

# **Homerton College**

## **Annual Report and Financial Statements**

30 June 2020

Charity Registration Number 1137497

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**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 to 30/9/19; Dr Louise Joy from 1/10/19
Senior Tutor	Dr Penelope Barton
Bursar	Ms Deborah Griffin

**Elected Fellows**

**(for 3 year terms to 30  
September)**

Mr Stephen Watts (2019)  
Dr Timos Kipouros (2019)  
Dr Simone Hochgreb (2020)  
Dr Paul Warwick (2020)  
Dr Louise Joy (2020 – 2<sup>nd</sup> term) to 30/9/19  
Mr Matthew Moss (2021 – 2<sup>nd</sup> term)  
Dr Paul Elliott (2021)  
Dr Francesca Moore (2021)  
Dr Joel Chalfen (2020)  
Dr Juliana Cavalcanti (2022)  
Ms Liz Osman (2022)  
Dr David Clifford (2022)

**Student Members (not Trustees)**

JCR President	Ms Lydia Devonport
MCR President	Mr Kevin Glasgow

**Senior Officers**

Head of House	Prof Geoffrey Ward
Vice Principal	Dr William Foster/Dr Louise Joy from 1/10/19
Senior Tutor	Dr Penelope Barton
Bursar	Ms Deborah Griffin
Admissions Tutors	Dr Paul Elliott
	Dr Georgie Horrell
Graduate Tutor	Dr Melanie Keene
Secretary to the Governing Body and Council	Dr Simon Wadsley

**Auditor**

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

**Bankers**

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

**Solicitors**

Taylor Vinters LLP  
Merlin Place  
Milton Road  
Cambridge  
CB4 0DP

**Property advisers**

Carter Jonas  
6-8 Hills Road  
Cambridge  
CB2 1NH

Bidwells  
Bidwell House  
Trumpington Road  
Cambridge  
CB2 9LD

**Investment managers**

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

### **SCOPE OF THE FINANCIAL STATEMENTS**

The trustees of Homerton College ('the College') present their report incorporating the operating and financial review, together with the audited financial statements for the year ended 30 June 2020. 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 31 to 37 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 21 and 22.

A number of subsidiaries and other significant investments have been established to undertake trading operations for the benefit of the College (see also note 13):

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

### **AIMS AND OBJECTIVES OF THE COLLEGE**

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

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

## **PUBLIC BENEFIT**

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

### **College Plan**

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

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

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

A key element of the Plan was the launch during 2019 of Homerton Changemakers, which as a programme, supported by the appointment of an Academic Director, offers an extra-curricular support programme to Homerton students throughout their degrees.

### **Education**

Student membership of the College was as follows:

<b>Academic year ended 30 June</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Undergraduates	564	577	586
Postgraduate Certificate in Education (PGCE) students	181	202	165
Higher Degree students - Full time	158	162	188
- Part time	215	243	249
<b>Total</b>	<b>1,118</b>	<b>1,184</b>	<b>1,188</b>

## **PUBLIC BENEFIT** (continued)

### ***Achievements***

The multiple achievements of the College members are listed extensively in the College's Annual Review, which is available at [https://issuu.com/homerton/docs/homerton\\_2019\\_ar\\_final\\_web](https://issuu.com/homerton/docs/homerton_2019_ar_final_web)

[https://issuu.com/homerton/docs/homerton\\_2019\\_ar\\_final\\_web](https://issuu.com/homerton/docs/homerton_2019_ar_final_web)

The 2020 final-year undergraduate degree results were the best in the College's history, with a third of Finalists gaining a First-Class degree, and no student graduating with a result lower than a 2:1. Work is ongoing to identify the extent to which the move to on-line assessment and away from traditional exam papers in lecture halls, (a result of the pandemic) benefited Arts and Humanities students in particular, enabling them to submit their best work.

### ***Student support***

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

Through a scheme operated in common with the University and other Cambridge colleges, the College provides bursary support to undergraduate students of limited financial means. The Cambridge Bursary Scheme is approved by the Office of Fair Access (OFFA) and provides benefits at substantially higher level than the minimum OFFA requirement. During the year, 144 (2018-19: 133) Homerton students benefited from the scheme, to the value of £409,288 (2018-19: £408,487). College officers have also supported the various strands of the University's Student Support Initiative and the College participated in the second year of the Pilot Top-Up Bursary Scheme which benefited 108 Homerton students in 2020, to the value of £81,470 (2018-19: 44 students to the value of £27,144). This was in part funded by Trinity College.

The College also operates its own Hardship Fund and awards a number of other grants (including research grants for postgraduate students), as well as prizes for academic achievement. The total cost of such financial support was £249,726 (2018-19: £194,840).

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

Homerton Changemakers was launched during 2019. The costs amounted to £133,494 (2019: £54,361). This is a three year integrated, co-curricular programme designed to help Homerton students thrive both during and after graduation. It is based on the pillars of responsibility, efficacy, action and leadership. Changemakers continued to deliver an innovative programme throughout the year albeit online from March 2020.



