Homerton College

Annual Report and Financial Statements

30 June 2017

Charity Registration Number 1137497

Reference and administrative information

Reports

Financial statements

Reference and administrative information

Registered address	Hills Road Cambridge CB2 8PH
Charity registration number	1137497
Members of Council (Trustees)	
Ex officio Members	
Principal	Prof Geoffrey Ward
Vice Principal	Dr William Foster
Senior Tutor	Dr Penelope Barton
Bursar	Ms Deborah Griffin
Elected Fellows **(for 3 year terms to 30 September)**	Mr Stephen Watts (2019) Dr Katherine Boyle Dr Daniel Trocmé-Latter (2017) Dr Louise Joy (2017) Dr Karthik Depuru-Mohan (2017) Dr Melanie Keene (2018) Mr Matthew Moss (2018) Dr André Neves (2018) Veronica Fikfak (resigned 28 April 2016) Dr Michelle Oyen (1 Oct 16 to 2019) Dr Timos Kipouros (1 Oct 16 to 2019)
Student Members (not Trustees)	
JCR President	Mr William Hewstone
MCR President	Mr Thomas Brouwer

Reference and administrative information

Senior Officers	
Head of House	Prof Geoffrey Ward
Vice Principal	Dr William Foster
Senior Tutor	Dr Penelope Barton
Bursar	Ms Deborah Griffin
Admissions Tutor	Mr Stephen Watts
Graduate Tutor	Dr Melanie Keene
Secretary to the Governing Body and Council	Dr Simon Wadsley

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank plc Endeavour House Chivers Way Histon Cambridge CB24 9ZR
Solicitors	Taylor Vinters LLP Merlin Place Milton Road Cambridge CB4 0DP
Property advisers	Carter Jonas 6-8 Hills Road Cambridge CB2 1NH
Investment managers	Rothschild Wealth Management (UK) Limited New Court St Swithin's Lane London EC4N 8AL

SCOPE OF THE FINANCIAL STATEMENTS

The trustees of Homerton College ('the College') present their report incorporating the operating and financial review, together with the audited financial statements for the year ended 30 June 2017. These cover the consolidated operations of Homerton College and its subsidiaries. The financial statements have been prepared in accordance with the accounting policies set out on pages 24 to 29 and comply with applicable laws, the requirements of the Recommended Cambridge College Accounts (RCCA), the Statement of Recommended Practice: Accounting for Further and Higher Education (2015), and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

GOVERNANCE AND ORGANISATIONAL STRUCTURE

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

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

The members of the Council are deemed to be the trustees of the College for the purpose of charity law, and its composition is set out on page 2. A number of committees have been established to advise the Council in carrying out its duties, and these are set out in the Corporate Governance Statement on pages 14 and 15.

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

- Colophon Limited undertakes commercial conferences and also operates the College bar.

- HBC 1 Limited and Colokate LLP were incorporated during 2013-14 in order to facilitate the development of the residential element of Homerton Business Centre which is 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.

Education

Student membership of the College was as follows:

Academic year ended 30 June		**2015**	**2016**	**2017**
Undergraduates		553	546	557
Postgraduate Certificate in Education (PGCE) students		264	207	187
Higher Degree students	- Full time	147	149	150
	- Part time	263	255	217
Total		1,227	1,157	1,111

For the first time in 2016, the College admitted six medical students, supported by the appointment of a College Teaching Officer in 2016. Continued increasing investment in the education of our students saw degree results in June 2017 emulating the previous year's best ever results.

Student support

Through a scheme operated in common with the University and other Cambridge colleges, 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, 144 (2015-16: 147) Homerton students benefited from the scheme, to the value of £400,349 (2015-16: £414,412).

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 £211,761 (2015-16: £168,622).

During the year subject dinners were held bringing together undergraduates, postgraduates, Fellows and staff, and in some cases, alumni to further discussion and discourse on their respective subjects.

PUBLIC BENEFIT (continued)

Education (continued)

Outreach and access

The College is concerned to ensure that the benefits of the education provided by the College are, and are understood to be, open to talented applicants from every background. To raise educational aspiration and attract outstanding applicants who might not have otherwise considered applying to Cambridge and Homerton College, the College employs a full-time Schools Liaison Officer. In 2015/16, the Schools Liaison Officer was employed on a part time basis. The Schools Liaison Officer, in consultation with the Admissions Tutors, operates an extensive outreach programme of visits to schools, visits by schools to the College and open days. This was extended during the year resulting in an increase in numbers of students visiting for days and residential summer schools which are free to students. During the year, 1,252 (2015-16: 511) students from 129 (2015-16: 19) schools visited the College and a further 8,908 students from 252 (2015-16: 15) schools were visited by the Schools Liaison Officer.

Extra-curricular activities

Homerton students are encouraged to participate in a wide range of activities both College-based and in the wider University. A total of 54 representation awards of £200 recognised the contribution of our students across activities in sport, music, drama, charities and other student societies.

Music continues to be an integral part of College life and the Director of Music's role became a full-time one during the year. The Charter Choir continues to be well-supported and in Summer 2016 undertook a tour of the East Coast of the USA. The Ligeti Quartet were named the first holder of the Cambridge Chamber Music Residency jointly funded by Homerton College. John Hopkins, Fellow of the College, retired, and was appointed an Emeritus Fellow and Composer in Residence. The College was delighted to award Dame Evelyn Glennie an Honorary Fellowship.

Notable events held at the College during the year included:

- Lecture from Sir Roy Calne to celebrate the entrance of Medical students to the College and the gift of a painting and sculpture by Sir Roy Calne.
- The Inaugural Kate Pretty Lecture, 'The Cambridge of Tomorrow', was delivered by the Vice-Chancellor of the University of Cambridge, Sir Leszek Borysiewicz.

ACHIEVEMENTS AND PERFORMANCE (continued)

Research

Fellows of the College are supported in their research activities with generous computer and research allowances towards the costs of their research. A further 10 Junior Research Fellows (eight of whom were stipendiary) receive an enhanced research allowance. The College also continued to strengthen the research community with a total of 20 Research Associates. Not only do they provide a valuable resource for seminars, teaching and discussion but a number have gone on to become Fellows. For a second year a Graduate Research Day with sister College, Harris Manchester, Oxford, was held to provide opportunities for graduate students to present their work.

