

HOMERTON COLLEGE

GOVERNING BODY'S REPORT, CONSOLIDATED ACCOUNTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

HOMERTON COLLEGE

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HOMERTON COLLEGE

REFERENCE AND ADMINISTRATIVE DETAILS

Name of College: Homerton College

Address: Hills Road
Cambridge
CB2 8PH

Charity Registration number: 1137497

Members of the Council (Charitable Trustees):

Dr Penny Barton	Dr Kate Pretty
Commodore Gale Bryan	Mrs Anne Thwaites
Dr David Clifford	Dr Peter Warner
Dr Olivier Tonneau	Mr Steve Watts
Dr William Foster	Dr Richard Williams
Ms Deborah Griffin	Mrs Elaine Wilson
Mr Ben Wheawell	
Professor John Gray	
Dr Richard Hickman	

Senior officers

Head of House:	Dr K Pretty CBE MA PhD
Vice Principal:	Professor J Gray MA PhD FBA
Senior Tutor:	Dr P Warner PhD
Bursar:	Commodore G Bryan MA FCIS FIET (to 31 July 2012) Ms D Griffin OBE BSc ACA (from 1 August 2012)
Admissions Tutor:	Mr S Watts MA
Graduate Tutor:	Dr P Barton MA PhD

Principal advisers

Auditors:
Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Investment Managers:
UBS AG
1 Curzon Street
London
W1J 5UB

Banker:
Lloyds TSB plc
Black Horse House
Castle Park
Cambridge
CB3 0AR

Property Advisers:
Januaries Property Consultants
York House, 7 Dukes Court
54-62 Newmarket Road
Cambridge
CB2 8DZ

HOMERTON COLLEGE

OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 31 JULY 2012

Introduction

Homerton College holds a Royal Charter as a College of the University of Cambridge. It became a Registered Charity in accordance with the requirements of the Charities Act 2006 on 16 August 2010.

Scope of the financial statements

The operating and financial review and the audited financial statements for the year ended 31 July 2012 cover the combined operation of Homerton College and Colophon Limited.

Overview of the year

The College Income and Expenditure Account reflect a satisfactory outcome for the year ended 31 July 2012. The net surplus on continuing operations (after a contribution of £37,000 to the Colleges' Fund under University of Cambridge Statute G, II) was £2,238,370 (£1,758,855).

Summary of income and expenditure for the financial year 2011-12:

Income	£	Expenditure	£
Academic fees and charges	4,337,375	Education account	4,472,867
Residence, catering and conferences	4,853,649	Residence, catering and conferences	3,705,076
Endowment and investment income	1,222,241	Other expenditure	1,002,440
Donations	152,505	Contribution under Statute G, II	37,000
Other income (including deferred capital grant)	852,983	Total	9,180,383
Total	11,418,753	Surplus on continuing operations	2,238,370

Objects of the College

The objects of the College embodied 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.

HOMERTON COLLEGE

OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 31 JULY 2012

Public benefit, achievements and performance

Students

Student membership of the College was as follows:

Academic year ended 31 July	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual Oct 2012
Undergraduates	596	600	596	585
Postgraduate Certificate in Education (PGCE) students	325	320	305	327
Higher Degree (full time equivalent (fte))	115	142	154	164
Total (fte) Students	1,036	1,062	1,055	1,076
M Ed (Part-time) numbers (not fte)	142	119	151	152

- *Undergraduates* – The College admitted undergraduates for 22 of the Cambridge Triposes. The average year group is estimated to be 180 (185), excluding Year 4 & ERASMUS students.
- *Higher degree and PGCE students* – The College had 154 (142) fte students undertaking M Phil and PhD research postgraduate degree courses in the University during 2011-2012 and 151 (119) undertaking part-time M Ed/ M st courses. The College had 305 (320) members taking the PGCE.

Student support

In order to assist undergraduates entitled to student support the College provides, through a scheme operated in common with the University, other Colleges and the Isaac Newton Trust, bursary support to those on limited financial means. The Cambridge Bursary Scheme (CBS) is approved by the Office of Fair Access (OFFA) and provides benefits at substantially higher level than the minimum OFFA requirement. Total support payable to Homerton students who benefited from the Cambridge Bursary Scheme and also from the College's direct support were as follows:

- a) Cambridge Bursary Scheme (Newton Fund Contribution) of £856,524 and Homerton Contribution of £17,901 totalling £874,425. There were 160 undergraduates and 167 PGCE students who benefited from the scheme, averaging £2,674 contribution per student; and
- b) College's Awards Grants and prizes of £85,209.

Broadening access

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 School Liaison Officer with another College. The School 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.

Middle Common Room and Junior Common Room

The College has a vibrant and active Middle Common Room (MCR) and Junior Common Room (JCR).

HOMERTON COLLEGE

OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 31 JULY 2012

Academic staff and research

During the year the College supported 7 Junior Research Fellowships (JRFs), 4 Senior Research Fellows (SRFs) and 7.5(fte) College Teaching Officer (CTOs), also an Undergraduate Admissions Tutor (0.5fte), a Graduate Tutor (0.75fte) and three Principal Officers. The College also appoints Directors of Studies, Tutors and Supervisors to deliver the academic programme.

Employees

The College employs 112 (114) administrative and support personnel.

Payroll

Total payroll costs, including employer's pension and national insurance contributions were £4.04m (£3.94m).

Fellows

There were 51 fellows.

Plans for the future

The College will support fully the scholarship, teaching and research objectives of a college of the University of Cambridge and maintain the high quality of its buildings and infrastructure. Its financial objective and plan is to provide the resources to sustain the College and its activities over the long term.

Financial review

Education Account – The per capita rate applicable to the undergraduate college fee for Home and EU students was increased by 2.3% to £3,951 (£3,861). The graduate and PGCE fee was increased by 2.7% to £2,289 (£2,229). The College Education Account performed satisfactorily during the year. Income from college fees, grants etc amounted to £4,337,375 (£3,970,320). Expenditure was £4,472,867 (£4,036,141), leaving a balance of net excess expenditure of £135,492 (£65,821) being charged to corporate funds.