**PUBLIC BENEFIT** (continued)

***Student support*** (continued)

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

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

***Outreach and access***

The College is concerned to ensure that the benefits of the education provided by the College are, and are understood to be, open to talented applicants from every background, raise educational aspiration, and attract outstanding applicants who might not have otherwise considered applying to Cambridge and Homerton College. The College employs a full-time Schools Liaison Officer. The Schools Liaison Officer, in consultation with the Admissions Tutors, operates an extensive outreach programme of visits to schools, visits by schools to the College and open days. During the year, 1,301 (2018-19: 1,685) students from 276 (2018-19: 222) schools visited the College and a further 1,489 (2018-19: 3,424) students from 62 (2018-19: 102) schools were visited by the Schools Liaison Officer. This includes 617 (2018-19: 179) students from 248 (2018-19: 112) schools who attended a Summer School or other residential event hosted by the College.

In 2019, the College invested in third-party software to allow prospective students to talk to current students usually in their subject area via chat. During Covid-19, online open days have continued to be held.

***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 39 (2019 – 50) representation awards of £200 recognised the contribution of our students across activities in sport, music, dance, drama and societies in the wider University. The College also made donations totalling £3.5k to local charities and student societies usually with a Homerton student or staff involvement.

The new Boat House opened in July 2019, shared with City of Cambridge Rowing Club (CCRC) and St Mary's School, and was beginning to help build the Homerton College Boat Club (HCBC) in both numbers and quality. It has been beneficial during Covid-19 to have access to a wider variety of boats (such as single sculls) and the expertise and support of CCRC to enable rowing to be offered. HCBC has to contribute a new eight every two years and in October the new boat was launched called Sergei, named after one of the former men's coaches.

**PUBLIC BENEFIT** (continued)

***Extra-curricular activities*** (continued)

The College provides support to a range of musical activities, in particular through the Charter Choir. The College employs a Director of Music, and each year awards a number of Choral and Organ scholarships. Two new large and airy music practice rooms have been opened as part of the new North Wing development although Covid-19 prevented their use until the 2020 Academic year. There is also storage for instruments and a piano in the new auditorium.

***Research***

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

Research Suppers continued each term with talks from members of the College on their work accompanied by buffet-style dining. These have been very popular and successful. They became virtual events in the Easter term and helped to create a sense of an ongoing research community. The annual joint research event with our sister College in Oxford, Harris Manchester was planned, but had to be cancelled due to Covid-19.

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

The College has introduced two new studentships in memory of Professor Tjeerd Van Andel in Social Anthropology, as a result of a generous donation from Dr Kate Pretty.

**Responding to Covid-19**

Covid-19 has impacted every part of the College and every staff member and student. After lockdown was implemented on 23 March 2020, many students returned home not to return for the rest of the Academic year. Some students were unable to leave for a number of reasons and the College continued to accommodate and support about 60 students through to the end of the Academic year and on through the summer. If not already there, students were accommodated in one of our two graduate houses as these allowed for a greater level of independence and the rent reduced to the lowest rent that the College charges.

Teaching and examinations continued throughout the rest of the year all online. Directors of studies, tutors and supervisors provided support to students wherever they were located. As previously stated, final-year undergraduate degree results were the best in the College's history. College officers and others met weekly to react to changing circumstances. Many staff, particularly amongst our catering and housekeeping staff were furloughed, and others were supported to work from home with enhanced IT software and support. A skeleton staff including porters, building services and gardeners continued to work in College to ensure that the College remained maintained, secure and safe.

**PUBLIC BENEFIT** (continued)

**Responding to Covid-19** (continued)

The College officers and management worked with the University and other Colleges with joint planning particularly with the substantial challenge of reopening the College on a "covid-secure" basis for the new academic year. The principal challenges up to the year end were:

- ◆ Transferring teaching online
- ◆ Managing the financial and administrative consequences of wholesale cancellation of conference events for 2020 from Easter onwards;
- ◆ Supporting the well-being of the students remotely;
- ◆ Contributing to remote examination and assessment;
- ◆ Communication with students, staff and fellows;
- ◆ Managing staff working remotely to ensure they were able to work effectively;
- ◆ Managing staff onto and throughout the Furlough scheme to ensure their well-being;
- ◆ Ensuring a celebration for those graduating in absentia;
- ◆ Ensuring the continuation and in one case the completion of the major building projects being undertaken;
- ◆ Advancing some project work to take advantage of the absence of residents;

The Colleges medics and scientists were on the front line, delivering patient care and advancing new research. The College was also able to help Addenbrooke's Hospital Trust in hosting the warehouse for all PPE donated and acquired.

The pandemic has had a significant financial impact on the College. The principal matters up to 30 June 2020 included the loss of student rental income and catering during Easter term and loss of all conference, events and Homerton International programme revenues.

## FINANCIAL REVIEW

### Review of the results for the year

#### *Overview*

The College Income and Expenditure Account reflects a satisfactory outcome for the year ended 30 June 2020. There was a loss before other gains and losses of £668k (2019: surplus before other gains and losses of £246k). This was after a contribution of £37k (2018-19: £40k) to the Colleges' Fund under University of Cambridge Statute G, II.