Fellows are increasingly supported to organise their own conferences, seminars and postgraduate summer schools at Homerton. In September 2016, a four-day conference celebrating the 100th Anniversary of John Dewey's seminal book and introduction to the Philosophy of Education, entitled 'Democracy and Education' was held.

Homerton College became the home and partner of a new health improvement research Institute following a c£40m award to the Institute over 10 years from the Health Foundation. The Institute is led by Professor Mary Dixon-Woods, a Fellow of Homerton College, and will host events, meetings and seminars at Homerton to support her work on the NHS. The Institute and Homerton College will also co-fund two Health Improvement Research Associates over eight years.

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 2017. There was a surplus before other gains and losses of £339k (2016: deficit before other gains and losses of £522k). This was after a contribution of £37k (2015-16: £41k) to the Colleges' Fund under University of Cambridge Statute G, II.

Education Account

The per capita rate applicable to the undergraduate college fee for Home and EU students was £4,500 . The graduate and PGCE fee was increased by 15.44% to £3,283 (2015-16: £2,844), this included 3.8% (£109) which was directly taken to the new Vice Chancellors Graduate Fund . Total income from college fees, grants etc amounted to £4.29m (2015-16: £4.1m).

Education expenditure was £5.84m (2015-16: £5.3m) an increase of 10.2% leaving a deficit of £1.55m (2015-16: £1.2m).

FINANCIAL REVIEW (continued)

Review of the results for the year (continued)

Residence and catering accounts

The College is very mindful of student finances and strives to keep increases in accommodation rents and catering prices as low as possible whilst endeavouring to cover costs to a reasonable level and maintaining a high standard of (mostly en-suite) accommodation through regular refurbishment. This year room rents increased by 2% for undergraduates and 1% for graduates (2016: 2%) and food prices by 2.5% (January 2017) (2016: 0%). The Minimum Meal Charge (MMC) remained frozen (2016: 2.7% for undergraduates and remained frozen for graduates).

The residence account income was £2.9m (2015-16: £2.5m) which included accommodation rents from 112-room Morley House opened in September 2016. Costs for the year were £2.8m (2015-16: £2.4m) resulting in a surplus of £89k (2015-16: £99k).

Term time students, staff and college function catering produced a turnover of £984k (2015-16: £946k). After allowing for pay expenditure of £713k (2015-16: £687k) and non-pay and overheads of £725k (2015-16: £769k), the account was in deficit by £454k (2015-16: deficit by £510k).

Conference business

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

Conference income from the provision of catering and accommodation services to residential and day conferences (including Colophon Limited) was £1,630k (2015-16: £1,643k). Direct conference expenditure amounted to £684k (2015-16: £634k), giving a net contribution towards the overheads of the College of £946k (2015-16: £1,010k).

Increasing College events and hospitality and students staying longer outside term restricts the ability to grow the conference business and a new strategy is being worked on.

FINANCIAL REVIEW (continued)

Review of the results for the year (continued)

Maintenance of buildings and capital expenditure

The College operates a rolling maintenance programme with the objective of preserving the quality of its building, residences, public spaces and infrastructure. The majority of major works took place during the summer of 2016 and included:

- New lift in East House;
- continuation of the 3 year programme to improve Wifi reception across the College;
- a programme of replacement keys with Salto locks as licences run out on existing key-lock systems (South Court and Harrison House);
- programme of works to replace lighting with LED (West House, Ibberson, East House);
- a new 112-bedroom graduate accommodation block, Morley House, opened in September 2016. A new Middle Common Room (MCR) is located on the ground floor with an outside barbecue area, and is open to adjacent graduate accommodation in Harrison Drive;
- work commenced in February 2017 on the refurbishment of Queen's Wing. This opened in August 2017 providing much-needed office accommodation, three highly specified supervision/meeting rooms, a large College Archive and research area and an enlarged gym and fitness studio;
- in March 2017, Feilden Fowles were announced as the chosen architects for the new Dining Hall and kitchens. The Design Team meets regularly with College staff and the Estates Committee to refine the design. It is planned to submit a planning application in the Michaelmas Term 2017.

Investment policy and performance

Investment portfolio

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

- to seek to maintain the value of the portfolio in real terms i.e. 1% above inflation; and
- to maintain a predicted annual standard deviation of returns (i.e. risk volatility) on the portfolio in the region of 8 to 12%.

FINANCIAL REVIEW (continued)

Investment policy and performance (continued)

Investment portfolio *(continued)*
The actual total return target is RPI +4% per annum, net of all investment fees and costs, over 5-7 years in order to sustain a spending rate of 3% over a trailing 3 year average. In summer of 2015 the management of the investments was transferred to Rothschild after a competitive tender and continues to be managed on a total return basis.

Overall, the College's Investment portfolio has increased in value from £67.5m to £74.0m at the year end (note 12a), which comfortably exceeds the total target return.

Homerton Business Centre
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. In Spring 2016 the £18m commercial development was completed on time and on budget. The main tenant is Alpha Plus Group operating Abbey College, a sixth form school. Rent on the 25 year lease commenced in September 2016. The commercial buildings were valued as at 30 June 2017 at £34m (2016: £35.4m).

The construction of the residential units through Colokate LLP with Hill Residential Limited, a third party property developer completed in December 2016. Marketing of the private residential units began in February 2016 with 40% sold to Cambridge City Council in fulfilment of the affordable housing planning requirement. At the end of June 2017 five apartments (out of 87) and two houses (out of eight) remained to be sold. The value of the residential development is stated as investment in joint venture at £22.2m (2016: £13.4m) and reflects the capital employed and cash in Colokate LLP net of distributions made to date (note 12b).

Investment Land
Bidwells performed a valuation of the investment land as at 30 June 2017. The land has been valued at £6.75m buildings and site (2016: £6.39m) (see note 12a).