Residence Account – The residence account income was £2,150,889 (£2,199,995). Occupancy was maintained at 99%.

Catering Account – Term time students, staff and college function catering produced a turnover of £737,777 (£724,820). After allowing for pay expenditure of £468,978 (£476,538) and non-pay and overheads of £429,516 (£416,680), the account was in deficit by £160,717 (deficit £168,398).

Conference income – Conference income from the provision of catering and accommodation services to residential and day conferences (including Colophon Ltd) was £1,898,157 (£1,892,260). Direct expenditure amounted to £569,703 (£570,439). Overheads were £688,862 (£709,765) based on an area and time basis, leaving a net contribution to reserves of £639,592 (£612,057).

Telephone service – 'FlexiFone', Colophon Limited's telephone service, provides Voice over Internet Protocol (VOIP) telephone lines to residences for student and conference use. A modest surplus on this operation for 2011-12 was £5,321 (£5,818).

Maintenance of buildings – The College operates a rolling maintenance programme with the objective of preserving the quality of its building, residences, public spaces and infrastructure.

Having completed East House and West House (284 en-suite rooms) carpet replacement, painting and decoration programme in 2009-10, College continued the programme of similar work to ABC wing (81 en-suites rooms) in the Cavendish building in 2011-12 costing £156k. Work on the capital refurbishment of the College Library and replacing and updating of the students laundrettes facilities (in West House and Ibberson Building) started in the summer of 2012. Most of the work was completed post 31st July 2012 in time for the new Academic year.

HOMERTON COLLEGE

OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 31 JULY 2012

Endowment and investment performance

The College portfolio has shown an increase in market value of £91,608 (£4,093,721), together with movements providing a balance of £49,432,618 (£47,868,048). UBS Wealth Management is the appointed fund manager. The College uses total return and risk assessment to guide its investment policy. In October 2011, College invested £6.5m in the purchase of Michael Young Centre, now renamed as Homerton Business Centre. Together with the Western site Investment land (£11m) and the Homerton Business Centre rental income, College is well poised to maximise its income generation potentials.

Reserves policy

The College portfolio, its conference business and Homerton Business Centre rental income 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.

Land and property - estate strategy

The formal transfer of title in the property to the Principal, Fellows and Scholars of Homerton College in the University of Cambridge was completed in 2010-11.

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 a deferred credit. The deferred credit 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.

Valuation

Messrs Bidwells, Chartered Surveyors conducted a valuation at 31 July 2007 of College land and properties. Land with planning consent, which had been part of this valuation was separately valued on assignment as investment land on 31 July 2009 at £10,700,000. Bidwells conducted a desk top valuation on 31 July 2012 and revalued the investment land at £11,000,000; College houses and College buildings for domus use will be revalued in 2013. Messrs Januarys, consultant surveyors confirmed that Homerton Business Centre (HBC) has maintained its purchase value. Further expansion of the site is being considered as part of HBC estate strategy which presents exciting opportunities for the future.

Pensions

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

HOMERTON COLLEGE

OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 31 JULY 2012

LGPS

The LGPS share of deficit, calculated to meet the requirements of FRS17, attributable to existing and former staff was £835,000 (£3,007,000). The Council completed its review of the LGPS scheme and concluded that the College's Past Service Deficit would be settled by capital transfer during the financial year 2011-12 (£3,667,000) and that the implementation of the Hutton Report by the Government should reduce the financial risk associated with the future service cost of staff.

The Employer's contribution rate remains at 17.6%.

USS

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%.

Cash flow

Net cash outflow from operating activities was £1,306,039 (*Inflow £2,285,364*). The cash outflow was mainly due to pension deficit settlement (£3,667,000).

Creditors payment policy

The College seeks to meet government guidelines on settlement with creditors with payment of creditors meeting a twenty-day cycle. The College Creditors payment policy is 20 days (unchanged from previous years).

Risk assessment

The College's Governing Body and the Directors of Colophon Limited continued with their policy of formal risk assessment. A review and reassessment of the risk was conducted during the year. The key risks to be managed are the potential changes in undergraduate, graduate and PGCE student fee income.

Post balance sheet events

The College is drawing up an Estate Strategy and intends to make a planning application to enhance Homerton Business Centre revenue earning potential.



D Griffin
Bursar and Fellow

Date: 14 December 2012

HOMERTON COLLEGE

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 JULY 2012

Governance

1. 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.
2. 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 College is governed by its Statutes and Ordinances.
3. Article 10 of the Charities Act 2006 (Changes in Exempt Charities) Order 2010 authorises its annual accounts to be presented in the form of Recommended Cambridge College Accounts prescribed under Statute G, III of the University of Cambridge.
4. The Council is advised in carrying out its duties by a number of Committees. These are:
 - The Investment Committee
 - The IT Committee
 - The Appointments Committee
 - The Benefits Committee
 - The Audit Committee
5. The principal officers of the College are:
 - The Principal
 - The Vice-Principal
 - The Bursar
 - The Senior Tutor
 - The Admissions Tutor
 - The Post Graduate Tutor
 - The Secretary to the Governing Body and Council
6. 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 auditors; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Governing Body. Membership of the Audit Committee includes two independent chartered accountants and two fellows who are not members of the Council.
7. There are Registers of Interests of Members of Council and of the senior administrative officers. Declarations of interest are made systematically at meetings.
8. The College's Members of the Council during the year ended 31 July 2012 are set out on page 1.
9. The College's subsidiary company, Colophon Limited, engages in commercial and income generation activities for the College. Its main activity is the provision of conferences.
10. The Homerton Union of Students (HUS) is an excepted charity under the Charities (Exception from Registration) Regulation 2010. It operates a Middle Common Room (MCR) and Junior Common Room (JCR). Its accounts are not consolidated with the College's accounts.