The loss reflected the impact of Covid-19 with the absence of any conference and events income from March to 30 June and the loss of one-term's student residential and catering income, although the reduction in costs partly offset this.

#### *Education Account*

The per capita rate applicable to the undergraduate college fee for Home and EU students was £4,625 (Years 1- 3) and £4,500 (Year 4). The graduate and PGCE fee was increased by 5.7% to £3,911 (2018-19: £3,700). Of the total graduate fee income, this included a sum of £53,188 which was directly taken to the Vice Chancellor's Graduate Fund. Total income from college fees, grants etc amounted to £5.17m (2018-19: £4.91m).

Education expenditure was £6.34m (2018-19: £6.26m) an increase of £80k leaving a deficit of £1.17m (2018-19: £1.35m).

#### *Residence and catering accounts*

The College is very mindful of student finances and strives to keep increases in accommodation rents and catering prices as low as possible whilst endeavoring to cover costs and maintaining a high standard of (mostly en-suite) accommodation through regular refurbishment. This year room rents increased by 2.9% for undergraduates (2019: 4.2%) and 3% for graduates (2019: 4.2%) and food prices by an average 0% (2019: 5%). The Minimum Meal Charge (MMC) remained unchanged (2019: unchanged). The college is pleased that our student room rents continue to be amongst the lowest in Cambridge.

The residence account income was £2.37m (2018-19: £3.15m). Costs for the year were £3.09m (2018-19: £2.99m) resulting in a loss of £717k (2018-19: surplus of £163k).

Term time students, staff and college function catering produced a turnover of £0.79m (2018-19: £1.14m). After allowing for pay expenditure of £765k (2018-19: £748k) and non-pay and overheads of £738k (2018-19: £719k), the account was in deficit by £710k (2018-19: deficit by £324k).

The reduction in income and increased deficits were the result of the College largely being closed from 23 March.

## **FINANCIAL REVIEW** (continued)

### **Review of the results for the year** (continued)

#### ***Conference business***

Income from conferences forms a vital part of the College's funding and the loss of business from March onwards is reflected in the increased deficit in the accounts. A significant portion of business has postponed events until 2021 although this in many cases will be instead of events that would have occurred in any case. College is aware of the need to rebuild this business post Covid-19 and 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 £1,135k (2018-19: £1,776k). Direct conference expenditure amounted to £525k (2018-19: £752k), giving a net contribution towards the overheads of the College of £609k (2018-19: £1,024k).

#### ***Maintenance of buildings and capital expenditure***

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

In July 2019, the College purchased 11 apartments in the Trumpington development near the biomedical campus at a cost of £3.25m. Although some of these have existing residents it is hoped these will provide graduate students and other members of College with a different accommodation experience near to their place of research.

North Wing was all but completed in the year providing an auditorium, two new music practice rooms and 18 guest bedrooms. Covid-19 prevented the marketing and selling of these rooms which will be available for conference and event guests as well as alumni, parent of students and visitors to Cambridge. During summer 2019, all of the adjacent D&E bedrooms, shower rooms and kitchens received a refurbishment and North Wing now provides improved access and fire escape means as well as a lift to D&E bedrooms. The total cost expended in the year was £4.5m with an expected income earning capacity of the guest bedrooms and auditorium of c.£500k per annum.

The first phase of the new Sports fields commenced in October 2019 which was three artificial flood-lit pitches for hockey, tennis and netball and football and rugby. Other sports such as lacrosse and ultimate Frisbee can also use these. The pitches were completed in September 2020 and the cost expended in the year was £1.6m.

The new Dining Hall with servery, kitchens and buttery commenced construction in February 2020 and is on schedule to be completed by end of 2021.

All three major capital projects were halted with the lockdown and resumed some weeks later after significant practices had been put in place to safeguard those working on the projects.

## FINANCIAL REVIEW (continued)

### Review of the results for the year (continued)

#### *Maintenance of buildings and capital expenditure (continued)*

Some of the other main capital works and projects that took place are listed below. Some of these were brought forward into the last few months of the year to take advantage of the empty residences.

- ◆ New lift for ABC bedrooms;
- ◆ IT installed a new SAN (storage area network); firewall and switches with a total cost of £149k;
- ◆ Catering had some equipment replaced although this was with the plan to move some of this to the new Dining Hall kitchens (£34k);
- ◆ Continued replacement of lights to LED fittings (£28k);
- ◆ Redecoration and improvements to shower rooms and rooms in West House and ABC, refurbishment of a JRF house; and a new boiler to South Court and other energy improvements.

### Investment policy and performance

#### *Investment portfolio*

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

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

The actual total return target is RPI +4% per annum, net of all investment fees and costs, over 5-7 years in order to sustain a spending rate of 3% over a trailing 3 year average. The Investment Committee reviewed and recommended the re-appointment of Rothschild & Co for a further 5 years. UBS retained a small portfolio of private equity assets which have been invested in since 2008.