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

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

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

FINANCIAL REVIEW (continued)

Investment policy and performance (continued)

College Land and Buildings

The College reviewed its accounting policies in the light of the new accounting standard FRS102 in the year ended 30 June 2016 and decided that the College's operational assets should no longer be revalued, and that any new operational assets should be added at cost. The College's land and buildings are therefore stated at their value at 31 July 2013, as updated by the Governing Body to 1 July 2014 to £79.7m. Transactions since 1 July 2014 have been reflected in the balance of £93.3m at 30 June 2017, which includes the development of Morley House and refurbishment of Queen's Wing and disposal of a house on Coleridge Road. Assets under construction at 30 June 2017 represented the cost of construction of the Queen's Wing refurbishment.

Staff costs and pensions

Total payroll costs, including employer's pension and national insurance contributions, were £5.8m (2015-16: £5.3m) (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 FRS 102, attributable to existing and former staff was £198k (2015-16: £1,145k). The Employer's contribution rate increased to 18.2% (April 2017) (2016 17.5%).

USS

Due to the nature of this scheme, the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis, and therefore accounts for the scheme as if it were a defined contribution scheme.

As reported in the annual report and accounts, continued adverse market conditions have had an impact on the scheme's funding position and the trustee estimates that the funding ratio as at 31 March 2015 had fallen to 86% (from 89% as at 31 March 2014) increasing the deficit to £8.3bn.

The recovery plan has led to an increase in Employer contributions from April 2016 to 18%.

The College has entered into a Recovery Plan with the Universities' Superannuation Scheme to fund the deficit within the Scheme. Consequently, the College has recognised a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the statement of comprehensive income and expenditure. At 30 June 2017, this liability was £0.35m (2016: £0.36m).

FINANCIAL REVIEW (continued)

Reserves policy

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

The total unrestricted funds of the group totalled £188.5m at 30 June 2017 (30 June 2016: £168.1m). Of this, the general reserve excluding the pension reserve amounted to £103.9m (30 June 2016: £88.1m).

PLANS FOR FUTURE PERIODS AND POST BALANCE SHEET EVENTS

Short-term future plans and activities

Estates Strategy

The Estates Committee continues to assess the needs of the College to improve facilities for students, staff and Fellows. In September 2017 the extension and refurbishment of the Cavendish Bar will start to create an extended bar – Cavendish Rooms – and offices on two floors above. This will be completed by May 2018.

Refurbishment during Summer 2017

The main work over the Summer of 2017 was to get Queen's Wing back into operational use and to prepare for the Cavendish Rooms extension. Replacement of LED lighting and Salto locks is undertaken in accordance with the three-year programme.

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.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The key risks to be managed are:

- Risks related to academic performance. Uncertainty over the outcome of Brexit could impact student numbers, as 15% of our undergraduates come from the EU. Moreover, there is some evidence that EU students perform slightly better than Home students, and in consequence student performance as well as numbers could decline. This would affect the College's reputation, and lead potentially to difficulty in recruiting suitable Fellows. Many of our Fellows have an EU background, and Brexit could compound the difficulty in recruiting new Fellows.

- The College remains exposed to changes in Government policy regarding PGCE training, and University policy regarding higher degree studies in Education.

AUDITOR

In so far as the trustees are aware:

- there is no relevant audit information of which the College and group's auditor is unaware; and

- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the Governing Body on 1 December 2017 and signed on its behalf by:

Deborah Sniff

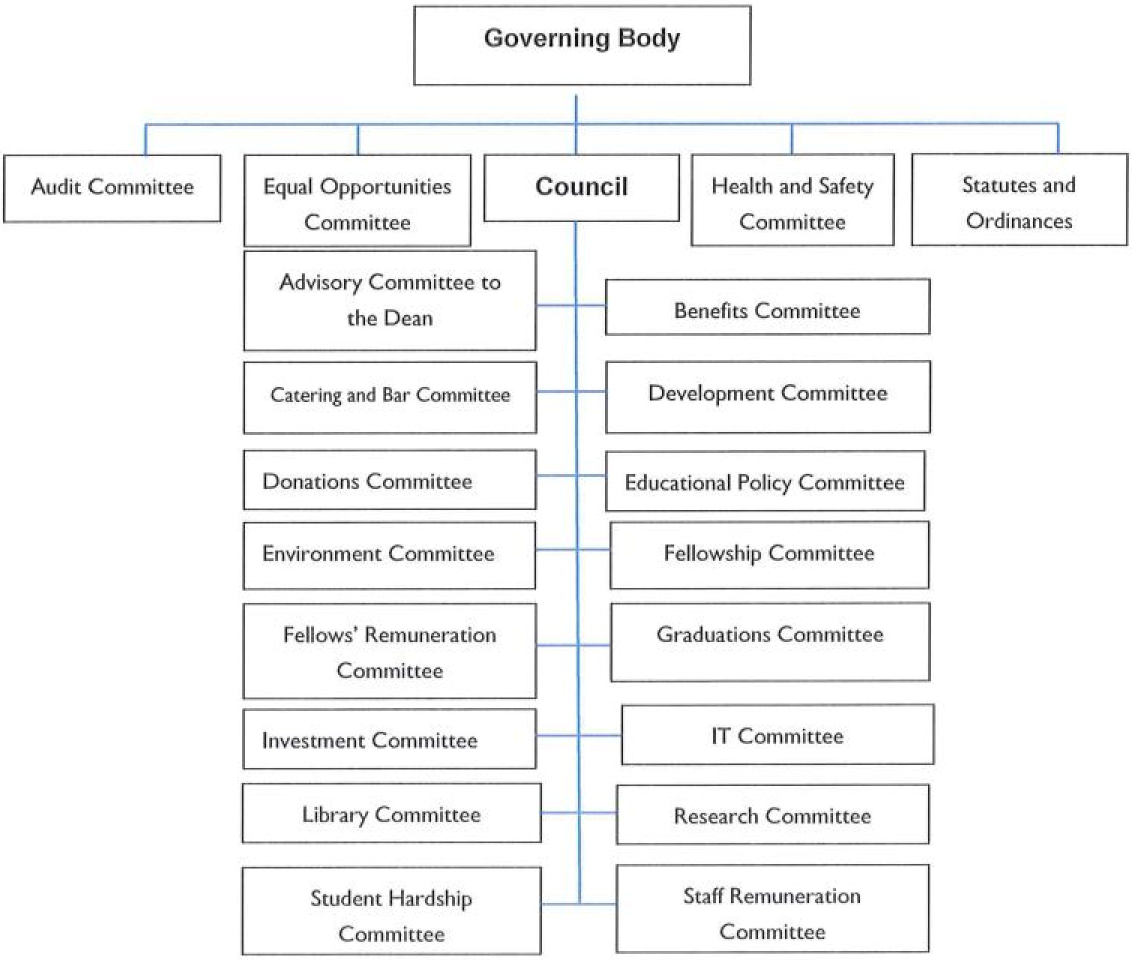
Bursar and Fellow

Governance

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

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

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



The principal officers of the College are:

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

Governance (continued)

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

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

The College's Members of the Council during the year ended 30 June 2017 are set out on page 2.

