or Half-Blue for their University representation. 18 such awards were made during the year. A funding plan has been put in place to enable more regular replacement of College boats.

Music continues to be an area of great support from the College and a 3 year programme to provide all music students with digital pianos and replace practice pianos throughout the College has been put in place.The Charter Choir has grown from strength to strength this year with the addition of many talented new members. This highly successful year culminated with a concert in June that included work by Homerton Fellow Dr John Hopkins and former Homerton staff member Greta Tomlins. The programme also included choral favourites such as Elgar's *Ave Verum*, Bainton's *And I saw a new Heaven*, and Wesley's *Blessed be the God and Father*. One of the Motets, *Descendit Sicut Pluvia*, was written in memory of a relative of Dr Hopkins who was killed in the London Underground bombings of 2005.

These pieces also formed part of the repertoire for the Charter Choir's summer 2014 tour to Ireland, and all four of the Motets will be recorded later in the year for inclusion on the Choir's first CD.

The new College gym opened in November 2013 and has been very popular with students, fellows and staff. The provision of sports facilities, art and music rooms and a performance centre will be included in a new "student hub" planned for Phase 3 of the Estate Strategy.

Research

Full Fellows (categories A, B, C and D) of the College are entitled to the use of a computer and an annual research allowance towards the costs of their research. Research allowances were increased in 2013-14 with a further significant increase budgeted for 2014-15.

Research was also advanced by the College's support of 10 Junior Research Fellowships (several of which are stipendiary) and 6 Senior Research Fellows. All Research Fellows (category C) are entitled to an enhanced research allowance towards the cost of their research work. Our Fellows are encouraged to attend and speak at conferences worldwide.

The College continues to look at ways to strengthen the research community at Homerton. During the year the College was accepted onto the College Affiliation Scheme for Postdoctoral Researchers, and as a result funded eight Research Associates jointly with the University Researcher Development Committee. The Research associates have rapidly become a valuable part of the research community at Homerton contributing to seminars, teaching and discussion. On 7 June 2014 the College held its second annual Graduate Research Day, when higher degree students gave presentations on their current research projects.

This year's theme, 'Beyond Boundaries', led to a fascinating array of papers, on topics from early modern trading networks to the aerodynamics of flapping flight, storytelling in nature conservation policy to the ethics and aesthetics of postmodern poetry. Demonstrating the breadth of postgraduate subjects housed at Homerton, the event offered an opportunity for students to reflect on their work in an interdisciplinary and supportive Collegiate context, making connections between areas and methods of research. The range of references on display was indeed broad, including analogies between the pharmaceutical industry and Tolkien films, impounded poets, eschatology and social action, historical bedspreads, and even a homemade laser, cobbled together in an afternoon for the sake of a visual aid. The two Graduate Tutors, Dr Melanie Keene and Dr André Neves, added to the programme by presenting their own papers, on *Fiction and facts in Fairyland, and Early cancer detection using molecular imaging*.

The papers provoked a stimulating discussion, encouraging participants to think of their work in new ways, as well as considering the relationship between academic research and the wider world, going beyond the boundaries of the College itself to reach new audiences.

Bridging the gap between research and the undergraduate communities, Luciana Leite, a graduate student at Homerton on the MPhil in Conversation Leadership, based in the Department of Geography organised a conference and the first "Green" Formal Hall at Homerton, an event much appreciated by the students. The conference attended by 200 people presented the latest research on how human food consumption affects biodiversity. The Green Formal Hall which followed illustrated how to do it with a delicious menu of mainly vegan and vegetarian meals, with an option of low carbon meat. All ingredients were locally sourced.

Other achievements

Dr Kate Pretty, as the retiring Principal, became the College's fifth Honorary Fellow. The College was further pleased to welcome the emeritus Poet Laureate, Andrew Motion, as an Honorary Fellow in June 2014. Homerton College is delighted to be hosting in March 2015 the grand final of Poetry By Heart, a pioneering national competition designed to encourage pupils aged 14-18 and at school and college in England to learn and to recite poems by heart.

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 2014. The net surplus on continuing operations after a contribution of £40,000 (2012-13: £34,505) to the Colleges' Fund under University of Cambridge Statute G, II was £1,606,662 (2012-13: £1,939,226).

Net cash inflow from operating activities was £255,554 (2012-13: £3,167,561).

Education Account

The per capita rate applicable to the undergraduate college fee for Home and EU students was £4,500 for years one and two students and £3,951 for students in years 3 and 4. The graduate and PGCE fee was increased by 3.2% to £2,424 (2012-13: £2,349). Total income from college fees, grants etc amounted to £4,129,111 (2012-13: £4,210,279).

Education expenditure was £4,355,658 (2012-13: £4,002,420), leaving a balance of net excess expenditure of £226,547 (2012-13: net excess income £207,859). The net excess of income in 2012-13 was due to the change in accounting reference date to 30 June; fees for the academic year were accounted for in full against costs largely for the 11 month period to 30 June 2013.

Residence and Catering Accounts

The College is very mindful of student finances and strives to keep room rents and food prices as low as possible whilst maintaining a high standard of (mostly en-suite) accommodation through regular refurbishment - see section below on maintenance of buildings and capital expenditure. As a result, room rents and food prices increased by just 1.91%, less than the prevailing rate of inflation. The Minimum Meal Charge (MMC) was frozen at last year's levels.

Considerable efforts have been made during the year by the catering team to improve the quality of the food in both the Hall and Buttery, and this has been noticed and welcomed by students and staff alike. A staff meals allowance was introduced during the year, bringing the College in line with the practices of other Cambridge colleges, which has been warmly welcomed by staff. This has fostered better communications between departments and improved working relationships across the College.

The residence account income was £2,240,264 (2012-13: £2,171,314). Occupancy was maintained at 99%. Costs for the year were £1,950,661 (2012-13: £1,687,763) resulting in a surplus of £289,603 (2012-13: £483,551).

Term time students, staff and college function catering produced a turnover of £842,678 (2012-13: £742,427). After allowing for pay expenditure of £592,072 (2012-13: £460,383) and non-pay and overheads of £574,825 (2012-13: £474,656), the account was in deficit by £324,219 (2012-13: £192,612).

Overall the College aims for the combined results of the Residence and Catering Accounts to break even.

Conference business

Homerton has one of the smallest investment portfolios on a student per capita basis of the undergraduate Cambridge colleges. It also currently receives much lower levels of voluntary donations than other colleges due to the age of the College and the resulting composition of its alumnae.