Overall, the College's Investment portfolio has increased in value from £79.6m to £82.0m at the year end (note 13). The return since the appointment of Rothschild & Co (October 2015) comfortably exceeds the total target return on an annualised basis. Whilst the portfolio fell in March 2020 by 9.42% as a result of Covid-19 and government actions to lockdown the economy the quality of the assets held and the diversifying assets enabled this to be recovered over the final 3 months of the year.

## **FINANCIAL REVIEW** (continued)

### **Investment policy and performance** (continued)

#### ***Investment portfolio*** (continued)

The Investment Committee advises the Trustees on the ethical policy with regard to its investments and follows and discusses the debate on issues of an environmental, social and governance nature. Through its investment managers, the College is seeking to invest long-term in assets which demonstrate a sustainable investment performance and therefore it is natural that considerations of an ESG nature will be taken into account when acquiring, managing and trading in holdings. The Investment Committee also encourage their equity managers to discharge their responsibilities in accordance with their own corporate governance policies and taking into account the UK Corporate Governance code, UN Principles of Responsible Investment and the UK Stewardship Code.

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

#### ***Homerton Gardens***

The commercial development was completed in Spring 2016 at a cost of £18m. The main tenant is Alpha Plus Group operating Abbey College, a sixth form school. Rent on the 25 year lease commenced in September 2016. The commercial buildings were valued as at 30 June 2020 at £42.75m (2019: £38.25m).

As a consequence of the coronavirus pandemic, less weight can be attached to previous market evidence to inform opinions of value and The Royal Institute of Chartered Surveyors (RICS) has announced that valuations using the RICS Red Book guidance are now reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty can be attached to these valuations than would normally be the case. This applies to all property valuations in the UK.

The value of the residential development is stated as other investments at £0.5m (2019: £0.5m) and reflects the value of the leaseholds.

#### ***Investment Land***

Bidwells performed a valuation of the investment land as at 30 June 2020. The land has been valued at £6.0m (2019: £6.0m) (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.

## **FINANCIAL REVIEW** (continued)

### **Investment policy and performance** (continued)

#### **Leases** (continued)

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

#### **College Land and Buildings**

The College reviewed its accounting policies in the light of the new accounting standard FRS102 in the year ended 30 June 2016 and decided that the College's operational assets should no longer be revalued, and that any new operational assets should be added at cost. The College's land and buildings are therefore stated at their value at 31 July 2013, as updated by the Governing Body to 1 July 2014 to £79.7m. Transactions since 1 July 2014 have been reflected in the balance of £102.7m at 30 June 2020. Assets under construction at 30 June 2020 represented fees expended to date on the Dining Hall (planning permission granted in June 2019) and construction since February 2020 and fees on sports fields development at Long Road (planning permission granted in November 2018) and construction commenced in October 2019.

Expenditure of a capital nature over the past 5 years has been funded through College operational cash flow and the proceeds of the bond issue in August 2015 (Note 18). Cash flow forecasts presented to the Investment Committee and College Council show the need to use funds invested to complete the Estates Strategy 2014-2024 over the period 2022 to 2024. Rather than use invested funds, a £10m Revolving Credit Facility (RCF) was agreed with the College's bankers, Lloyds Bank in June 2019. This was drawn on for the first time in February 2020 - £4m to fund the ongoing capital works. The remaining £6m was drawn down in July 2020.

#### **Fundraising**

Fundraising is undertaken through the College staff employed in the Development office and is focused on the Alumni of the College and partnerships with Santander and others. Fundraising is largely through the annual telephone campaign, emails and requests to Alumni and the College participates in the Cambridge in America scheme. All donations raised in this way are used to support our students. The amount raised to 30 June 2020 was £248k (2019: £231k).

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



## **FINANCIAL REVIEW** (continued)

### **Staff costs and pensions**

Total payroll costs, including employer's pension and national insurance contributions, were £7.0m (2018-19: £6.9m) (see note 10).

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

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

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

### **LGPS**

The LGPS share of deficit, calculated to meet the requirements of FRS 102, attributable to existing and former staff was £3.89m (2018-19: deficit of £0.33m). The Employer's contribution rate changed in April 2020 to 18.1% (April 2019: 18.2%).

### **USS**

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

As reported in the annual report and accounts, continued adverse market conditions have had an impact on the scheme's funding position and the trustee estimates that the funding ratio as at 31 March 2020 had decreased to 79.9% (from 92% as at 31 March 2019) increasing the deficit to £20.2bn (2019: £5.7bn).

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 2020, this liability was £0.58m (2019: £0.85m).

The recovery plan has led to an increase in Employer contributions from October 2019 to 21.2% and will currently increase further in October 2021 to 23.7%.

## **FINANCIAL REVIEW** (continued)

### **Reserves policy**

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

The total unrestricted funds of the group totalled £200.7m at 30 June 2020 (30 June 2019: £198.3m). Of this, the general reserve excluding the pension reserve amounted to £111.7m (30 June 2019: £107.7m).