HOMERTON COLLEGE

CORPORATE GOVERNANCE STATEMENT (continued)

FOR THE YEAR ENDED 31 JULY 2012

Statement of Internal Control

1. 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.
2. 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.
3. 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 31 July 2012 and up to the date of approval of the financial statements.
4. The Council is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:
 - a. The Audit Committee reviews a risk assessment report which it submits to the Governing Body in the Easter Term;
 - b. The Audit Committee presents an Annual Report, including the adequacy of the Internal Controls and the preparation of the Financial Accounts in the Michaelmas Term.
5. The Audit Committee'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 auditors in their management letter and other reports.

HOMERTON COLLEGE

STATEMENT OF RESPONSIBILITIES OF THE COLLEGE COUNCIL

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 Governing Body 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 period. 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 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 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 AUDITORS' REPORT TO THE GOVERNING BODY OF HOMERTON COLLEGE

We have audited the financial statements of Homerton College for the year ended 31 July 2012 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 and related notes. The financial reporting frame work that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the College Council and auditors

As explained more fully in the College Council's Responsibilities Statement set out on page 9, 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 auditors under section 43 of the Charities Act 1993 (as modified by Charities Act 2006) and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report, including our opinion, has been prepared for and only for the College's Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the College's affairs as at 31 July 2012 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; and

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Mazars LLP – The Pinnacle, 160 Midsummer Boulevard, Milton Keynes MK9 1FF
Tel: +44 (0) 1908 446644 – Fax: +44 (0) 1908 258101 – www.mazars.co.uk

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Registered by the Institute of Chartered Accountants in England and Wales to carry out audit work.



INVESTOR IN PEOPLE

**INDEPENDENT AUDITORS' REPORT
TO THE GOVERNING BODY OF HOMERTON COLLEGE (continued)**

- have been prepared in accordance with the requirements of the Charities Act 1993 (as modified by Charities Act 2006), 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 in all material respects, 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 provision 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 1993 (as modified by Charities Act 2006) requires us to report to you if, in our opinion:

- the information given in 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.



Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 19/12/12



HOMERTON COLLEGE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2012

	Note	2012 £	2011 (As restated Note 1 (l)) £
Income			
Academic fees and charges	2	4,337,375	3,970,320
Residences, catering and conferences	3	4,853,649	4,895,076
Investment income	4	1,222,241	1,026,688
Donations	5	152,505	119,801
Other income	6	852,983	848,983
		<hr/>	<hr/>
Total income		11,418,753	10,860,868
Expenditure			
Education	7	(4,472,867)	(4,036,141)
Residences, catering and conferences	8	(3,705,076)	(3,802,799)
Other expenditure	9	(965,440)	(1,229,073)
		<hr/>	<hr/>
Total expenditure		(9,143,383)	(9,068,013)
Surplus on continuing operations before Contribution under Statute G, II			
		2,275,370	1,792,855
Contribution under Statute G, II	1	(37,000)	(34,000)
		<hr/>	<hr/>
Surplus on continuing operations after Contribution under Statute G, II			
	21	2,238,370	1,758,855
		<hr/> <hr/>	<hr/> <hr/>

All items dealt with in arriving at the surplus for 2012 and 2011 relate to continuing operations.

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2012

	Note	2012 £	2011 £
Surplus on continuing operations		2,238,370	1,758,855
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	21	803,253	722,439
Realisation of gains on disposal of fixed asset investments		407,246	468,975
		<hr/>	<hr/>
Historical cost surplus for the year		<hr/> <hr/>	<hr/> <hr/>

HOMERTON COLLEGE**CONSOLIDATED BALANCE SHEET****AS AT 31 JULY 2012**

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	12	65,593,227	66,623,608
Investment land	12	11,000,000	11,000,000
Investments	14	49,432,618	47,868,048
		<u>126,025,845</u>	<u>125,491,656</u>
Current assets			
Stock		43,362	49,117
Debtors	15	1,008,326	1,122,881
Cash at bank and in hand	16	1,218,207	4,053,482
		<u>2,269,895</u>	<u>5,225,480</u>
Creditors: amounts falling due within one year	17	<u>(1,076,803)</u>	<u>(869,246)</u>
Net current assets		<u>1,193,092</u>	<u>4,356,234</u>
Total assets less current liabilities		<u>127,218,937</u>	<u>129,847,890</u>
Creditors: amounts falling due after more than one year	18	(2,864,493)	(2,896,174)
Provisions for liabilities and charges	19	<u>(357,207)</u>	<u>(490,908)</u>
Net assets excluding pension liability		<u>123,997,237</u>	<u>126,460,808</u>
Pension liability	22	<u>(835,000)</u>	<u>(3,007,000)</u>
Net assets including pension liability		<u><u>123,162,237</u></u>	<u><u>123,453,808</u></u>

HOMERTON COLLEGE

CONSOLIDATED BALANCE SHEET (continued)

AS AT 31 JULY 2012

	Note	Restricted Funds £	Unrestricted Funds £	Total 2012 £	Total 2011 £
Deferred capital grants	20	2,663,334	-	2,663,334	2,742,616
Reserves					
General reserves excluding pension reserve	21	-	63,003,251	63,003,251	63,194,861
Pension reserve	22	-	(835,000)	(835,000)	(3,007,000)
Operational property revaluation reserve	21	-	54,067,644	54,067,644	54,870,897
Fixed asset investment reserve	21	-	4,263,008	4,263,008	5,652,434
Total funds		<u>2,663,334</u>	<u>120,498,903</u>	<u>123,162,237</u>	<u>123,453,808</u>

The financial statements were approved by the Governing Body on 14th December 2012 and were signed on their behalf by:

D Griffin
Bursar

Katharine B. Pretty
K Pretty
Principal

HOMERTON COLLEGE
COLLEGE BALANCE SHEET
AS AT 31 JULY 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	12	65,573,208	66,580,373
Investment land	12	11,000,000	11,000,000
Investments in subordinated company	13	40,000	40,000
Investments	14	49,432,618	47,868,048
		<u>126,045,826</u>	<u>125,488,421</u>
Current assets			
Stock		26,025	26,719
Debtors	15	1,333,462	1,507,175
Cash at bank and in hand	16	802,212	3,580,375
		<u>2,161,699</u>	<u>5,114,269</u>
Creditors: amounts falling due within one year	17	<u>(941,216)</u>	<u>(717,612)</u>
Net current assets		<u>1,220,483</u>	<u>4,396,657</u>
Total assets less current liabilities		127,266,309	129,885,078
Creditors: amounts falling due after more than one year	18	(2,864,493)	(2,896,174)
Provisions for liabilities and charges	19	<u>(357,207)</u>	<u>(490,908)</u>
Net assets excluding pension liability		124,044,609	126,497,996
Pension liability	22	<u>(835,000)</u>	<u>(3,007,000)</u>
Net assets including pension liability		<u><u>123,209,609</u></u>	<u><u>123,490,996</u></u>

HOMERTON COLLEGE

COLLEGE BALANCE SHEET (continued)

AS AT 31 JULY 2012

	Note	Restricted Funds £	Unrestricted Funds £	Total 2012 £	Total 2011 £
Deferred capital grants	20	2,663,334	-	2,663,334	2,742,616
Reserves					
General reserves excluding pension reserve	21	-	63,050,623	63,050,623	63,232,049
Pension reserve	22	-	(835,000)	(835,000)	(3,007,000)
Operational property revaluation reserve	21	-	54,067,644	54,067,644	54,870,897
Fixed asset investment reserve	21	-	4,263,008	4,263,008	5,652,434
Total funds		<u>2,663,334</u>	<u>120,546,275</u>	<u>123,209,609</u>	<u>123,490,996</u>

The financial statements were approved by the Governing Body on 14th December 2012 and were signed on their behalf by



D Griffin
Bursar



K Pretty
Principal

HOMERTON COLLEGE**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE YEAR ENDED 31 JULY 2012**

	Note	Total 2012 £	Total 2011 £
Surplus on income and expenditure account		2,238,370	1,758,855
Unrealised surplus on revaluation of fixed assets		-	5,122,788
Increase in market value of investments			
Fixed asset investments	21	91,608	4,093,721
Investment land	21	-	-
(Loss)/profit on sale of investments	21	(1,073,788)	59,820
Deferred capital grant released to income and expenditure account	20	(79,282)	(79,282)
Actuarial (loss)/gain in respect of pension schemes	21	(1,396,000)	1,077,000
Changes in assumptions arising on teachers' pension obligation	19	(72,479)	(33,027)
Total recognised (losses)/gains relating to the year		<u>(291,571)</u>	<u>11,999,875</u>
Reconciliation			
Opening reserves and endowments		123,453,808	111,453,933
Total recognised (losses) /gains for the year		(291,571)	11,999,875
Closing reserves and endowments		<u>123,162,237</u>	<u>123,453,808</u>

HOMERTON COLLEGE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2012

	Note	2012 £	2011 £
Net cash (outflow)/ inflow from operating activities	24	(1,272,039)	2,285,364
Return on investments and servicing of finance	25	1,222,241	1,026,688
Contribution under Statute G,II		(34,000)	-
Capital expenditure and financial investment	25	<u>(3,989,568)</u>	<u>467,761</u>
Cash (outflow) inflow before management of liquid resources		(4,073,366)	3,779,813
Management of liquid resources	25	<u>1,238,091</u>	<u>(2,472,916)</u>
(Decrease)/increase in cash in the year		<u><u>(2,835,275)</u></u>	<u><u>1,306,897</u></u>

Reconciliation of net cash flow to movement in net liquid funds		2012 £	2011 £
(Decrease)/increase in cash in the year		(2,835,275)	1,306,897
(Decrease)/increase in cash (inflow)/outflow from liquid resources		<u>(1,238,091)</u>	<u>2,472,916</u>
Change in net funds		(4,073,366)	3,779,813
Net funds at beginning of year		<u>7,331,336</u>	<u>3,551,523</u>
Net funds at end of year	26	<u><u>3,257,970</u></u>	<u><u>7,331,336</u></u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

1 Accounting policies

a) Basis of preparation

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 Accounting Standards. In addition, the financial statements comply with the Statement of Recommended Practice for accounting in Further and Higher Education (the SORP).

The Income and Expenditure Account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in note 10.

b) 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.

c) Basis of consolidation

The consolidated financial statements consolidate the College and its subsidiary, Colophon Limited, for the year ended 31 July 2012.

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.

d) Recognition of income

Academic fees

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

Restricted grant income

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

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.

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.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

1 Accounting policies (continued)

d) Recognition of income (continued)

Other income

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

Endowment and investment income

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

e) Pension schemes

USS

The institution 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 institution 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.

LGPS

The College has adopted the full requirements of FRS17 "Retirement Benefits". The pension scheme service cost for the Local Government Pension Scheme (LGPS) has been measured using the projected unit method and the resulting pension scheme liabilities, discounted at an AA corporate bond rate. The pension scheme deficit is recognised in full on the Balance Sheet.

f) Tangible fixed assets

Land and buildings

The College has adopted a policy of revaluation. Details of the latest valuation of the College's operational site and premises are given in note 12. Investment land is valued annually.

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.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

1 Accounting policies (continued)

f) Tangible fixed assets (continued)

Land and buildings (continued)

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

The cost of routine maintenance is charged to the Income and Expenditure Account as it is incurred.

Furniture, fittings and equipment

In accordance with the College's capitalisation policy furniture, fittings and equipment costing more than £5,000 per individual item 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.

g) Investments

Fixed asset investment and endowment assets are included in the Balance Sheet at market value, except for investments in subsidiary undertakings which are stated in the College's Balance Sheet at cost and eliminated on consolidation.

Increases in value arising on the revaluation of fixed asset investments are taken to a 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. The College has adopted this accounting policy to accord with the principles that are required to be followed in the application of the RCCA accounting guidelines.