As a result, 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. A new Conferences Manager was appointed just before the start of the year to further develop the business.

The conference team was further strengthened by creation of a new post of Conference and AV Assistant, which should further enhance the service experienced by conference delegates at Homerton.

Conference income from the provision of catering and accommodation services to residential and day conferences (including Colophon Limited) was £1,752,343 (2012-13: £1,229,980). This year's figures are flattered by the fact that the prior period was 11 months to 30 June 2013, missing out the busiest conferencing month of July. Direct conference expenditure amounted to £600,704 (2012-13: £422,637), giving a net contribution towards the overheads of the College of £1,151,639 (2012-13: £807,343).

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.

Work on the refurbishment of the student accommodation in West House was completed in the summer of 2013 costing a total of £668,735. A long-requested gym was also constructed over the summer in the room vacated by the JCR and two much needed guest bedrooms were created in the arch connecting the Cavendish Building with Queens Wing.

A major renovation and extension of the Principal's house on Luard Road began at Easter and was completed over the summer of 2014, providing much needed improvements to the ability of the Principal to entertain there.

Investment policy and performance

Listed investment portfolio

Following much research, discussion and debate, the Investment Committee approved an updated investment policy towards the end of the year. 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 (i.e. risk volatility) on the portfolio in the region of 8 to 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 order to achieve this, the portfolio is managed on a total return basis by investment managers, UBS AG. The appointment of the investment managers is reviewed at least every 5 years, the next review being due in 2015.

During the year 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, details of which may be found in note 17 to the financial statements. The funds have been temporarily invested with UBS in a separate investment portfolio from the rest of the College's investments, with the aim of covering the interest cost until such time as the funds are utilised. Overall, the College portfolio has increased in value from £47,351,730 to £60,223,446 at the year end (note 12), which when taken with the income generated, comfortably exceeds the total target return.

Homerton Business Centre

During the year, plans were further developed for Homerton Business Centre and a planning application was submitted in August 2013 and subsequently approved. The commercial aspects of the development will provide a significant rental income to the College and an agreement to lease has been signed with a major tenant to support this.

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 sixty-year lease to the University of Cambridge of its offices and shared teaching and auditorium space from 2001.

The lease of the Biology Building and Dance Studio to the University of Cambridge will continue for up to 25 years from August 2001.

Property revaluation

Messrs Januarys, Chartered Surveyors conducted a full valuation at 30 June 2013 and revalued the investment land at £11,500,000, College houses and College buildings for domus use were valued at £71,226,900 and the Homerton Business Centre (HBC) was valued at £7,500,000.

Since the granting of detailed planning permission for the commercial part and outline planning permission for the residential part of the site, its value has increased to approximately £10,000,000 excluding further ground works performed subsequently.

Januarys also performed a desktop valuation of the investment land as at 30 June 2014, revaluing it upwards to £12,650,000 (see note 12).

Staff costs and pensions

Total payroll costs, including employer's pension and national insurance contributions, were £4,401,152 (2012-13: £3,757,207) (see note 10).

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 teaching staff.

LGPS

The LGPS share of deficit, calculated to meet the requirements of FRS17, attributable to existing and former staff was £394,000 (2012-13: surplus of £905,000). The Employer's contribution rate changed in April 2014 from 17.6% to 17.5% following the scheme's last triennial valuation and a number of changes to the scheme rules and benefits, including the introduction of a Career Average regime for accruals from April 2014.

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.

USS revised some terms of its existing final salary scheme and introduced a Career Re-valued Benefit Scheme for new members with effect from 1 October 2011. The employer's contribution remains at 16%. The College expects to hear the results of the recent scheme triennial valuation soon, which may result in a change to the employer's contribution rate going forward.

Reserves policy

The College's investment portfolio, its conference business and rental income from the Homerton Business Centre 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 £143,076,329 at 30 June 2014. Of this, the general reserve excluding the pension reserve amounted to £73,095,738.

PLANS FOR FUTURE PERIODS AND POST BALANCE SHEET EVENTS

Short-term future plans and activities

During the summer of 2014, a number staff and fellows' offices were altered, decorated and refurbished. This has resulted in an improved working environment as well as better utilisation of the existing, limited space available. Harrison House and South Court were also redecorated. In particular, Macauley was renovated back to a single space which will be a valuable meeting and reception area for the College.

A substantial house was purchased near the College on Coleridge Road in the spring of 2014. This was renovated over the summer ready for use at the start of the 2014-15 academic year as six badly-needed rooms for postgraduate students as well as a self-contained flat for use by a Junior Research Fellow. The College recognises the ongoing need for additional student accommodation and this forms the first phase of the Estates Strategy.

Following the granting of detailed planning permission on the commercial part of the Homerton Business Centre and outline planning permission on the residential part, work began apace on demolishing most of the pre-existing buildings on the site and completing the enabling ground works. On 1 July 2014 the College signed a £20m revolving credit facility with its bankers, Lloyds plc, to fund the redevelopment (see note 27). On 20 August 2014 the College signed a contract with Mansell Construction Services Limited for £17.9m to build the commercial part of the Homerton Business Centre, with construction commencing in September 2014.

On 18 September 2014 HBC 2 Limited was replaced as a designated member in Colokate LLP by Hill Residential Limited, a third party property developer, in order to facilitate the development of the residential part of the Homerton Business Centre.

Long-term Academic Strategy

During 2013-14 Council and the Governing Body approved the new Academic Strategy developed by the Principal, which sets out the academic direction of the College over the next few years. Its key objectives are to:

- align the development of the College with the University's strategy for growth in the vicinity of Addenbrooke's hospital, where such alignment would be beneficial to the College;
- invest in the Fellowship, facilities and student numbers as appropriate, starting with Medicine, Engineering, Law, History and Natural Sciences;
- consider strengthening the offer to incoming University Teaching Officers or other new Fellows where this was justified and key to major development;
- strengthen the culture of achievement in supervising through investment in the College's Directors of Studies;
- continue to invest in Junior Research Fellows (JRFs) and provide mentoring thereto; and
- consider offering College titles to an enhanced range of individuals whose involvement would benefit the progress of the College.

Whilst this is clearly focussed at certain key areas and subjects, it does not preclude opportunistic action should desirable possibilities present themselves. A number of initiatives to support these objectives are already being undertaken including revised contracts with Directors of Studies, mentoring for JRFs and new College lecturers in biology, law and history.