The free reserves of the College are largely represented by the Colleges Investment portfolio under management with Rothschild & Co and cash held totalling £82.0m at 30 June 2020 (30 June 2019: £79.6m). Each year, the Investment committee considers the cash flow projections for the College for the next 5 years and the appropriateness of the level of investments and advises the Trustees. The Investment Committee consider:

- ◆ The capital expenditure planned under the Estates Strategy to 2024;
- ◆ The re-payment of the bonds issued in 2013 and 2015 due from 2040;
- ◆ The repayment of the £10m 5-year RCF taken out in June 2019;
- ◆ The age and condition of the existing buildings used for teaching, catering, offices and accommodation;
- ◆ The operating income and cash flows.

There have been no drawdowns from the investment portfolio held by Rothschild & Co since its inception in 2015. There have been cash withdrawals from the UBS private equity funds as distributions have increased at the end of its life. The Investment Committee instructed the creation of a corporate bond portfolio of £4m from the College's investment funds in February 2020 by Rothschild & Co. This will mature during 2021 and be used to fund the ongoing capital projects.

Covid-19 will increase the need to access funds from the investment portfolio from 2021 onwards as a result of the loss of income and cash flow from student and conference residential income and catering and events.

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

## PLANS FOR FUTURE PERIODS AND POST BALANCE SHEET EVENTS

### Short-term future plans and activities

#### *Estates*

The new Dining Hall project and Sports Fields development will continue throughout 2020-21 as the College is already significantly invested in these two projects and they will provide exciting new facilities for generations of students to come. Over the summer of 2020, the new sports pitches and lighting were completed and the construction of the pavilion commenced in September 2020. Work over the summer on the Dining Hall included a new electricity substation and the installation of a large Ground Source Heat Pump (GSHP) array under the lawns to provide heating and cooling to the facility.

Planning will continue on the final two major projects in the Estates Strategy. A working group on how the Great Hall will be used once the Dining Hall is completed has been meeting and scoping the requirements. The development of this will continue throughout 2020-21. A briefing has been prepared for a new Porters Lodge development in front of the Mary Allen Building and this forms the basis of an architectural competition to be run during the next 6 months. The planned timing for the construction of these two projects is 2022-23 for the Porters' Lodge followed by the Great Hall and its environs.

During the summer of 2020, the bedrooms and ensuite shower rooms of 27 of the 81 bedrooms in ABC were completely refurbished. Feedback on these will be sought and the remaining bedrooms refurbished when possible. It is also planned to refurbish the remaining Hills Road residences as they are vacated.

During 20-21 it is the intention to commission a study on the signage and wayfinding for the College and an interior design for the conference centre rooms (including AV provision) to ensure these are brought up-to-date for completion of the Dining Hall.

#### *Environment*

A working group has been formed with the intention of agreeing a target for carbon emissions reduction and timeframe based on the calculation of science based targets of existing Scope 1 and Scope 2 emissions. The target, timeframe and plan should be agreed and underway this Academic year. Much of the work to achieve a reduction in emissions will involve the replace of existing gas boilers to accommodation blocks which will take place as these require replacement.

#### *Covid-19*

During the summer of 2020 considerable planning and adjustments to the College environment and practices took place (and continues) to enable as safe a working and living environment as possible for students and staff. This has encompassed:

- ◆ Risk assessments and guidelines for rooms and activities;
- ◆ Installation of hand sanitiser stations across the College site;
- ◆ Arranging for the return or storage (and in some cases packing) of c.650 student rooms' belongings left when students returned home in March 2020;

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

### Short-term future plans and activities (continued)

#### *Covid-19 (continued)*

- ◆ Allocation of students to "households" on the basis of shared kitchens/gyp rooms;
- ◆ New covid-19 signage;
- ◆ Perspex shields and other measures to protect frontline staff;
- ◆ New rotas and working practices to protect staff;
- ◆ Measures and guidelines to support students who needed to quarantine before resuming study c.100 students; and
- ◆ Procedures and recording of students required to support those who have to self-isolate with symptoms, following testing or tracing or as part of a household including pastoral, welfare, educational and practical support such as catering.

#### ***Funding***

The remaining £6m was drawn down in July 2020 from the £10m Revolving Credit Facility (RCF) to fund the construction of the capital projects. The College will also use the £4m Corporate bond portfolio held by Rothschild & Co during 2021 as it matures. It is likely that due to the reduction in income from conferences and events during 2020-21, there will be a need to draw down additional funds from the investment portfolio in the second half of 2021.

#### ***Admissions over the summer***

The challenges posed by the assessed A Level results for admissions during August and September are well documented. As a result Homerton admitted its largest ever first year undergraduate cohort (201 students) and managed to accommodate them.

## PRINCIPAL RISKS AND UNCERTAINTIES

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

The most significant short term risk facing the College relate to the ongoing Covid-19 pandemic and its impact on student and staff welfare and experience, and possible longer term impact on finances. The impact of the pandemic in many ways is a consolidation of previously identified risks such as loss of conference income, deterioration of student mental health and falls in investment value or loss of tenants. Previously considered significant risks such as Brexit, which has created substantial uncertainties for fellows, staff and students, and the ongoing political discussions regarding undergraduate student funding and support are still in the background but will be in greater prominence in 2021.