Statement of Internal Control

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

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

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2017 and up to the date of approval of the financial statements.

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

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

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

Statement of the College Council's responsibilities 30 June 2017

The Council is responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and presenting it to the Governing Body for approval.

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

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

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

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

Opinion

We have audited the financial statements of Homerton College for the year ended 30 June 2017 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated and College balance sheets, the consolidated statement of changes in reserves, the consolidated statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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.

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 2017 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Charities Act 2011, the College's Statutes and the Statutes and Ordinances of the University of Cambridge; and
- in all material respects income received from the University of Cambridge out of grants from the Higher Education Funding Council for the year ended 30 June 2017 has been applied to the purposes for which is was received.

Basis for opinion

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

Conclusions relating to going concern

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

- the College Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

Other information

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

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

We have nothing to report in this regard.

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

In our opinion the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

Matters on which we are required to report by exception

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

- the information given in the trustees' report (incorporating the operating and financial review) and corporate governance statement is inconsistent in any material respect with the financial statements; or

- sufficient accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records and returns; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of College Council

As explained more fully in the College Council's responsibilities statement, the College Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the College Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the College Council are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the College Council either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

7 December 2017

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

Consolidated Statement of Comprehensive Income and Expenditure Year to 30 June 2017

	Note	2017 £'000	2016 £'000
Income			
Academic fees and charges	1	**4,289**	4,131
Residences, catering and conferences	2	**5,617**	5,143
Investment income	3	**3,780**	2,385
Other income	5	**870**	832
Total income before donations		**14,556**	12,491
Donations	4	**189**	206
Total income		**14,745**	12,697
Expenditure			
Education	6	**(5,843)**	(5,303)
Residences, catering and conferences	7	**(5,857)**	(5,403)
Investment management costs	3	**(395)**	(347)
Other expenditure	8	**(2,274)**	(2,125)
Contribution under Statute G, II		**(37)**	(41)
Total expenditure	9	**(14,406)**	(13,219)
Surplus (deficit) before other gains and losses		**339**	(522)
Loss on disposal of tangible fixed assets	11	**(797)**	—
Operating profit / (loss) on joint venture	12b	**11,242**	(2)
Realised gains (losses) on investments	12a	**1,943**	(1,954)
Unrealised gains on investments	12a	**5,368**	13,509
Surplus for the year		**18,095**	11,031
Other comprehensive income			
Actuarial gain / (loss) in respect of pension schemes	20	**1,332**	(54)
Changes in assumptions arising on teachers' pension obligations	18	**(168)**	6
Total comprehensive income for the year		**19,259**	10,983

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

Consolidated statement of changes in reserves Year to 30 June 2017

	Income and expenditure reserve		Revaluation reserve		
	Un-restricted (restated) £'000	Restricted £'000	Operational property (restated) £'000	Fixed asset investment £'000	Total £'000
Balance at 1 July 2016	85,201	—	62,173	20,762	**168,136**
Surplus from income and expenditure statement	10,784	—	—	7,311	**18,095**
Other comprehensive income	1,164	—	—	—	**1,164**
Transfers between revaluation and income and expenditure reserve	3,613		(1,670)	(1,943)	—
Balance at 30 June 2017	100,762	—	60,503	26,130	**187,395**

	Income and expenditure reserve		Revaluation reserve		
	Un-restricted (restated) £'000	Restricted £'000	Operational property (restated) £'000	Fixed asset investment £'000	Total £'000
Balance at 1 July 2015	79,079	—	55,159	20,483	**154,721**
Transitional adjustment: deferred capital grant opening balance	2,432	—	—	—	**2,432**
Transfer of investment property to fixed assets	—	—	8,031	(8,031)	—
Surplus from income and expenditure statement	(524)	—	—	11,555	**11,031**
Other comprehensive income	(48)	—	—	—	**(48)**
Transfers between revaluation and income and expenditure reserve	4,262	—	(1,017)	(3,245)	—
Balance at 30 June 2016	85,201	—	62,173	20,762	**168,136**

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

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

The College has restated the operational property revaluation reserve at 1 July 2015 following an error in the transition to FRS 102 that was identified during the year. This resulted in an increase to the operational property revaluation reserve of £1,389,000 at 1 July 2015 and 30 June 2016, and a corresponding decrease to the income and expenditure reserve.

The notes on pages 30 to 46 form part of these financial statements.

Balance sheets Year to 30 June 2017

	Notes	Consolidated		College	
		2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Fixed assets					
Tangible assets	11	**95,366**	96,289	**95,329**	96,243
Investments	12a	**114,733**	109,341	**114,773**	109,381
Investment in joint venture	12b	**22,213**	13,406	**—**	—
		232,312	219,036	**210,102**	205,624
Current assets					
Stocks	13	**30**	29	**19**	19
Trade and other receivables	14	**1,648**	804	**24,464**	12,653
Cash at bank and in hand	15	**3,738**	4,836	**3,083**	4,570
		5,416	5,669	**27,566**	17,242
Current liabilities					
Creditors: amounts falling due within one year	16	**(16,849)**	(2,199)	**(16,763)**	(2,060)
Net current (liabilities) assets		**(11,433)**	3,470	**10,803**	15,182
Total assets less current liabilities		**220,879**	222,506	**220,905**	220,806
Creditors: amounts falling due after more than one year	17	**(32,543)**	(52,569)	**(32,543)**	(52,569)
Provisions for liabilities and charges	18	**(396)**	(295)	**(396)**	(295)
Pension scheme liability	20	**(545)**	(1,506)	**(545)**	(1,506)
Total net assets		**187,395**	168,136	**187,421**	166,436
The funds of the group/college:					
Unrestricted reserves					
General reserves excluding pension reserve		**101,307**	86,707	**101,333**	85,007
Pension reserve		**(545)**	(1,506)	**(545)**	(1,506)
Operational property revaluation reserve		**60,503**	62,173	**60,503**	62,173
Fixed asset investment revaluation reserve		**26,130**	20,762	**26,130**	20,762
Total funds		**187,395**	168,136	**187,421**	166,436