The Academic Strategy is supported by a suite of strategies in support of these objectives. To this end, the Estates Strategy is already at an advanced stage, which looks at the buildings and facilities needed to support the academic direction of the College over the next 20 years. This provides for an increase in graduate accommodation, a new Porters' Lodge, an accessible archive space, increased space provision for the library's special collections, additional academic offices and improved catering facilities, alongside a review of extant space use to ensure improved site layouts and increased space utilisation. It is hoped that new graduate accommodation housing including a new MCR will be ready for the 2016 entrants.

A Finance Strategy for 10 years to 2024 was approved by Council in July 2014 to support the Academic and Estates Strategy. A Development Strategy is planned to be delivered in Michaelmas 2014. Matthew Moss, former Private Secretary to the Vice-Chancellor of the University, was appointed to the post of Director of External Communications and Development and joined the College in April 2014. As the job title suggests, Matthew will not only focus on the College's Development operation, but will also bring his considerable experience, and knowledge of the workings of Cambridge University, to bear on the College's publicity and external relations, which will become increasingly important as the College seeks to advance its Academic Strategy.

A strategic marketing plan for the conference business is already in place which looks to both maintain and grow the conference business of the College, no small feat given the increased conferencing competition across Cambridge and the surrounding area.

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. A review and reassessment of the risk was conducted during the year, with particular focus on the impact of the Academic Strategy and ongoing development of the Homerton Business Centre on the risk profile of the College.

The key risks to be managed are the potential changes in undergraduate, graduate and in particular, PGCE student fee income. Contingency plans have been drawn up to mitigate the impact of a drop in student fee income and the resulting effect on the Estates Strategy.

AUDITOR

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company'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 Council on 21 November 2014 and signed on its behalf on 5 December 2014 by:

Deborah Griffin
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 Council is advised in carrying out its duties by a number of Committees. These are:

- Advisory Committee to the Dean
- Fellowship Committee
- Investment Committee
- IT Committee
- Benefits Committee
- Research Committee
- Catering and Bar Committee
- Educational Policy Committee (now known as the Teaching and Learning Committee)
- Statutes and Ordinances Committee

The Governing Body is advised by:

- Development Committee
- Health and Safety Committee
- Audit Committee

The Principal Officers of the College are:

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

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.

There is a registers of interests for Members of the Council and of 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 2014 are set out on page 1.

Statement of Internal Control

The Council 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 Council 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 2014 and up to the date of approval of the financial statements.

The Council 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 Council 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 Council'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.

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.

Independent auditor's report on the financial statements to the Governing Body of Homerton College

We have audited the financial statements of Homerton College for the year ended 30 June 2014 which comprise the consolidated income and expenditure account, the consolidated and College balance sheets, the consolidated statement of total recognised gains and losses, the consolidated cash flow statement, 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).

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.

Respective responsibilities of College Council and auditor

As explained more fully in the College Council's responsibilities statement set out on page 18, the College Council is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under Section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College and group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report (including the operating and financial review) to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Opinion

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 2014 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; and
- have been prepared in accordance with the Charities Act 2011, the College's statutes and the statutes of the University of Cambridge.

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 statement 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.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

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

Consolidated income and expenditure account Year to 30 June 2014

	Note	**Year to 30 June 2014 £**	11 months to 30 June 2013 £
Income			
Academic fees and charges	1	**4,129,111**	4,210,279
Residences, catering and conferences	2	**4,903,345**	4,206,917
Investment income	3	**1,840,781**	1,241,109
Donations	4	**148,984**	118,424
Other income	5	**1,066,248**	907,561
		12,088,469	10,684,290
Expenditure			
Education	6	**(4,355,658)**	(4,002,420)
Residences, catering and conferences	7	**(4,542,336)**	(3,648,080)
Other expenditure	8	**(1,543,813)**	(1,060,059)
		(10,441,807)	(8,710,559)
Surplus on continuing operations before Contribution under Statute G, II		**1,646,662**	1,973,731
Contribution under Statute G, II		**(40,000)**	(34,505)
Surplus on continuing operations after Contribution under Statute G, II retained within general reserves	20	**1,606,662**	1,939,226

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

Note of historical cost surpluses for the year ended 30 June 2014

	Note	**Year to 30 June 2014 £**	11 months to 30 June 2013 £
Surplus on continuing operations		**1,606,662**	1,939,226
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	**758,745**	742,630
Realisation of gains on disposal of fixed asset investments		**2,571,059**	2,606,387
Historical cost surplus for the year		**4,936,466**	5,288,243

Consolidated balance sheet 30 June 2014

	Note	**2014** **£**	2013 £
Fixed assets			
Tangible assets	11	**72,685,280**	71,615,678
Investments	12	**76,855,847**	66,351,730
		149,541,127	137,967,408
Current assets			
Stocks	13	**7,533,859**	46,311
Debtors	14	**578,431**	677,140
Cash at bank and in hand	15	**2,806,776**	5,047,344
		10,919,066	5,770,795
Current liabilities			
Creditors: amounts falling due within one year	16	**(1,452,114)**	(2,258,273)
Net current assets		**9,466,952**	3,512,522
Total assets less current liabilities		**159,008,079**	141,479,930
Creditors: amounts falling due after more than one year	17	**(12,744,862)**	(2,835,452)
Provisions for liabilities and charges	18	**(281,511)**	(267,748)
Net assets excluding pension scheme asset (liability)		**145,981,706**	138,376,730
Pension scheme asset (liability)	21	**(394,000)**	905,000
Net assets including pension scheme asset (liability)		**145,587,706**	139,281,730
Represented by:			
Restricted deferred capital grants	19	**2,511,377**	2,590,659
Unrestricted reserves			
General reserves excluding pension reserve		**73,095,738**	68,291,924
Pension reserve	21	**(394,000)**	905,000
Operational property revaluation reserve	20	**48,295,092**	49,053,837
Fixed asset investment revaluation reserve	20	**22,079,499**	18,440,310
Total funds		**145,587,706**	139,281,730

The financial statements were approved by the Governing Body on 5 December 2014 and were signed on their behalf by:

Deborah Griffin
Bursar

Geoff Ward
Principal

College balance sheet 30 June 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible fixed assets	11	**72,624,604**	71,553,716
Investments	12	**76,895,849**	66,391,730
		149,520,453	137,945,446
Current assets			
Stock	13	**20,414**	32,046
Debtors	14	**6,188,552**	962,330
Cash at bank and in hand	15	**2,388,183**	4,704,167
		8,597,149	5,698,543
Current liabilities			
Creditors: amounts falling due within one year	16	**(1,435,245)**	(2,123,696)
Net current assets		**7,161,904**	3,574,847
Total assets less current liabilities		**156,682,357**	141,520,293
Creditors: amounts falling due after more than one year	17	**(12,744,862)**	(2,835,452)
Provisions for liabilities and charges	18	**(281,511)**	(267,748)
Net assets excluding pension scheme asset (liability)		**143,655,984**	138,417,093
Pension scheme asset (liability)	21	**(394,000)**	905,000
Net assets including pension scheme asset (liability)		**143,261,984**	139,322,093
Represented by:			
Restricted deferred capital grants	19	**2,511,377**	2,590,659
Unrestricted reserves			
General reserves excluding pension reserve		**73,270,016**	68,332,287
Pension reserve	21	**(394,000)**	905,000
Operational property revaluation reserve	20	**48,295,092**	49,053,837
Fixed asset investment revaluation reserve	20	**19,579,499**	18,440,310
Total funds		**143,261,984**	139,322,093

The financial statements were approved by the Governing Body on 5 December 2014 and were signed on their behalf by:

Deborah Griffin
Bursar

Geoff Ward
Principal

Consolidated statement of total recognised gains and losses 30 June 2014

	Notes	**Year to 30 June 2014 £**	11 months to 30 June 2013 £
Surplus on income and expenditure account		**1,606,662**	1,939,226
Unrealised gains on investments	12,20	**6,210,228**	5,919,112
Unrealised surplus on revaluation of fixed assets		**—**	6,593,400
Deferred capital grant released to income and expenditure account	19	**(79,282)**	(72,675)
Actuarial gain (loss) in respect of pension schemes	21	**(1,367,000)**	1,772,000
Changes in assumptions arising on teachers' pension obligations	18	**(64,632)**	(31,570)
Total recognised gains relating to the year		**6,305,976**	16,116,493

Reconciliation		
Opening funds	**139,281,730**	123,162,237
Total recognised gains for the year	**6,305,976**	16,119,493
Closing funds	**145,587,706**	139,281,730

Consolidated cash flow statement Year to 30 June 2014

	Notes	**Year to 30 June 2014 £**	11 months to 30 June 2013 £
Net cash inflow from operating activities	23	**255,554**	3,167,561
Returns on investment and servicing of finance	24	**1,840,781**	1,241,109
Capital expenditure and financial investment	24	**(14,689,322)**	(847,958)
Financing	24	**9,941,091**	—
Increase (decrease) in cash in the year	25	**(2,651,896)**	3,560,712

Reconciliation of net cash flow to movement in net funds (debt)			
Increase (decrease) in cash in the year	25	**(2,651,896)**	3,560,712
Cash inflow from issue of debentures		**(9,941,091)**	—
Change in net debt resulting from cash flows	25	**(12,592,987)**	3,560,712
Foreign exchange translation difference	25	**(15,487)**	—
Movement in funds (debt) in the year		**(12,608,474)**	3,560,712
Net funds (debt) at beginning of year		**6,818,682**	3,257,970
Net funds (debt) at end of year	25	**(5,789,792)**	6,818,682

Basis of preparation

The financial statements for the year ended 30 June 2014 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 for accounting in Further and Higher Education 2007 (the SORP)

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 9.

Basis of accounting

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.

Basis of consolidation

The consolidated financial statements consolidate the College and its subsidiaries (see note 12) for the year ended 30 June 2014. The accounts of the Students' Union are not consolidated as this is a separate body in which the College has no financial interest and over whose policy decisions it has no control.

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.

Restricted grant income

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

Donations and benefactions

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

Recognition of income (continued)

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

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

Investment income
All investment income is credited to the income and expenditure account in the year in which it is earned.

Expenditure
Expenditure is accounted for on an accruals basis including irrecoverable VAT.

Investment management costs associated with the management of the College's investment portfolio are generally deducted from investment sales and purchase transactions by the investment manager, and hence are not separately disclosed. However, where such costs are separately identifiable and charged to the College as such (mainly on private equity investments), they are shown within other expenditure.

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 FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Pension schemes (continued)

LGPS

The College also participates in the Cambridge County Council Pension Fund (CCCPF) which is 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 FRS 17 “Retirement Benefits”, the pension scheme asset or liability is recognised in full on the balance sheet.

Pension scheme assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet.

Any change in the asset or liability between balance sheet dates is reflected in the statement of recognised gains and losses for the year.

Tangible fixed assets

Land and buildings

The College has adopted a policy of revaluation. A full valuation is normally obtained every five years and an interim valuation in the intervening third year. Details of the latest valuation of the College’s operational site and premises are given in note 11.

Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 50 years. Freehold land is not depreciated. 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.

Where the land and buildings were acquired with the aid of capital grants received from HEFCE, specific bequests or donations they are capitalised and depreciated as above. The related HEFCE capital grants and, where in the past it has been possible to identify the nature and purpose of the building grants, all other benefactions have been credited to a deferred capital grant account. The grants are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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.

Tangible fixed assets (continued**)**

Furniture, fittings and equipment

In accordance with the College's capitalisation policy 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

Where equipment is acquired with the aid of specific bequests or donations it is capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and released to the income and expenditure account over the expected useful economic life of the related asset on a consistent basis with the depreciation policy.

Investments

Fixed asset investments are included in the balance sheet at market value, except for investments in subsidiary undertakings which are stated in the College's balance sheet at 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 total recognised gains and losses. Profit or losses on sale of investments are taken to the statement of total recognised gains and losses.

Stocks

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

Provisions

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

Taxation

The College is a registered charity (number 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.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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.