There is also considerable uncertainty relating to the future of pensions in the higher education sector, notably in relation to USS. The long-term performance of the College is very closely linked to that of the University and the other Cambridge colleges.

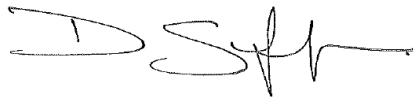
**Trustees' report (incorporating the operating and financial review) Year to 30 June 2020**

**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 4 December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D. S. H.', with a long horizontal stroke extending to the right.

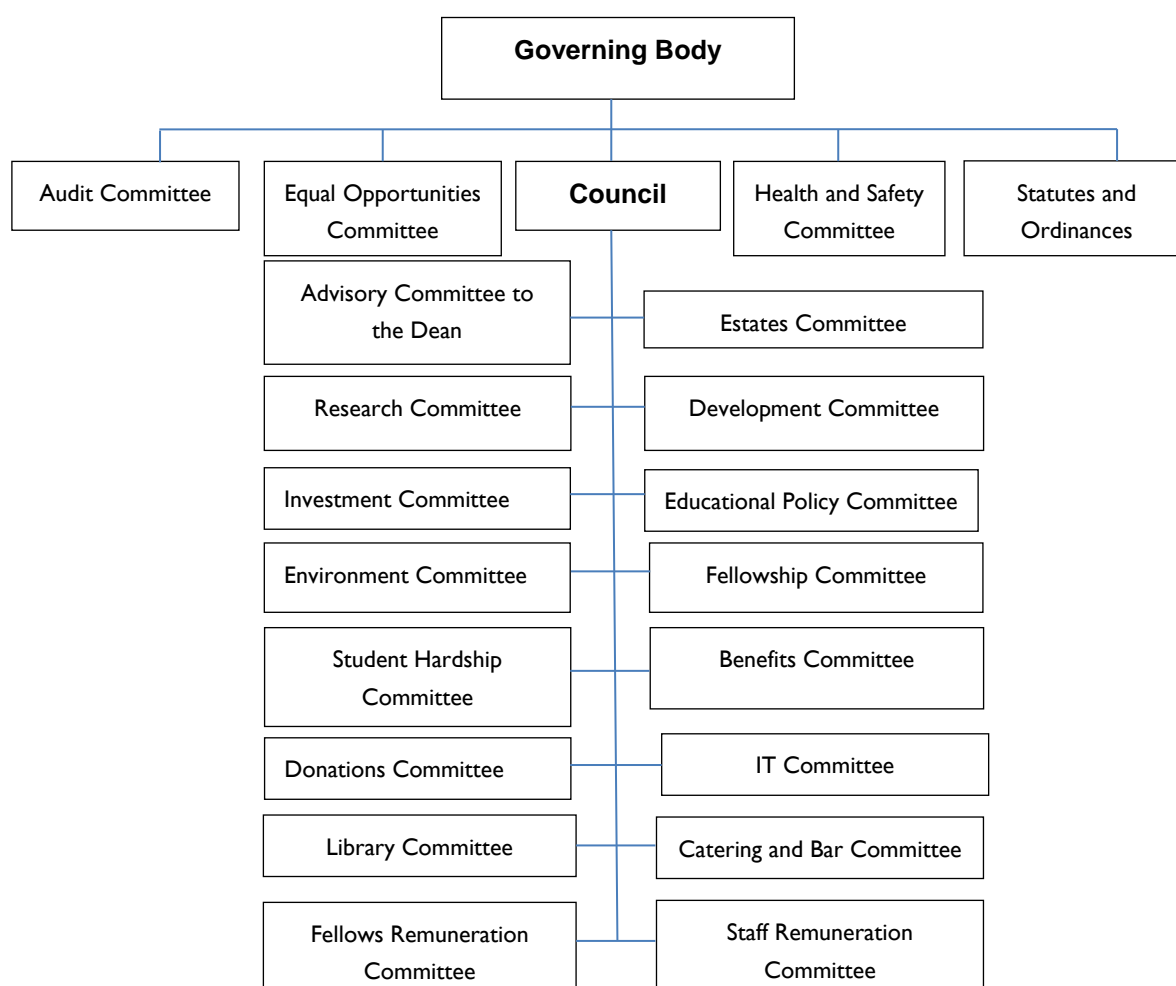
Bursar and Fellow

### Governance

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

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

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



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

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

**Governance** (continued)

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

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

The College's Members of the Council during the year ended 30 June 2020 are set out on page 2.

**Statement of Internal Control**

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

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

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2019 and up to the date of approval of the financial statements.

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

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

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

## Statement of the College Council's responsibilities 30 June 2020

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 2020 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated and College balance sheets, the consolidated statement of changes in reserves, the consolidated statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the group and the College's affairs as at 30 June 2020 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the Charities Act 2011, the College's Statutes and the Statutes and Ordinances of the University of Cambridge; and
- ◆ the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute GII of the University of Cambridge.