The financial statements were approved by the Governing Body on 1 December 2017 and were signed on their behalf by:

Bursar

Principal

Consolidated statement of cash flows Year to 30 June 2017

	Notes	**2017 £'000**	2016 £'000
Net cash provided by operating activities	22	**(54)**	21
Cash flows from investing activities	23	**7,005**	(27,606)
Cash flows from financing activities	24	**(7,192)**	26,457
Decrease in cash and cash equivalents in the year		**(241)**	(1,128)
Cash and cash equivalents at 1 July 2016		**7,890**	9,018
Cash and cash equivalents at 30 June 2017	25	**7,649**	7,890

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

Basis of preparation

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

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

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

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

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

Going concern

The Group has net current liabilities of £11,433,000, principally as a result of the College's bank loan of £14,100,000 falling due for repayment in September 2017. The College will be able to settle this loan from scheduled cash flows from its joint venture, Colokate LLP, and so the Members of Council are of the opinion that the College is able to meet its liabilities as they fall due. Consequently, the financial statements have been prepared on the going concern basis.

Critical accounting estimates and areas of judgement

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

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

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

Basis of consolidation
The consolidated financial statements consolidate the College and its subsidiaries (see note 12a) for the year ended 30 June 2017. Intra-group balances are eliminated on consolidation.

Joint venture
The College's investment in Colokate LLP has been accounted for as a joint venture. The equity method of accounting has been adopted.

Recognition of income

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

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

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

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

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

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

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates or, where there are forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of the comprehensive income and expenditure for the financial year.

Pension schemes

USS

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

LGPS

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

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

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

Tangible fixed assets

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

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

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

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

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

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

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

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

Investments (continued)
Investment in joint venture comprises Homerton College's share of Colokate LLP's net assets. An amount representing the College's share of Colokate LLP's loss for the year has been recognised in the statement of comprehensive income and expenditure.

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

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

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

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

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

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

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

Taxation

The College is a registered charity (number 1137497) and is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G, II

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

Reserves

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

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

1 Academic fees and charges income

	2017 £'000	2016 £'000
College fees		
Fee income paid on behalf of Undergraduates at the Publically-funded Undergraduate rate		
Per capita fee: £4,500/£4,392 (2015-16: £4,500/£4,308)	**2,003**	2,043
Privately-funded Undergraduate fee income		
Per capita fee: £6,613/£6,990 (2015-16: £6,227)	**638**	528
Fee income received at the Graduate fee rate (including PGCEs)		
Per capita fee: £3,283 (2015-16: £2,844)	**1,361**	1,256
Income from Cambridge Bursary Scheme	**287**	304
	4,289	4,131

2 Residences, catering and conferences income

	2017 £'000	2016 £'000
Accommodation		
College members	**2,917**	2,472
Conferences	**515**	528
Catering		
College members	**984**	946
Conferences	**358**	265
Colophon conferences		
Accommodation	**370**	376
Catering	**387**	474
College bar	**86**	82
	5,617	5,143

3 Investments

Analysis of income	2017 £'000	2016 £'000
Land and buildings	**2,149**	25
Quoted securities	**1,590**	2,315
Cash deposits	**41**	45
	3,780	2,385

Analysis of expenditure	2017 £'000	2016 £'000
Fees	**395**	347
	395	347

4 Donations

	2017 £'000	2016 £'000
Unrestricted donations	**189**	206
	189	206

5 Other income

	2017 £'000	2016 £'000
Servicing and recharges to the University of Cambridge	**601**	616
Miscellaneous income	**307**	250
Other finance income:		
Interest on pension scheme assets (note 20)	**474**	559
Other pension scheme finance costs (note 20)	**(512)**	(593)
	870	832

6 Education expenditure

	2017 £'000	2016 £'000
Teaching	**2,586**	2,476
Tutorial	**1,044**	894
Admissions	**1,129**	1,005
Research	**303**	253
Scholarships and bursaries awards	**215**	172
Other educational facilities	**566**	503
	5,843	5,303

7 Residences, catering and conferences expenditure

	2017 £'000	2016 £'000
Accommodation		
College members	**2,828**	2,373
Conferences	**578**	515
Catering		
College members	**1,438**	1,456
Conferences	**183**	130
Colophon conferences		
Accommodation	**548**	616
Catering	**197**	232
College bar	**85**	81
	5,857	5,403

8 Other expenditure

	2017 £'000	2016 £'000
College administration		
Pay expenditure:		
Directorate	**14**	7
Administrative staff	**781**	727
	795	734
Non-pay expenditure:		
Building repairs and maintenance	**128**	175
Fuel and light	**121**	132
Rates	**34**	32
Depreciation: buildings	**484**	505
Depreciation: furniture and equipment	**48**	57
Debenture interest payable	**1,127**	997
Other expenses	**367**	351
Reclassification of costs to residence	**(830)**	(858)
	2,274	2,125

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

9 Analysis of expenditure by activity

2017	Staff costs (note 10) £'000	Other operating expenses £'000	Depreciation (note 11) £'000	Total £'000
Education (note 6)	2,952	2,495	396	**5,843**
Residences, catering and conferences (note 7)	2,044	2,628	1,185	**5,857**
Investment management costs	—	395	—	**395**
Other (note 8)	795	947	532	**2,274**
Contribution under statute G,11	—	37	—	**37**
	5,791	6,502	2,113	**14,406**

2016	Staff costs (note 10) £'000	Other operating expenses £'000	Depreciation (note 11) £'000	Total £'000
Education (note 6)	2,773	2,140	390	5,303
Residences, catering and conferences (note 7)	1,784	2,620	999	5,403
Investment management costs	—	347	—	347
Other (note 8)	723	840	562	2,125
Contribution under statute G,11	—	41	—	41
	5,280	5,988	1,951	13,219