1 Academic fees and charges income

	Year to 30 June 2014 £	11 months to 30 June 2013 £
College fees		
Fee income paid on behalf of Undergraduates at the Publically-funded Undergraduate rate Per capita fee: £4,500/£4,068 (2012-13: £4,500/£3,951)	**2,185,002**	2,156,608
Privately-funded Undergraduate fee income Per capita fee: £5,541 (2012-13: £5,217)	**323,225**	307,828
Fee income received at the Graduate fee rate (including PGCEs) Per capita fee: £2,424 (2012-13: £2,349)	**1,188,638**	1,255,334
Income from Cambridge Bursary Scheme	**432,246**	490,509
	4,129,111	4,210,279

2 Residences, catering and conferences income

	Year to 30 June 2014 £	11 months to 30 June 2013 £
Accommodation		
College members	**2,240,264**	2,171,314
Conferences	**729,724**	477,292
Catering		
College members	**842,678**	742,427
Conferences	**430,418**	273,880
Colophon conferences		
Accommodation	**264,449**	231,177
Catering	**327,752**	247,631
College bar	**68,060**	63,196
	4,903,345	4,206,917

3 Investment income

Analysis of income	**Year to 30 June 2014 £**	11 months to 30 June 2013 £
Land and buildings	**154,820**	260,326
Quoted securities	**1,667,925**	956,468
Cash deposits	**18,036**	24,315
	1,840,781	1,241,109

4 Donations

	Year to 30 June 2014 £	11 months to 30 June 2013 £
Unrestricted donations	**69,702**	45,749
Released from deferred capital grants (note 19)	**79,282**	72,675
	148,984	118,424

5 Other income

	Year to 30 June 2014 £	11 months to 30 June 2013 £
Servicing and recharges to the University of Cambridge	**633,139**	510,517
Miscellaneous income	**277,109**	348,044
Other finance income:		
Expected return on pension scheme assets (note 21)	**733,000**	497,000
Other pension scheme finance costs (note 21)	**(577,000)**	(448,000)
	1,066,248	907,561

6 Education expenditure

	Year to 30 June 2014 £	11 months to 30 June 2013 £
Teaching	**1,938,242**	1,763,468
Tutorial	**690,431**	614,536
Admissions	**995,820**	937,027
Research	**294,210**	279,609
Scholarships and bursaries awards	**88,926**	116,736
Other educational facilities	**348,029**	291,044
	4,355,658	4,002,420

7 Residences, catering and conferences expenditure

	Year to 30 June 2014 £	11 months to 30 June 2013 £
Accommodation		
College members	**1,950,661**	1,687,763
Conferences	**618,203**	337,801
Catering		
College members	**1,166,897**	935,039
Conferences	**210,905**	138,728
Colophon conferences		
Accommodation	**380,899**	374,362
Catering	**160,599**	124,866
College bar	**54,172**	49,521
	4,542,336	3,648,080

8 Other expenditure

	Year to 30 June 2014 £	11 months to 30 June 2013 £
College administration		
Pay expenditure:		
Directorate	**10,113**	9,168
Administrative staff	**496,662**	420,329
	506,775	429,497
Non-pay expenditure:		
Building repairs and maintenance	**134,459**	162,594
Building feasibility study	**272,807**	192,951
Fuel and light	**126,478**	121,840
Rates	**21,236**	24,533
Depreciation: buildings	**393,786**	348,184
Depreciation: furniture and equipment	**42,883**	20,300
Homerton Business Centre costs	**148,343**	145,455
Debenture interest payable	**264,914**	—
Investment management charges	**87,265**	—
Foreign exchange translation differences on investments	**15,487**	—
Other expenses	**299,282**	255,486
Reclassification of costs to residence	**(769,902)**	(553,120)
Movement on provision – former employee pensions (note 18)	**—**	(87,661)
	1,543,813	1,060,059

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

9 Analysis of expenditure by activity

Year to 30 June 2014	Staff costs (note 10) £	Other operating expenses £	Depreciation (note 11) £	**Total £**
Education (note 6)	2,261,330	1,827,405	266,923	**4,355,658**
Residences, catering and conferences (note 7)	1,723,244	2,044,420	774,672	**4,542,336**
Other (note 8)	416,578	775,208	352,027	**1,543,813**
	4,401,152	4,647,033	1,393,622	**10,441,807**

11 months to 30 June 2013	Staff costs (note 10) £	Other operating expenses £	Depreciation (note 11) £	**Total £**
Education (note 6)	2,055,951	1,714,460	232,009	**4,002,420**
Residences, catering and conferences (note 7)	1,312,177	1,706,896	629,007	**3,648,080**
Other (note 8)	389,079	381,514	289,466	**1,060,059**
	3,757,207	3,802,870	1,150,482	**8,710,559**

Auditor's remuneration	**Year to 30 June 2014 £**	11 months to 30 June 2013 £
Other operating expenses include:		
Audit fees payable to the College's external auditor	**23,450**	17,667
Other fees payable to the College's external auditor	**7,480**	1,830
	30,930	19,497

10 Staff costs

	College Fellows & other academics 2014 £	Non-academics 2014 £	**Year to 30 June 2014 £**	11 months to 30 June 2013 £
Emoluments	1,232,767	2,523,664	**3,756,431**	3,176,735
Social security costs	80,854	155,487	**236,341**	208,322
Other pension costs	78,592	329,788	**408,380**	372,150
	1,392,213	3,008,939	**4,401,152**	3,757,207

10 Staff costs (continued)

Average staff numbers	Year to 30 June 2014 Number	11 months to 30 June 2013 Number
Academic (including library)	**89**	83
Non-academics	**115**	116
Total	**204**	199

Average staff numbers (full time equivalents):		
Non-academics	**97**	98
Academics:		
Fellows – Full Time Stipendiary	**19**	18
Fellows – Part Time Stipendiary	**27**	23
Fellows – Non Stipendiary	**15**	17
Other academics (non-Fellows)	**28**	25
Total	**186**	181

The Governing Body comprises 61 fellows, of which 46 declared above are stipendiary.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000 (2012-13: none).

11 Tangible fixed assets

Consolidated	College buildings and site £	Assets under construction £	Furniture, fittings and equipment £	Total £
Cost/valuation				
At beginning of year	71,226,900	—	1,217,902	**72,444,802**
Additions at cost	1,389,118	197,598	881,902	**2,468,618**
Disposals	—	—	(129,710)	**(129,710)**
At end of year	72,616,018	197,598	1,970,094	**74,783,710**
Depreciation				
At beginning of year	—	—	829,124	**829,124**
Charge for the year	1,212,020	—	181,602	**1,393,622**
Eliminated on disposals	—	—	(124,316)	**(124,316)**
At end of year	1,212,020	—	886,410	**2,098,430**
Net book value				
At end of year	71,403,998	197,598	1,083,684	**72,685,280**
At beginning of year	71,226,900	—	388,778	**71,615,678**

11 Tangible fixed assets (continued)

College	College buildings and site £	Assets under construction £	Furniture, fittings and equipment £	**Total £**
Cost/valuation				
At beginning of year	71,226,900	—	871,001	**72,097,901**
Additions at cost	1,389,118	197,598	865,630	**2,452,346**
At end of year	72,616,018	197,598	1,736,631	**74,550,247**
Depreciation				
At beginning of year	—	—	544,185	**544,185**
Charge for the year	1,212,020	—	169,438	**1,381,458**
At end of year	1,212,020	—	713,623	**1,925,643**
Net book value				
At end of year	71,403,998	197,598	1,023,008	**72,624,604**
At beginning of year	71,226,900	—	326,816	**71,553,716**

Land and buildings

A valuation of the College's operational site and premises was completed by Messrs Januarys, Chartered Surveyors, on 30 June 2013. This valuation, amounting to £71,226,900, has been incorporated in the financial statements. The 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.