### **Basis for opinion**

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

### **Material uncertainty related to property valuations**

We draw attention to the accounting policy on page 34 of the financial statements regarding investment properties, and note 13, which set out the material uncertainties related to the valuation of the College's investment properties that arise as a result of the Coronavirus pandemic. Our opinion is not modified in respect of this matter.

### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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

*Buzzacott LLP*

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

17 December 2020

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 2020

	Note	2020 £'000	2019 £'000
<b>Income</b>			
Academic fees and charges	1	5,169	4,906
Residences, catering and conferences	2	4,345	6,140
Investment income	3	3,820	3,852
Other income	5	1,263	1,163
<b>Total income before donations</b>		<b>14,597</b>	16,061
Donations	4	248	231
<b>Total income</b>		<b>14,845</b>	16,292
<b>Expenditure</b>			
Education	6	(6,343)	(6,264)
Residences, catering and conferences	7	(5,657)	(6,059)
Investment management costs	3	(417)	(370)
Other expenditure	8	(3,059)	(3,313)
Contribution under Statute G, II		(37)	(40)
<b>Total expenditure</b>	9	<b>(15,513)</b>	(16,046)
<b>(Deficit) surplus before other gains and losses</b>		<b>(668)</b>	246
Loss on disposal of tangible fixed assets	12	—	(229)
College's share of loss on joint venture	13	(1)	—
Realised gains on investments	13	3,369	439
Unrealised gains on investments	13	2,834	7,156
<b>Surplus for the year</b>		<b>5,534</b>	7,612
<b>Other comprehensive income</b>			
Actuarial loss in respect of pension schemes	21	(2,863)	(1,284)
Changes in assumptions arising on teachers' pension obligations	19	(233)	(115)
<b>Total comprehensive income for the year</b>		<b>2,438</b>	6,213

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 2020

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

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

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

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

The notes on pages 38 to 56 form part of these financial statements.

**Balance sheets** Year to 30 June 2020

	Notes	Consolidated		College	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Fixed assets</b>					
Intangible assets	11	453	351	453	351
Tangible assets	12	107,282	100,059	107,262	100,038
Investments	13	133,014	124,385	133,014	124,425
		<b>240,749</b>	224,795	<b>240,769</b>	224,814
<b>Current assets</b>					
Stocks	14	27	33	17	22
Trade and other receivables	15	2,351	2,288	2,643	2,493
Cash at bank and in hand	16	2,174	9,048	2,099	8,355
		<b>4,552</b>	11,369	<b>4,759</b>	10,870
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	17	(3,153)	(3,774)	(3,154)	(3,115)
<b>Net current assets</b>		<b>1,399</b>	7,595	<b>1,605</b>	7,755
<b>Total assets less current liabilities</b>		<b>242,148</b>	232,390	<b>242,374</b>	232,569
Creditors: amounts falling due after more than one year	18	(36,469)	(32,493)	(36,469)	(32,493)
Provisions for liabilities and charges	19	(460)	(416)	(460)	(416)
Pension scheme (liability) asset	21	(4,477)	(1,177)	(4,477)	(1,177)
<b>Total net assets</b>		<b>200,742</b>	198,304	<b>200,968</b>	198,483
<b>The funds of the group/college:</b>					
<b>Unrestricted reserves</b>					
General reserves excluding pension reserve		111,658	107,728	111,854	107,917
Pension reserve		(4,477)	(1,177)	(4,477)	(1,177)
Operational property revaluation reserve		57,016	58,000	57,016	58,000
Fixed asset investment revaluation reserve		36,545	33,753	36,575	33,743
<b>Total funds</b>		<b>200,742</b>	198,304	<b>200,968</b>	198,483

The financial statements were approved by the Governing Body on 4 December 2020 and were signed on their behalf by:



Bursar



Principal

**Consolidated statement of cash flows** Year to 30 June 2020

	Notes	<b>2020</b> <b>£'000</b>	2019 £'000
<b>Net cash provided by operating activities</b>	23	<b>(1,433)</b>	1,467
<b>Cash flows from investing activities</b>	24	<b>(6,751)</b>	(3,538)
<b>Cash flows from financing activities</b>	25	<b>2,873</b>	(1,127)
<b>Decrease in cash and cash equivalents in the year</b>		<b>(5,311)</b>	(3,198)
<b>Cash and cash equivalents at 1 July</b>		<b>9,468</b>	12,666
<b>Cash and cash equivalents at 30 June</b>	26	<b>4,157</b>	9,468

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

**Basis of preparation**

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

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

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

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

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

**Going concern**

The Group has net current assets of £1,399,000 (2019: net current assets £7,595,000).

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

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

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

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



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

#### **Critical accounting estimates and areas of judgement**

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

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

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

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

#### **Basis of consolidation**

The consolidated financial statements consolidate the College and its subsidiaries (see note 13) for the year ended 30 June 2020. Intra-group balances are eliminated on consolidation.