The College's investment property was acquired in the year and is carried at cost which is considered to be a reasonable estimate of its open market value at 31 July 2012. The College will value its investment properties annually at open market value in future years.

h) Stocks

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

i) 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.

j) 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.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

1 Accounting policies (continued)

k) 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 year 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.

l) Restatement of Comparatives

Comparatives for income from academic fees and charges and educational expenditure have been increased by £616,217 to recognise the monies remitted to the College by the Cambridge Bursary Scheme as income and the related hardship grants made to the College's students as expenditure. This change in presentation has been made to provide a fairer reflection of the financial support provided to the College's students.

2 Academic fees and charges	2012	2011 (As restated Note 1(l))
	£	£
College fees:		
Fee income paid on behalf of Undergraduates at the Publically-funded Undergraduate rate per Capita fee: £3,951 (2010/11: £3,861)	2,077,001	2,049,031
Privately-funded Undergraduate fee income per Capita fee: £4,950(2010/11: £4,464)	287,161	244,929
Fee income received at the Graduate fee rate (including PGCE's) per Capita fee: £2,289 (2010/11: £2,229)	1,116,689	1,060,143
Income from Cambridge Bursary Scheme	856,524	616,217
	<u>4,337,375</u>	<u>3,970,320</u>

3 Residences, catering and conferences income	2012	2011
	£	£
Accommodation - College members	2,150,889	2,199,995
- Conferences	721,671	672,553
Catering - College members	737,779	724,820
- Conferences	383,082	331,996
Colophon Conferences - Accommodation	376,729	445,286
- Catering	416,675	442,425
College bar	66,824	78,001
	<u>4,853,649</u>	<u>4,895,076</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

4 Investment income

4a Analysis of income	2012	2011
	£	£
Land and buildings	242,888	-
Quoted securities	936,057	1,002,471
Cash deposits	43,296	24,217
	<u>1,222,241</u>	<u>1,026,688</u>

4b Summary of total investment return

	2012	2011
	£	£
Income from:		
Land and buildings	242,888	-
Quoted and other securities and cash	979,353	1,026,688
Gains/(losses) on Fixed Asset Investments:		
Land and buildings	-	-
Quoted and other securities and cash	(982,180)	4,153,541
	<u>240,061</u>	<u>5,180,229</u>
Total return for year	240,061	5,180,229
Total return transferred to income and expenditure account (see note 4a)	(1,222,241)	(1,026,688)
	<u>(982,180)</u>	<u>4,153,541</u>
Unapplied total return for year included within Statement of Total Recognised Gains and Losses	<u>(982,180)</u>	<u>4,153,541</u>

4c Investment portfolio

Investment management costs associated with the management of the College's investment portfolio are taken directly from investment sales and purchase transactions. These have not, therefore, been included in the Income and Expenditure Account.

5 Donations

	2012	2011
	£	£
Unrestricted donations	73,223	40,519
Released from deferred capital grants (see note 20)	79,282	79,282
	<u>152,505</u>	<u>119,801</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

6 Other income	2012	2011
	£	£
Servicing and recharges to the University of Cambridge	538,139	559,152
Finance, administration and contribution towards central overhead	-	9,867
Miscellaneous income	314,844	279,964
	<u>852,983</u>	<u>848,983</u>

The main items included in miscellaneous income are sundry rental income, income from alumni activities and fees from non educational courses.

7 Education expenditure	2012	2011
	£	(As restated Note 1) £
Teaching	1,825,060	1,852,815
Tutorial	623,708	592,582
Admissions	487,664	428,757
Research	279,597	227,678
Scholarships and bursaries' awards	978,403	675,594
Other educational facilities	278,435	258,715
	<u>4,472,867</u>	<u>4,036,141</u>

8 Residences, catering and conferences expenditure	2012	2011
	£	£
Accommodation	1,782,248	1,894,785
- College members	404,443	386,500
- Conferences	898,491	893,218
Catering	187,711	162,678
- College members	174,743	181,267
- Conferences	204,171	216,789
Colophon Conferences	53,269	67,562
- Accommodation		
- Catering		
College bar	<u>3,705,076</u>	<u>3,802,799</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

9 Other expenditure

	2012	2011
	£	£
College administration		
Pay expenditure:		
Directorate	9,487	9,093
Administrative staff	461,288	459,871
	<u>470,775</u>	<u>468,964</u>
Non-pay expenditure:		
Building repairs and maintenance	123,894	133,495
Building feasibility study	-	2,653
Fuel and light	132,606	102,850
Rates	26,213	24,931
Depreciation: buildings	377,599	351,342
Depreciation: furniture and equipment	9,009	36,988
Loss from fixed asset write-off (proportion)	-	76,222
Homerton Business Centre costs	147,349	-
Other expenses	183,360	150,423
Reclassification of costs to residence	(401,365)	(376,795)
Interest on pension scheme liabilities	546,000	542,000
Expected return on pension scheme assets	(497,000)	(437,000)
Provision for future liabilities (note 19)	(153,000)	153,000
	<u>965,440</u>	<u>1,229,073</u>

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

10 Analysis of expenditure by activity

10a 2011/12	Staff costs (note 11) £	Other operating expenses £	Depreciation £	Total £
Education (note 7)	2,140,211	2,102,465	230,191	4,472,867
Residences, catering and conferences (note 8)	1,427,786	1,731,104	546,186	3,705,076
Other (note 9)	470,775	35,935	458,730	965,440
	<u>4,038,772</u>	<u>3,869,504</u>	<u>1,235,107</u>	<u>9,143,383</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 20112

10b 2010/11 (as restated Note 1 (l))	Staff costs (note 11) £	Other operating expenses £	Depreciation £	Total £
Education (note 7)	2,027,838	1,793,786	214,517	4,036,141
Residences, catering and conferences (note 8)	1,444,808	1,803,424	554,567	3,802,799
Other (note 9)	468,964	371,779	388,330	1,229,073
	<u>3,941,610</u>	<u>3,968,989</u>	<u>1,157,414</u>	<u>9,068,013</u>

10c Auditors' remuneration	2012 £	2011 £
Other operating expenses include:		
Audit fees payable to the College's external auditors	18,604	17,756
Other fees payable to the College's auditors	1,600	875
	<u>20,204</u>	<u>18,631</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