The insured value of freehold buildings as at 30 June 2014 was £85,791,895 (2013-14: £83,066,866) including limited cover for irrecoverable VAT and the costs of related professional fees.

12 Investments

Consolidated	Investment land £	Homerton Business Centre £	Quoted securities £	Other investments £	Total 2014 £
At beginning of year	11,500,000	7,500,000	47,351,730	—	**66,351,730**
Additions	—	1,472,401	25,100,471	10,000	**26,582,872**
Disposals	—	—	(14,362,168)	—	**(14,362,168)**
Appreciation	1,150,000	2,500,000	2,560,228	—	**6,210,228**
Transfer to stocks (note 13)	—	(7,500,000)	—	—	**(7,500,000)**
Change in cash balances and deposits held at fund managers	—	—	(426,815)	—	**(426,815)**
At end of year	12,650,000	3,972,401	60,223,446	10,000	**76,855,847**

Represented by:	
Investment land	**12,650,000**
Homerton Business Centre	**3,972,401**
Quoted securities – equities	**53,692,658**
Fixed interest securities	**5,186,265**
Cash held for reinvestment	**1,344,523**
Other investments	**10,000**
	76,855,847

College	Investment land £	Homerton Business Centre £	Quoted securities £	Other investments £	Total 2014 £
At beginning of year	11,500,000	7,500,000	47,351,730	40,000	**66,391,730**
Additions	—	1,472,401	25,100,471	10,002	**26,582,874**
Disposals	—	(5,000,000)	(14,362,168)	—	**(19,362,168)**
Appreciation	1,150,000	—	2,560,228	—	**3,710,228**
Change in cash balances and deposits held at fund managers	—	—	(426,815)	—	**(426,815)**
At end of year	12,650,000	3,972,401	60,223,446	50,002	**76,895,849**

Represented by:	
Investment land	**12,650,000**
Homerton Business Centre	**3,972,401**
Quoted securities – equities	**53,692,658**
Fixed interest securities	**5,186,265**
Cash held for reinvestment	**1,344,523**
Other investments	**50,002**
	76,895,849

12 Investments (continued)

Other investments comprise:

College	Investments in subsidiary undertakings £	Other investments £	**Total £**
At beginning of year	40,000	—	**40,000**
Additions	2	10,000	**10,002**
At end of year	40,002	10,000	**50,002**

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
HBC 2 Limited	England and Wales	Ordinary	100	Dormant
Colokate LLP	England and Wales	See below		Property development

Colokate LLP is a limited liability partnership and hence has no share capital. The members of the LLP comprise HBC 1 Limited and HBC 2 Limited and hence it is controlled by Homerton College.

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

The investment land was valued by Messrs Januarys, Chartered Surveyors, at £12,650,000 on 30 June 2014 on the basis of open market value taking account of the College's Estates Strategy for the future use of this land.

The Homerton Business Centre was valued by Messrs Januarys, Chartered Surveyors, at £7,500,000 on 30 June 2013 on the basis of open market value taking account of the College's Estates Strategy for the future use of this land. During the year £5,000,000 of the land was transferred to HBC 1 Limited. Following the transfer, planning permission was gained on the land and, on the basis of external third party offers received, the land was revalued upwards to £10,000,000 in total, £7,500,000 being held by HBC 1 Limited, which was subsequently transferred to Colokate LLP to facilitate its development and at 30 June 2014 was held there within stocks (see note 13). At the year-end demolition work had commenced on the site and the year-end valuation includes the cost of the work done by that date.

13 Stocks

	Consolidated		College	
	2014 **£**	2013 £	**2014** **£**	2013 £
Development land (note 12)	**7,500,000**	—	**—**	—
Goods for resale	**33,859**	46,311	**20,414**	32,046
	7,533,859	46,311	**20,414**	32,046

Development land consists of land transferred to Colokate LLP via HBC 1 Limited from Homerton College in order to facilitate its development with a third party. Accordingly it has been reclassified from investment property to stocks.

14 Debtors

	Consolidated		College	
	2014 **£**	2013 £	**2014** **£**	2013 £
Trade debtors	**166,127**	345,816	**148,835**	298,224
Amounts due from subsidiary undertakings	**—**	—	**5,642,445**	351,907
Prepayments and accrued income	**412,304**	324,494	**397,272**	312,199
Deferred tax asset	**—**	6,830	**—**	—
	578,431	677,140	**6,188,552**	962,330

Included within amounts due from subsidiary undertakings is £5,165,821 which is due in more than one year (2012-13: £nil).

15 Cash

	Consolidated		College	
	2014 **£**	2013 £	**2014** **£**	2013 £
Cash at bank	**2,805,266**	5,045,984	**2,387,173**	4,703,107
Cash in hand	**1,510**	1,360	**1,010**	1,060
	2,806,776	5,047,344	**2,388,183**	4,704,167

16 Creditors: amounts falling due within one year

	Consolidated		College	
	2014 **£**	2013 £	**2014** **£**	2013 £
Trade creditors	**590,663**	270,518	**580,247**	157,537
Amounts due to subsidiary undertakings	**—**	—	**91,275**	—
Other taxation and social security	**71,512**	71,811	**71,512**	71,362
Contribution to Colleges' Fund (Statute G, II)	**40,000**	34,505	**40,000**	34,505
Other creditors and accruals	**489,315**	1,684,935	**479,156**	1,633,126
Deferred rental income (note 17)	**31,681**	31,681	**31,681**	31,681
Other deferred income	**228,943**	164,823	**141,374**	195,485
	1,452,114	2,258,273	**1,435,245**	2,123,696

17 Creditors: amounts falling due after one year

Consolidated and College	**2014** **£**	2013 £
Debentures	**9,941,091**	—
Deferred rental income	**2,803,771**	2,835,452
	12,744,862	2,835,452

During the year 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. The debentures are wholly repayable at the end of their respective terms and are structured as follows:

Debentures	Term	Interest rate (fixed)	Amount £
Tranche 1a	30 years	4.40%	3,211,111
Tranche 1b	40 years	4.40%	2,568,889
Tranche 2	30 years	4.45%	4,220,000
Fees deducted			(58,909)
			9,941,091

The funds raised from the bond issue have been temporarily invested with UBS in a separate investment portfolio from the rest of the College's investments, with the aim of covering the interest cost until such time as the funds are utilised.