9 Analysis of expenditure by activity (continued)

Auditor's remuneration	**2017 £'000**	2016 £'000
Other operating expenses include:		
Audit fees payable to the College's external auditor	**24**	26
Other fees payable to the College's external auditor	**5**	5
	29	31

10 Staff costs

	College Fellows & other academics £'000	Non-academics £'000	**Total 2017 £'000**	Total 2016 £'000
Emoluments	1,491	2,935	**4,426**	4,140
Social security costs	130	230	**360**	277
Other pension costs	211	794	**1,005**	863
2017 Total funds	1,832	3,959	**5,791**	5,280
2016 Total funds	1,697	3,583	**5,280**	

Average staff numbers	**2017 No.**	2016 No.
Academic (including library)	**91**	86
Non-academics	**126**	117
Total	**217**	203
Average staff numbers (full time equivalents):		
Non-academics	**110**	101
Academics:		
Fellows – Full Time Stipendiary	**22**	20
Fellows – Part Time Stipendiary	**26**	30
Fellows – Non Stipendiary	**16**	14
Other academics (non-Fellows - (Library and DoS (N/F))	**27**	22
Total	**201**	187

The Governing Body comprises 56 fellows, of which 48 declared above are stipendiary.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000 (2016: none).

10 Staff costs (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the College. This includes aggregated emoluments paid to key management personnel. Aggregated emoluments consists of salary and taxable benefits but excludes any employer's pension contribution.

	2017 £'000	2016 £'000
Key management personnel	**541**	504
	541	504

11 Tangible fixed assets

Consolidated	College buildings and site £'000	Assets under construction £'000	Furniture, fittings and equipment £'000	**Total £'000**
Cost				
At beginning of year	88,327	10,060	2,547	**100,934**
Additions at cost	—	3,121	287	**3,408**
Transfer	11,514	(11,514)	—	**—**
Disposals	(2,350)	—	—	**(2,350)**
At end of year	97,491	1,667	2,834	**101,992**
Depreciation				
At beginning of year	3,250	—	1,395	**4,645**
Charge for the year	1,794	—	319	**2,113**
Disposal	(132)	—	—	**(132)**
At end of year	4,912	—	1,714	**6,626**
Net book value				
At 30 June	92,579	1,667	1,120	**95,366**
At 1 July	85,077	10,060	1,152	**96,289**

Disposals in both the consolidated and College fixed assets reconciliations comprise the sale of a house on Coleridge Road with a cost of £1,480,000 and an amount of £870,000 which represents the removal of the value of the current internal configuration of the Queen's Wing in preparation for the works carried out on this wing during the year.

Tangible fixed assets (continued)

College	College buildings and site £'000	Assets under construction £'000	Furniture, fittings and equipment £'000	**Total £'000**
Cost				
At beginning of year	88,327	10,060	2,305	**100,692**
Additions at cost	—	3,121	287	**3,408**
Transfer	11,514	(11,514)	—	**—**
Disposal	(2,350)	—	—	**(2,350)**
At end of year	97,491	1,667	2,592	**101,750**
Depreciation				
At beginning of year	3,250	—	1,199	**4,449**
Charge for the year	1,794	—	310	**2,104**
Disposal	(132)	—	—	**(132)**
At end of year	4,912	—	1,509	**6,421**
Net book value				
At 30 June	92,579	1,667	1,083	**95,329**
At 1 July	85,077	10,060	1,106	**96,243**

Land and buildings

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

Land was valued at 1 July 2014 at £14,960,000 and buildings were valued at £64,778,000, giving an overall value of £79,738,000. The buildings are being depreciated from 1 July 2014 over 40 years. The original professional valuation was prepared adopting the following bases:

- College houses – generally used for student and staff accommodation, were valued at open market value for existing use.

- College site – due to the specialised nature of the College's activities, the principal method of valuation of land and buildings was open market capital value for existing use on a depreciated replacement cost basis.

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

Included within College buildings and site is freehold land as at 30 June 2017 of £22,505.000 (2016: £22,991,000). The insured value of freehold buildings as at 30 June 2017 was £87,509,193 (2016: £85,291,612) including limited cover for irrecoverable VAT and the costs of related professional fees.

12a Investments

Consolidated	Investment land £'000	Homerton Business Centre £'000	Quoted securities £'000	Other invest-ments £'000	**Total 2017 £'000**	Total 2016 £'000
At beginning of year	6,390	35,400	67,541	10	**109,341**	91,325
Additions	—	871	14,364	—	**15,235**	83,738
Transfer to operational assets	—	—	—	—	**—**	(8,110)
Disposals	—	—	(18,011)	—	**(18,011)**	(69,338)
Gains (loss)	360	(2,271)	9,222	—	**7,311**	11,555
Change in cash balances and deposits held at fund managers	—	—	857	—	**857**	171
At end of year	6,750	34,000	73,973	10	**114,733**	109,341

Represented by:	**2017**	2016
Investment land	**6,750**	6,390
Homerton Business Centre	**34,000**	35,400
Quoted securities – equities	**68,154**	59,394
Fixed interest securities	**1,908**	5,093
Cash held for reinvestment	**3,911**	3,054
Other investments	**10**	10
	114,733	109,341

College	Investment land £'000	Homerton Business Centre £'000	Quoted securities £'000	Other invest-ments £'000	**Total 2017 £'000**	Total 2016 £'000
At beginning of year	6,390	35,400	67,541	50	**109,381**	91,365
Additions	—	871	14,364	—	**15,235**	83,738
Transfer to operational assets	—	—		—	**—**	(8,110)
Disposals	—	—	(18,011)	—	**(18,011)**	(69,338)
Gains (loss)	360	(2,271)	9,222	—	**7,311**	11,555
Change in cash balances and deposits held at fund managers	—	—	857	—	**857**	171
At end of year	6,750	34,000	73,973	50	**114,773**	109,381

Represented by:	**2017**	2016
Investment land	**6,750**	6,390
Homerton Business Centre	**34,000**	35,400
Quoted securities – equities	**68,154**	59,394
Fixed interest securities	**1,908**	5,093
Cash held for reinvestment	**3,911**	3,054
Other investments	**50**	50
	114,773	109,381

12a Investments (continued)

Other investments comprise:

College	Investments in in subsidiary undertakings £'000	Other investments £'000	Total £'000
At beginning and end of year	40	10	**50**

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

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

The investment land was revalued by Bidwell at £6,750,000 on 30 June 2017 updating the previous full valuation dated 30th June 2016. The valuation is undertaken on the basis of open market value taking account of the College's estates strategy for the future use of this land.