11 Staff	College Fellows - other academics	Non- academics	Total	Total
Consolidated	2012	2012	2012	2011
	£	£	£	£
Staff costs				
Emoluments	1,063,019	2,309,968	3,372,987	3,302,797
Social security costs	75,333	148,619	223,952	224,878
Other pension costs	116,612	325,221	441,833	413,935
	<u>1,254,964</u>	<u>2,783,808</u>	<u>4,038,772</u>	<u>3,941,610</u>
Average staff numbers	2012	2012	2012	2011
	Number	Number	Number	Number
Academic (including library)	72	-	72	71
Non- academics	-	112	112	114
	<u>72</u>	<u>112</u>	<u>184</u>	<u>185</u>
Full time equivalents (non academics)			96.66	98.83
Fellows – Full Time Stipendiary	18			
Fellows – Part time Stipendiary	20			
Fellows – Non Stipendiary	13			
	<u>51</u>			
Other Academics (Non Fellows)	21			
	<u>72</u>			

The Governing Body comprises 51 fellows, of which 38 declared above are stipendiary.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

12 Fixed assets

Tangible fixed assets

a) Consolidated

	College buildings and site £	Assets in Construction £	Furniture, fittings & equipment £	Sub-total operational assets £	Investment land £	Total £
Cost/valuation						
At 1 August 2011	66,522,902	-	778,106	67,301,008	11,000,000	78,301,008
Additions	-	92,232	112,494	204,726	-	204,726
At 31 July 2012	66,522,902	92,232	890,600	67,505,734	11,000,000	78,505,734
Depreciation						
At 1 August 2011	-	-	677,400	677,400	-	677,400
Provided for the year	1,162,200	-	72,907	1,235,107	-	1,235,107
At 31 July 2012	1,162,200	-	750,307	1,912,507	-	1,912,507
Net book value						
At 31 July 2012	65,360,702	92,232	140,293	65,593,227	11,000,000	76,593,227
At 31 July 2011	66,522,902	-	100,706	66,623,608	11,000,000	77,623,608

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

12 Fixed assets (continued)

Tangible fixed assets

b) College

	College buildings and site	Assets in construction	Furniture, fittings & equipment	Sub-total operational assets	Investment land	Total
Cost/valuation	£	£	£	£	£	£
At 1 August 2011	66,522,902	-	484,755	67,007,657	11,000,000	78,007,657
Additions	-	92,232	112,494	204,726	-	204,726
At 31 July 2012	66,522,902	92,232	597,249	67,212,383	11,000,000	78,212,383
Depreciation						
At 1 August 2011	-	-	427,284	427,284	-	427,284
Provided for the year	1,162,200	-	49,691	1,211,891	-	1,211,891
At 31 July 2012	1,162,200	-	476,975	1,639,175	-	1,639,175
Net book value						
At 31 July 2012	65,360,702	92,232	120,274	65,573,208	11,000,000	76,573,208
At 31 July 2011	66,522,902	-	57,471	66,580,373	11,000,000	77,580,373

c) Land and buildings

A desktop valuation of the College's operational site and premises was completed by Messrs Bidwells, Chartered Surveyors on 31 July 2011. This valuation, amounting to £66,522,902, has been incorporated in the accounts. 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 investment land was valued by Messrs Bidwells, Chartered Surveyors, at £11,000,000 on 31 July 2012 on the basis of open market value taking account of the College's Estates Strategy for the future use of this land. There was no change on the previous valuation.

The insured value of freehold buildings as at 31 July 2012 was £76,792,335 (2011: £72,598,116) including the costs of related professional fees.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

13 Investments in subordinated company	College £
Shares at cost	
At 1 August 2011 and 31 July 2012	<u>40,000</u>

The holding represents the College's investments in Colophon Limited. Colophon Limited is a wholly owned subordinated company of the College.

The College's principal trading subsidiary undertakings at 31 July 2012 (and 31 July 2011) was:

Undertaking	Activity
Colophon Limited	A trading vehicle for Homerton College, engaging in commercial and income generation and pursuing commercial objectives, principally through conferences.

14 Investments	Consolidated and College	
	2012	2011
	£	£
Balance at 1 August	47,868,048	41,734,260
Additions	15,323,720	7,060,266
Disposals	(12,612,667)	(7,493,115)
Revaluation in year	91,608	4,093,721
(Decrease)/increase in cash balances and deposits held at fund managers	(1,238,091)	2,472,916
Balance at 31 July	<u>49,432,618</u>	<u>47,868,048</u>
Represented by:		
Property	6,531,951	-
Quoted securities – equities	39,242,127	42,731,121
Quoted securities – fixed interest including convertibles	1,618,777	1,859,073
Cash held for reinvestment	2,039,763	3,277,854
Total	<u>49,432,618</u>	<u>47,868,048</u>

The College's quoted securities year end market valuations are provided by the College's investment managers.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

15 Debtors	Consolidated		College	
	2012	2011	2012	2011
	£	£	£	£
Debtors falling due within one year:				
Trade debtors	190,102	424,489	89,988	299,751
Amounts due from subsidiary undertakings	-	-	529,921	633,824
Prepayments and accrued income	818,224	698,392	713,553	573,600
	<u>1,008,326</u>	<u>1,122,881</u>	<u>1,333,462</u>	<u>1,507,175</u>

16 Cash	Consolidated		College	
	2012	2011	2012	2011
	£	£	£	£
Cash at bank – short term deposits	1,214,465	4,046,735	798,770	3,574,728
Cash in hand	3,742	6,747	3,442	5,647
	<u>1,218,207</u>	<u>4,053,482</u>	<u>802,212</u>	<u>3,580,375</u>

17 Creditors: amounts falling due within one year	Consolidated		College	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	230,792	240,038	149,420	124,705
Other taxation and social security	113,285	112,626	113,285	112,626
Contribution to Colleges' Fund (Statute G, II)	37,000	34,000	37,000	34,000
Other creditors and accruals	530,654	345,828	485,673	313,048
Deferred income (note 18)	31,681	31,681	31,681	31,681
Other deferred income	133,391	105,073	124,157	101,552
	<u>1,076,803</u>	<u>869,246</u>	<u>941,216</u>	<u>717,612</u>