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 income and expenditure account in equal annual instalments over the lease term.

18 Provisions for liabilities and charges

Consolidated and College	Teaching staff pension £	**Total 2014 £**	Total 2013 £
At beginning of year	267,748	**267,748**	357,207
Benefits paid	(50,869)	**(50,869)**	(48,013)
Charge to income and expenditure account	—	**—**	14,645
Release of provision	—	**—**	(87,661)
Changes in actuarial assumptions	64,632	**64,632**	31,570
At end of year	281,511	**281,511**	267,748

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

19 Restricted deferred capital grants

Consolidated and College	**2014 £**	2013 £
At beginning of year	**2,590,659**	2,663,334
Release to income and expenditure account (note 4)	**(79,282)**	(72,675)
At end of year	**2,511,377**	2,590,659

Deferred capital grants relate to HEFCE grants received for building refurbishments and construction.

20 Reserves

Consolidated	General reserves £	Operational property revaluation reserve £	Fixed asset investment revaluation reserve £	**Total 30 June 2014 £**	Total 30 June 2013 £
At beginning of year	69,196,924	49,053,837	18,440,310	**136,691,071**	120,498,903
Surplus retained for the year	1,606,662	—	—	**1,606,662**	1,939,226
Actuarial gain (loss)	(1,367,000)	—	—	**(1,367,000)**	1,772,000
Transfer in respect of depreciation on revalued operational properties	758,745	(758,745)	—	**—**	—
Transfer in respect of disposals of investments	2,571,039	—	(2,571,039)	**—**	—
Changes in assumptions underlying the present value of enhanced teachers' pension obligations	(64,632)	—	—	**(64,632)**	(31,570)
Unrealised surplus on revaluation of fixed assets	—	—	—	**—**	6,593,400
Increase in market value of investments	—	—	6,210,228	**6,210,228**	5,919,112
Balance at end of year	72,701,738	48,295,092	22,079,499	**143,076,329**	136,691,071

20 Reserves (continued)

College	General reserves £	Operational property revaluation reserve £	Fixed asset investment revaluation reserve £	**Total 2014 £**	Total 2013 £
At beginning of year	69,237,287	49,053,837	18,440,310	**136,731,434**	120,546,275
Surplus retained for the year	1,740,577	—	—	**1,740,577**	1,932,217
Actuarial gain (loss)	(1,367,000)	—	—	**(1,367,000)**	1,772,000
Transfer in respect of depreciation on revalued operational properties	758,745	(758,745)	—	**—**	—
Transfer in respect of disposals of fixed asset investments	2,571,039	—	(2,571,039)	**—**	—
Changes in assumptions underlying the present value of enhanced teachers' pension obligations	(64,632)	—	—	**(64,632)**	(31,570)
Unrealised surplus on revaluation of fixed assets	—	—	—	**—**	6,593,400
Increase in market value of investments	—	—	3,710,228	**3,710,228**	5,919,112
Balance at end of year	72,876,016	48,295,092	19,579,499	**140,750,607**	136,731,434

The fixed assets investment revaluation reserve represents the accumulated unrealised gains (losses) in connection with the College's investments.

The operational property revaluation reserve represents revaluations in relation to the College's operational properties less the release of depreciation charged on those revalued properties.

21 College pension schemes

Consolidated and College	**Year to 30 June 2014 £**	11 months to 30 June 2013 £
Surplus (deficit) at beginning of year	**905,000**	(835,000)
Current service cost	**(430,000)**	(345,000)
Expected return on assets	**733,000**	497,000
Contributions	**342,000**	264,000
Other finance cost	**(577,000)**	(448,000)
Actuarial gain (loss) recognised in statement of total recognised gains and losses	**(1,367,000)**	1,772,000
Surplus (deficit) at end of year	**(394,000)**	905,000

21 College pension schemes (continued)

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 FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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 FRS17 in relation to these schemes are shown below.

The total pension cost for the College and its subsidiaries for the year to 30 June 2014 was:

	Year to 30 June 2014 £	11 months to 30 June 2013 £
Contribution USS	**131,295**	108,479
Current service cost of CCCPF (LGPS)	**430,000**	345,000
Total pension cost	**561,295**	453,479

The actuaries' recommendations for contributions to USS are based on valuation of the scheme's liabilities. In the intervening years, the actuaries review the progress of the schemes. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services. Unless it is considered prudent to recognise deficiencies over a shorter period, variations from regular cost are spread over the expected average working lifetime of members of the schemes, after making suitable allowances for future withdrawals.

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

	USS	**CCCPF (LGPS)**
Date of valuation	31 March 2011	31 March 2013
Market valuation of assets	£32,433m	£1,905m
Past service liabilities	£35,343m	£2,633m
Deficit of assets	£(2,910)m	£(728)m

21 College pension schemes (continued)

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 fund administered by the trustee, Universities Superannuation Scheme Limited.

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 triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

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

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

21 College pension schemes (continued)

USS *(continued)*

Standard mortality tables were used as follows:

Male members' mortality	S1NA ["light"] YoB -No age rating
Female members' mortality	S1NA ["light"] YoB tables –rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the last triennial valuation date of 31 March 2011, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts), the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation will be as at 31 March 2014 but at the date these financial statements were signed, had not yet been completed. However, the shortfall reported at 31 March 2013 was £11.5 billion, considerably worse than the £2.2 billion deficit (95% funding level) forecast for 31 March 2014 had the 2011 valuation assumptions been matched by experience. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

21 College pension schemes (continued)

USS *(continued)*

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date, the scheme was still a fully final salary scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

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

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

New Entrants

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

Normal pension age

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

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

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

Cost sharing

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

21 College pension schemes (continued)

***USS** (continued)*

Pension increase cap

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

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

An estimate of the funding level measured on a historic gilts basis as at 31 March 2013 was approximately 55%.

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principle assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	Change in assumption	Impact on shortfall
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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

21 College pension schemes (continued)

***USS** (continued)*

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

At 31 March 2013, USS had over 148,000 active members and the College had 47 active members participating in the scheme.

The total pension cost for the College for the year was £131,295 (2012-13: £108,479). The contribution rate payable by the institution was 16% of pensionable salaries.