The decrease in the value of Homerton Business Centre at £34,000,000 (2016: £35,400,000) reflects the revaluation by Bidwell at 30 June 2017. This has been valued based on the rental yield to be achieved under the Scheme.

12b Investments in joint venture

Colokate LLP is a limited liability partnership and hence has no share capital. The members of the LLP comprise HBC1 Limited and Hill Residential Limited (from 18 September 2014). Each member appoints two appointed representatives to the Management Board. Certain key decisions require the consent of both partners, so the LLP has been accounted for as a joint venture. The College's share of Colokate LLP included in these financial statements is as follows:

	2017 £'000
Turnover	29,063
Costs / Administrative expenses	(17,821)
	11,242

	2017 £'000
Current assets	22,213
Liabilities due within one year	—
Homerton College's share of net assets	22,213

13 Stocks

	Consolidated		College	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Goods for resale	**30**	29	19	19
	30	29	19	19

14 Trade and other receivables

	Consolidated		College	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Trade debtors	**560**	352	443	207
Amounts due from subsidiary undertakings	—	—	22,936	12,007
Prepayments and accrued income	**1,088**	452	1,085	439
	1,648	804	24,464	12,653

Included within amounts due from subsidiary undertakings is £nil which is due in more than one year (2016: £11,683,162).

15 Cash

	Consolidated		College	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Cash at bank	**3,736**	4,834	3,082	4,569
Cash in hand	**2**	2	1	1
	3,738	4,836	3,083	4,570

16 Creditors: amounts falling due within one year

	Consolidated		College	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Trade creditors	**1,079**	1,029	**1,076**	1,015
Lloyds Bank Loan	**14,100**	—	**14,100**	—
Amounts due to subsidiary undertakings	—	—	**1**	8
Amounts due to joint venture	**102**	—	**102**	—
Other taxation and social security	**94**	93	**94**	93
Contribution to Colleges' Fund (Statute G,II)	**37**	41	**37**	41
Other creditors and accruals	**1,116**	724	**1,098**	714
Deferred rental income (note 17)	**32**	32	**32**	32
Other deferred income	**289**	280	**223**	157
	16,849	2,199	**16,763**	2,060

17 Creditors: amounts falling due after one year

Consolidated and College	2017 £'000	2016 £'000
Debentures	**29,835**	29,829
Bank loan	—	20,000
Deferred rental income	**2,708**	2,740
	32,543	52,569

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

Debentures	Term	Interest rate (fixed)	Amount £'000
Tranche 1a	30 years	4.40%	3,211
Tranche 1b	40 years	4.40%	2,569
Tranche 2	30 years	4.45%	4,220
Private Placement – Hermit/JP Morgan	25 Years	3.38%	20,000
Fees deducted			(165)
			29,835

On 1 July 2014 the College signed a £20m revolving credit facility with its bankers, Lloyds plc, to fund the Homerton Business Centre development. All had been drawn down at 30 June 2016. During 2016-17 £5.9m was paid down. The loan expires on 23 September 2017 and interest is payable at 1.25% over LIBOR.

	2017 £'000	2016 £'000
Bank loan repayable		
Within 1 year	**14,100**	—
Within 2 – 5 years	—	20,000

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

18 Provisions for liabilities and charges

Consolidated and College	2017 £'000	2016 £'000
At beginning of year	**295**	315
Benefits paid	**(50)**	(52)
Charge to income and expenditure account	**(17)**	38
Changes in actuarial assumptions	**168**	(6)
At end of year	**396**	295

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

19 Contingent liabilities

There are no contingent liabilities as at 30 June 2017.

20 College pension schemes

Consolidated and College	**2017 £'000**	2016 £'000
Deficit under Cambridgeshire County Pension Fund	**198**	1,145
Liability for deficit reduction payment under Universities Superannuation Scheme	**347**	361
Deficit at end of year	**545**	1,506

Consolidated and College	**2017 £'000**	2016 £'000
(Deficit)/Surplus at beginning of year	**(1,145)**	(779)
Current service cost	**(813)**	(696)
Interest on assets	**474**	559
Contributions	**466**	418
Other finance cost	**(512)**	(593)
Actuarial gain / (loss)	**1,332**	(54)
Deficit at end of year	**(198)**	(1,145)

The College participates in two pension schemes, the Universities Superannuation Scheme (USS) and Cambridgeshire County Council Pension Fund (CCCPF). The CCCPF is part of the Local Government Pension Scheme (LGPS). Both schemes are defined benefit schemes that are externally funded and contracted out of the State Second Pension. The assets of the schemes are held in separate trustee-administered funds. The College is unable to identify its share of the underlying assets and liabilities in respect of the USS scheme on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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

The College is required to contribute a specified percentage of payroll costs to the pension schemes to fund the benefits payable to the company's employees. In 2017, the percentage was USS: 18% (2016: 18%) and CCCPF: 18.2% April 2017 (2016: 17.5%).

The total pension cost for the College and its subsidiaries for the year to 30 June 2017 was:

	2017 £'000	2016 £'000
Contribution USS	**191**	166
Current service cost of CCCPF (LGPS)	**813**	696
Total pension cost	**1,004**	862

20 College pension schemes (continued)

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

	USS	CCCPF (LGPS)
Date of valuation	31 March 2017	31 March 2016
Market valuation of assets	£60,000m	£2,277m
Past service liabilities	£72,600m	£2,902m
Deficit of assets	£(12,600)m	£(625)m

USS

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

The latest triennial actuarial valuation of the scheme was at 31 March 2017 ("the valuation date"). The triennial valuation was carried out using the projected unit method and is currently being audited by the scheme auditor.