18 Creditors: amounts falling due after one year	Consolidated and College	
	2012	2011
	£	£
Deferred income	<u>2,864,493</u>	<u>2,896,174</u>

Deferred income represent the deferral of monies received from the University of Cambridge Education Faculty for the grant of a 99 year lease over a new Faculty building that has been constructed on the College site. The receipt will be released to the income and expenditure account in equal annual instalments over the lease term.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

19 Provisions for liabilities and charges	Consolidated and College	
	2012	2011
	£	£
Balance at 1 August	490,908	349,717
Movement in provisions:		
Benefits paid	(67,034)	(63,721)
(Credit)/charge to income and expenditure account	(139,146)	171,885
Changes in actuarial assumptions	72,479	33,027
	<hr/>	<hr/>
Balance at 31 July	<u>357,207</u>	<u>490,908</u>

The provision for the College's liability to enhance the pensions of teaching staff who have retired early amounts to £357,207 (2011: £337,908) at the balance sheet date. Actuarial gains and losses arising from changes made to the assumptions used in determining the provision are recognised in the statement of total recognised gains and losses.

The provision for the College's pension obligations in respect of certain of the group's former employees that was brought forward at the beginning of the year amounting to £153,000 has been released to the Income and Expenditure account in the year as it is now considered by the officers of the College that the likelihood of any liability arising is remote.

20 Deferred capital grants	Consolidated and College	
	2012	2011
	£	£
Balance at beginning of year	2,742,616	2,821,898
Released to income and expenditure account	(79,282)	(79,282)
	<hr/>	<hr/>
Balance at end of year	<u>2,663,334</u>	<u>2,742,616</u>

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

21 Reserves	General reserves £	Operational property revaluation reserve £	Fixed asset investment reserve £	Total 2012 £	Total 2011 £
Consolidated					
Balance at beginning of year	60,187,861	54,870,897	5,652,434	120,711,192	108,632,035
Surplus retained for the year	2,238,370	-	-	2,238,370	1,758,855
Actuarial (loss)/gain	(1,396,000)	-	-	(1,396,000)	1,077,000
Changes in assumptions underlying the present value of teachers pension obligations	(72,479)	-	-	(72,479)	(33,027)
Transfer in respect of depreciation on revalued operational properties	803,253	(803,253)	-	-	-
Unrealised surplus on revaluation of fixed assets	-	-	-	-	5,122,788
Increase in market value of investments	-	-	91,608	91,608	4,093,721
(Loss)/profit on sale of investments	(1,073,788)	-	-	(1,073,788)	59,820
Realised revaluation surplus in year	1,481,034	-	(1,481,034)	-	-
Balance at end of year	<u>62,168,251</u>	<u>54,067,644</u>	<u>4,263,008</u>	<u>120,498,903</u>	<u>120,711,192</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

21 Reserves (continued)		Operational property revaluation reserve	Fixed asset investment reserve	Total 2012	Total 2011
College	General reserves £	£	£	£	£
Balance at beginning of year	60,225,049	54,870,897	5,652,434	120,748,380	108,658,483
Surplus retained for the year	2,248,554	-	-	2,248,554	1,769,595
Actuarial (loss)/gain	(1,396,000)	-	-	(1,396,000)	1,077,000
Changes in assumptions underlying the present value of teachers pension obligations	(72,479)	-	-	(72,479)	(33,027)
Transfer in respect of depreciation on revalued operational properties	803,253	(803,253)	-	-	-
Unrealised surplus on revaluation of fixed assets	-	-	-	-	5,122,788
Increase in market value of investments	-	-	91,608	91,608	4,093,721
(Loss)/profit on sale of investments	(1,073,788)	-	-	(1,073,788)	59,820
Realised revaluation surplus in year	1,481,034	-	(1,481,034)	-	-
Balance at end of year	<u>62,215,623</u>	<u>54,067,644</u>	<u>4,263,008</u>	<u>120,546,275</u>	<u>120,748,380</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

22 Pension liability	Consolidated and College	
	2012	2011
	£	£
Balance at beginning of year – deficit	3,007,000	3,972,000
Actuarial losses relating to former employees released through statement of total recognised gains and losses	-	(553,000)
	<u>3,007,000</u>	<u>3,419,000</u>
Movement in year:		
Current service cost	348,000	323,000
Expected return on assets	(497,000)	(437,000)
Contributions	(3,965,000)	(316,000)
Other finance cost	546,000	542,000
Actuarial loss/(gain) recognised in statement of total recognised gains and losses	1,396,000	(524,000)
	<u>835,000</u>	<u>3,007,000</u>

The College participates in two schemes, Universities Superannuation Scheme (USS) and Cambridgeshire County Council Pension Fund (CCCPF). The CCCPF is part of the Local Government Pension Scheme (LGPS). All the 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 institution is unable to identify its share of the underlying assets and liabilities 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 accounts. 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 31 July 2012 was:

	2012	2011
	£	£
Contributions USS	93,833	90,435
Current service cost of CCCPF (LGPS)	348,000	323,000
Payment to University of Cambridge for TPS	-	500
	<u>441,833</u>	<u>413,935</u>
Total pension cost	<u>441,833</u>	<u>413,935</u>

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.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

22 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 2011	31 March 2010
Market valuation of assets	£32,433m	£1,494m
Past service liabilities	£35,343m	£2,048m
Surplus/(deficit) of assets	£(2,910)m	£(555)m

USS

The institution 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 2012 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 (ie 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).

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

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.

Standard mortality tables were used as follows:

Male members' mortality	SINA ["light"] YoB - No age rating
Female members' mortality	SINA ["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 valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (ie 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 is as at 31 March 2014. If experience up to the date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

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

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

New Entrants

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

Normal pension age

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

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% 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.

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 year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the institution'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:

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

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.

The trustees believe 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 2012, USS had over 145,000 active members and the institution has 34 active members participating in the scheme.