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 main assumptions used for the purposes of FRS17 are as follows:

	2014	2013	2012
Discount rate	**4.1%**	4.9%	4.1%
Rate of increase of salaries	**4.6%**	5.1%	4.5%
Rate of increase of pension in payment	**2.8%**	2.8%	2.2%
Expected return on assets	**5.9%**	5.8%	4.9%

21 College pension schemes (continued)

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

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

	2014 £'000	2013 £'000
Equities	**10,418**	9,620
Bonds	**2,222**	1,772
Property	**972**	886
Other	**278**	380
	13,890	12,658

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 2014	30 June 2013	31 July 2012
Current pensioners			
Males	**22.5**	21.0	21.0
Females	**24.5**	23.8	23.8
Future pensioners			
Male	**24.4**	22.9	22.0
Females	**26.9**	25.7	25.7

	30 June 2014 £'000	30 June 2013 £'000	31 July 2012 £'000	31 July 2011 £'000	31 July 2010 £'000
Present value of funded obligations	(14,284)	(11,753)	(11,944)	(10,272)	(11,908)
Fair value of plan assets	13,890	12,658	11,109	7,266	7,937
	(394)	905	(835)	(3,006)	(3,971)
Present value of unfunded obligations	—	—	(1)	(1)	(1)
Net asset (liability) recorded in the balance sheet	(394)	905	(836)	(3,007)	(3,972)
Experience gain (loss) on assets	534	1,114	(336)	108	529
Experience gain (loss) on liabilities	(1,901)	658	(1,060)	416	(781)

21 College pension schemes (continued)

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

	Year to 30 June 2014 £'000	11 months to 30 June 2013 £'000
Amounts charged to income and expenditure account		
Current service cost	**430**	345
Interest on obligation	**577**	448
Expected return on plan assets	**(733)**	(497)
	274	296

Analysis of amounts recognised in statement of total recognised gains and losses	**Year to 30 June 2014 £'000**	11 months to 30 June 2013 £'000
Actuarial gains (losses) on pension scheme assets	**534**	1,114
Actuarial gains (losses) on pension obligation	**(1,901)**	658
Total actuarial gain (loss) recognised	**(1,367)**	1,772

Changes in the present value of the defined benefit obligation:	**Year to 30 June 2014 £'000**	11 months to 30 June 2013 £'000
Opening defined benefit obligation	**11,753**	11,944
Current service cost	**430**	345
Interest cost	**577**	448
Contributions by members	**127**	99
Actuarial losses (gain)	**1,901**	(658)
Benefits paid	**(504)**	(425)
Closing defined benefit obligation	**14,284**	11,753

Changes in the fair value of plan assets:	**Year to 30 June 2014 £'000**	11 months to 30 June 2013 £'000
Opening fair value of plan assets	**12,658**	11,109
Expected return	**733**	497
Contributions by members and other bodies	**127**	99
Contributions by employer	**342**	264
Actuarial gains (losses)	**534**	1,114
Benefits paid	**(504)**	(425)
Closing fair value of plan assets	**13,890**	12,658

21 College pension schemes (continued)

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

The College expects to contribute £390,000 to its defined benefit pension schemes in the year ending 30 June 2015.

The management bases required by FRS17 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.

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

	Year to 30 June 2014 £	11 months to 30 June 2013 £
Surplus on continuing operations	**1,606,662**	1,939,226
Depreciation of tangible fixed assets	**1,393,622**	1,150,482
Loss on disposal of tangible fixed assets	**5,394**	—
Foreign exchange translation difference	**15,487**	—
Deferred capital grants released to income	**(79,282)**	(72,675)
Investment income	**(1,840,781)**	(1,241,109)
Pension costs less contributions payable	**(68,000)**	32,000
Transfer of land from investments to stocks	**7,500,000**	—
(Increase) decrease in stocks	**(7,487,548)**	(2,949)
(Increase) decrease in debtors	**98,709**	331,186
Increase (decrease) in creditors	**(837,840)**	1,152,429
Increase (decrease) in provisions	**(50,869)**	(121,029)
Net cash inflow (outflow) from operating activities	**255,554**	3,167,561

24 Cash flows

Return on investments and servicing of finance	Year to 30 June 2014 £	11 months to 30 June 2013 £
Investment income received	**1,822,745**	1,216,794
Bank interest received	**18,036**	24,315
Net cash inflow from returns on investments and servicing of finance	**1,840,781**	1,241,109

Capital expenditure and financial investment	Year to 30 June 2014 £	11 months to 30 June 2013 £
Purchase of tangible fixed assets	**(2,468,618)**	(579,533)
Purchase of investments	**(26,582,872)**	(16,767,685)
Proceeds of disposal of investments	**14,362,168**	16,499,260
Net cash outflow from capital expenditure and financial investment	**(14,689,322)**	(847,958)

Financing	Year to 30 June 2014 £	11 months to 30 June 2013 £
Issue of debentures	**9,941,091**	—
Net cash inflow from financing	**9,941,091**	—

25 Analysis of changes in net funds (debt)

Consolidated	At 1 July 2013 £	Cash flows £	Foreign exchange movement £	At 30 June 2014 £
Cash at bank and in hand	5,047,344	(2,240,568)	—	**2,806,776**
Cash held with fund managers for reinvestment	1,771,338	(411,328)	(15,487)	**1,344,523**
	6,818,682	(2,651,896)	(15,487)	**4,151,299**
Debt due after more than one year	—	(9,941,091)	—	**(9,941,091)**
Net funds (debt)	6,818,682	(12,592,987)	(15,487)	**(5,789,792)**

26 Capital commitments

	Tangible Fixed Assets 2014 £	**Homerton Business Centre 2014 £**	Tangible Fixed Assets 2013 £	Homerton Business Centre 2013 £
Authorised and contracted for	**204,440**	**—**	457,920	—
Authorised but not yet contracted for	**314,020**	**32,409,599**	—	—

27 Post balance sheet events

On 1 July 2014 the College signed a £20m revolving credit facility with its bankers, Lloyds plc, to fund the redevelopment of the Homerton Business Centre. The loan is unsecured and interest is payable at 1.25% above LIBOR on the amount drawn and 0.5% on the remaining undrawn amount.

On 20 August 2014 the College signed a contract with Mansell Construction Services Limited for £17.9m to build the commercial part of the Homerton Business Centre, with construction commencing in September 2014.

On 18 September 2014 HBC 2 Limited was replaced as a designated member in Colokate LLP by Hill Residential Limited, a third party property developer, in order to facilitate the development of the residential part of the Homerton Business Centre.