The 2014 valuation was the third 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. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Under FRS 102, a liability has been recognised to reflect the cost of the Recovery Plan of the Scheme to the College. At 30 June 2017 this stood at £347,000 (2016: £361,000).

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

	2017	2016
Discount rate	**2.7%**	3.6%
Pensionable salary growth	**N/A**	N/A
Price inflation (CPI)	**1.8%**	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables – 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. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, from the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	**24.3**	24.3
Females currently aged 65 (years)	**26.5**	26.5
Males currently aged 45 (years)	**26.4**	26.4
Females currently aged 45 (years)	**28.8**	28.8

	2017	2016
Existing benefits		
Scheme assets	**£60.0bn**	£49.8bn
FRS 102 liabilities	**£72.6bn**	£58.3bn
FRS 102 deficit	**£12.6bn**	£8.5bn
FRS 102 funding level	**83%**	85%

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 FRS 102 are as follows:

	2017	2016
Discount rate	**2.7%**	2.9%
Rate of increase of salaries	**2.8%**	4.0%
Rate of increase of pension in payment	**2.5%**	2.0%

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

	2017 £'000	2016 £'000
Equities	**14,362**	11,872
Bonds	**2,210**	2,603
Property	**1,289**	1,302
Other	**552**	486
	18,413	16,263

20 College pension schemes (continued)

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

	30 June 2017	30 June 2016
Current pensioners		
Males	**22.4**	22.5
Females	**24.4**	24.5
Future pensioners		
Male	**24.0**	24.4
Females	**26.3**	26.9

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

	30 July 2017 £'000	30 July 2016 £'000	30 July 2015 £'000	30 July 2014 £'000	30 July 2013 £'000	30 July 2012 £'000
Present value of funded obligations	**(18,611)**	(17,408)	(15,816)	(14,284)	(11,753)	(11,944)
Fair value of plan assets	**18,413**	16,263	15,037	13,890	12,658	11,109
	(198)	(1,145)	(779)	(394)	905	(835)
Present value of unfunded obligations	**—**	—	—	—	—	(1)
Net liability/(assets) recorded in the balance sheet	**(198)**	(1,145)	(779)	(394)	905	(836)
Experience gain/(loss) on assets	**1,137**	204	177	534	1,114	(336)
Experience loss/(gain) on liabilities	**(190)**	(570)	(560)	(1,901)	658	(1,060)

	2017 £'000	2016 £'000
Amounts charged to income and expenditure account		
Current service cost	**813**	696
Interest on obligation	**512**	593
Interest on assets	**(474)**	(559)
	851	730

Analysis of amounts recognised in other comprehensive income	**2017 £'000**	2016 £'000
Return on assets excluding amounts included in net interest	**1,522**	516
Changes in financial assumption	**(1,570)**	(757)
Other experience	**1,380**	187
Total actuarial loss recognised	**1,332**	(54)

20 College pension schemes (continued)

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

Changes in the present value of the defined benefit obligation:	**2017 £'000**	2016 £'000
Opening defined benefit obligation	**17,408**	15,816
Current service cost	**813**	696
Interest cost	**512**	593
Contributions by members	**167**	155
Changes in financial assumption	**1,570**	757
Other experience gains	**(1,380)**	(187)
Benefits paid	**(479)**	(422)
Closing defined benefit obligation	**18,611**	17,408

Changes in the fair value of plan assets:	**2017 £'000**	2016 £'000
Opening fair value of plan assets	**16,263**	15,037
Net interest	**474**	559
Contributions by members and other bodies	**167**	155
Contributions by employer	**466**	418
Return on assets excluding amounts include in net interest	**1,522**	516
Benefits paid	**(479)**	(422)
Closing fair value of plan assets	**18,413**	16,263

The College expects to contribute £510,000 to its defined benefit pension scheme in the year ending 30 June 2018.

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

21 Related party transactions

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

Colokate LLP (partnership registration number OC389639) is a joint venture. There were transactions of £31.1m turnover and £18.9m expenditure in the year (see note 12b) within the company. There was a balance due to the LLP from the College of £102k (VAT) as at 30 June 2017.

22 Reconciliation of consolidated operating (loss) surplus to net cash inflow from operating activities

	2017 £'000	2016 £'000
Surplus (loss) on continuing operations	**339**	(522)
Depreciation of tangible fixed assets	**2,113**	1,951
Interest payable	**1,127**	997
Investment income	**(3,780)**	(2,385)
Pension costs less contributions payable	**358**	288
Decrease/(increase) in stocks	**(1)**	6
(Increase)/decrease in debtors	**(844)**	899
Increase/(decrease) in creditors due within one year	**550**	(1,232)
Decrease/(increase) in provisions	**84**	19
Net cash inflow from operating activities	**(54)**	21

23 Cash flows from investing activities

	2017 £'000	2016 £'000
Investment income received	**3,739**	2,340
Bank interest received	**41**	45
Purchase of tangible fixed assets	**(3,408)**	(9,916)
Proceeds from the sale of fixed assets	**1,421**	—
Purchase of investments	**(15,235)**	(83,738)
Investment in joint venture	**(2,564)**	(5,675)
Proceeds from joint venture	**5,000**	—
Proceeds of disposal of investments	**18,011**	69,338
Total cash flows from investing activities	**7,005**	(27,606)

24 Cash flows from financing activities

	2017 £'000	2016 £'000
Issue of debentures	**—**	2
Interest paid	**(1,127)**	(997)
(Payment) receipt from loan borrowing	**(6,065)**	27,452
Total cash flows from financing activities	**(7,192)**	26,457

25 Analysis of changes in cash and cash equivalents

Consolidated	At 1 July 2016 £'000	Cash flows £'000	**At 30 June 2017 £'000**
Cash at bank and in hand	4,836	(1,098)	**3,738**
Cash held with fund managers for reinvestment	3,054	857	**3,911**
	7,890	(241)	**7,649**

26 Capital commitments

	Tangible Fixed Assets 2017 £'000	Homerton Business Centre 2017 £'000	Tangible Fixed Assets 2016 £'000	Homerton Business Centre 2016 £'000
Authorised and contracted for	**633**	—	659	—
Authorised but not yet contracted for	**2,322**	—	353	—