The total pension cost for the institution was £93,833 (2011: £90,435). The contribution rate payable by the institution was 16% of pensionable salaries.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

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 assess the future liabilities discounted to their present value.

The main assumptions used for the purposes of FRS17 are as follows:	2012	2011	2010
Discount rate	4.1% pa	5.3% pa	5.4% pa
Rate of increase of salaries	4.5% pa	5.0% pa	4.9% pa
Rate of increase of pension in payment	2.2% pa	2.7% pa	2.9% pa
Expected return on assets	4.9% pa	6.4% pa	6.6% pa

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

	2012 £000	2011 £000
Equities	7,887	5,304
Bonds	1,777	1,090
Property	778	581
Other	667	291
Total	<u>11,109</u>	<u>7,266</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

22 College pension schemes (continued)

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

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

	2012	2011	2010
Current pensioners			
Males	21.0	21.0	20.8
Females	23.8	23.8	24.1
Future pensioners			
Male	22.0	22.9	22.3
Females	25.7	25.7	25.7

The amounts recognised in the balance sheet for the current and previous accounting periods are as follows:

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Present value of funded obligations	(11,944)	(10,272)	(11,908)	(11,078)	(9,215)
Fair value of plan assets	11,109	7,266	7,937	6,794	7,055
	<u>(835)</u>	<u>(3,006)</u>	<u>(3,971)</u>	<u>(4,284)</u>	<u>(2,160)</u>
Present value of unfunded obligations	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Net liability recorded in the balance sheet	<u>(835)</u>	<u>(3,007)</u>	<u>(3,972)</u>	<u>(4,285)</u>	<u>(2,161)</u>
Experience gain/(loss) on assets	<u>(336)</u>	<u>108</u>	<u>529</u>	<u>(893)</u>	<u>(488)</u>
Experience gain/(loss) on liabilities	<u>(1,060)</u>	<u>416</u>	<u>(781)</u>	<u>(1,135)</u>	<u>(259)</u>
Amounts charged to income and expenditure account				2012	2011
				£000	£000
Current service cost				348	323
Interest on obligation				546	542
Expected return on plan assets				(497)	(437)
				<u>397</u>	<u>428</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

22 College pension schemes (continued)

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

Analysis of amounts recognised in statement of total recognised gains and losses:

	2012	2011
	£000	£000
Actuarial (losses)/gains on pension scheme assets	(336)	108
Actuarial (losses)/gains on pension obligation	(1,060)	416
Actuarial losses relating to former employees released in prior year	-	553
	<hr/>	<hr/>
Total actuarial gain recognised	(1,396)	1,077
	<hr/> <hr/>	<hr/> <hr/>

Changes in the present value of the defined benefit obligation are as follows:

	2012	2011
	£000	£000
Opening defined benefit obligation	10,273	11,908
Derecognition of pension obligation for former employees	-	(1,948)
Current service cost	348	323
Interest cost	546	542
Contributions by members	113	110
Actuarial losses/(gains)	1,060	(416)
Benefits paid	(396)	(247)
	<hr/>	<hr/>
Closing defined benefit obligation	11,944	10,272
	<hr/> <hr/>	<hr/> <hr/>

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

	2012	2011
	£000	£000
Opening fair value of plan assets	7,266	7,937
Derecognition of plan assets for former employees	-	(1,395)
Expected return	497	437
Contributions by members and other bodies	113	110
Contributions by employer	3,965	316
Actuarial (losses)/gains	(336)	108
Benefits paid	(396)	(247)
	<hr/>	<hr/>
	11,109	7,266
	<hr/> <hr/>	<hr/> <hr/>

The College expects to contribute £407,000 to its defined benefit pension plans in the year ending 31 July 2013 (2012: expected to contribute £353,000 in the year to 31 July 2012).

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.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

23 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.

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

	2012 £	2011 £
Surplus on continuing operations before Contribution under Statute G, II	2,275,370	1,792,855
Depreciation	1,235,107	1,157,414
Loss on tangible fixed assets written off in year	-	420,423
Release of capital grant	(79,282)	(79,282)
Endowment income receivable	(1,222,241)	(1,026,688)
Increase in stock	5,755	(9,604)
Decrease (increase) in debtors	114,555	(143,737)
Increase (decrease) in creditors	172,877	(46,181)
Movement in provisions	(206,180)	108,164
	<u>2,295,961</u>	<u>2,173,364</u>
Pension costs less contributions payable	(3,568,000)	112,000
Net cash (outflow)/inflow from operating activities	<u>(1,272,039)</u>	<u>2,285,364</u>

25 Cash flows

	2012 £	2011 £
Returns on investments and servicing of finance		
Endowment income	1,178,945	1,002,471
Interest received	43,296	24,217
Net cash inflow from returns on investments and servicing of income	<u>1,222,241</u>	<u>1,026,688</u>
Capital expenditure and financial investment		
Receipts from sales of investment assets	11,538,878	7,552,935
Total capital receipts	<u>11,538,878</u>	<u>7,552,935</u>
Payments to acquire investment assets	(15,323,720)	(7,060,266)
Payments to acquire tangible fixed assets	(204,726)	(24,908)
Total capital expenditure	<u>(15,528,446)</u>	<u>(7,085,174)</u>
Net cash (outflow)/inflow from capital transactions	<u>(3,989,568)</u>	<u>467,761</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

25 Cash flows (continued)

Management of liquid resources	2012	2011
	£	£
Decrease/(Increase) in cash for investment	1,238,091	(2,472,916)
Net cash inflow/(outflow) from liquid resources	<u>1,238,091</u>	<u>(2,472,916)</u>

26 Analysis of cash and bank balances

	2012	2011
	£	£
Cash and short term deposits	1,218,207	4,053,482
Cash held with fund managers for reinvestment	2,039,763	3,277,854
	<u>3,257,970</u>	<u>7,331,336</u>

27 Capital commitments

	2012	2011
	£	£
Capital commitments at 31 July 2012 are as follows:		
Authorised and contracted for	495,000	-
Authorised but not yet contracted for	-	310,000