#### **Joint venture**

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

#### **Recognition of income**

##### ***Academic fees***

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

##### ***Grant income***

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

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

***Donations and benefactions***

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

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

***Other income***

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

***Investment income***

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

***Foreign currency translation***

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

***Pension schemes***

***USS***

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

### **LGPS**

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

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

### **Employment benefits**

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

### **Intangible fixed assets**

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

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

### **Tangible fixed assets**

#### ***Land and buildings***

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

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

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

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

***Furniture, fittings and equipment***

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

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

**Investments**

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

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

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

As a consequence of the coronavirus pandemic, less weight can be attached to previous market evidence to inform opinions of value and The Royal Institute of Chartered Surveyors (RICS) has announced that valuations using the RICS Red Book guidance are now reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty can be attached to these

valuations than would normally be the case. This applies to all property valuations in the UK.

### **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**

	2020 £'000	2019 £'000
<b>College fees</b>		
Fee income paid on behalf of Undergraduates at the Publically-funded Undergraduate rate		
Per capita fee: £4,625/£4,500 (2018-19: £4,625/£4,500)	2,180	2,079
Privately-funded Undergraduate fee income		
Per capita fee: £9,025/£8,205/£7,375 (2018-19: £8,205/£7,375, £6,990)	925	845
Fee income received at the Graduate fee rate (including PGCEs)		
Per capita fee: £3,911 (2018-19: £3,700)	1,802	1,720
Income from Cambridge Bursary Scheme	262	262
	<b>5,169</b>	<b>4,906</b>

**2 Residences, catering and conferences income**

	2020 £'000	2019 £'000
Accommodation		
College members	2,375	3,152
Conferences	267	529
Catering		
College members	793	1,143
Conferences	169	404
Colophon conferences		
Accommodation	138	235
Catering	172	339
International Programme	389	269
College bar	42	69
	<b>4,345</b>	<b>6,140</b>

**3 Investments**

	2020 £'000	2019 £'000
<b>Analysis of income</b>		
Land and buildings	2,215	2,100
Quoted securities	1,575	1,679
Cash deposits	30	73
	<b>3,820</b>	<b>3,852</b>

	2020 £'000	2019 £'000
<b>Analysis of expenditure</b>		
Fees	417	370
	<b>417</b>	<b>370</b>

**Notes to the financial statements** Year to 30 June 2020

**4 Donations**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Unrestricted donations	<b>248</b>	231
	<b>248</b>	231

**5 Other income**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Servicing and recharges to the University of Cambridge	<b>520</b>	514
Miscellaneous income	<b>424</b>	476
Furlough grants	<b>302</b>	—
Other trading income (Colokate LLP, Colophon)	<b>33</b>	140
Other finance income:		
Interest on pension scheme assets (note 21)	<b>492</b>	568
Other pension scheme finance costs (note 21)	<b>(508)</b>	(535)
	<b>1,263</b>	1,163

**6 Education expenditure**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Teaching	<b>2,800</b>	2,760
Tutorial	<b>1,125</b>	1,105
Admissions	<b>841</b>	784
Research	<b>317</b>	322
Scholarships and bursaries awards	<b>744</b>	663
Other educational facilities	<b>516</b>	630
	<b>6,343</b>	6,264

**7 Residences, catering and conferences expenditure**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Accommodation		
College members	<b>3,092</b>	2,989
Conferences	<b>229</b>	565
Catering		
College members	<b>1,503</b>	1,467
Conferences	<b>87</b>	206
Colophon conferences		
Accommodation	<b>235</b>	374
Catering	<b>88</b>	175
International Programme	<b>365</b>	215
College bar	<b>58</b>	68
	<b>5,657</b>	6,059



## 8 Other expenditure

	2020 £'000	2019 £'000
<b>College administration</b>		
Pay expenditure:		
Directorate	16	16
Administrative staff	1,479	1,417
	<b>1,495</b>	1,433
Non-pay expenditure:		
Building repairs and maintenance	143	146
Fuel and light	101	109
Rates	44	40
Depreciation: buildings	518	515
Depreciation: furniture and equipment	55	53
Debenture interest payable	1,127	1,127
Other trading costs (Colokate LLP, Colophon)	18	351
Other expenses	81	335
Reclassification of costs to residence, catering and conferences	(523)	(796)
	<b>3,059</b>	3,313

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

## 9 Analysis of expenditure by activity

	Staff costs (note 10) £'000	Other operating expenses £'000	Depreciation and amortisation £'000	Total £'000
<b>2020</b>				
Education (note 6)	3,519	2,441	383	<b>6,343</b>
Residences, catering and conferences (note 7)	1,949	2,283	1,425	<b>5,657</b>
Investment management costs	—	417	—	<b>417</b>
Other (note 8)	1,495	989	575	<b>3,059</b>
Contribution under statute GII	—	37	—	<b>37</b>
	<b>6,963</b>	<b>6,167</b>	<b>2,383</b>	<b>15,513</b>

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

**9 Analysis of expenditure by activity (continued)**

<b>Auditor's remuneration</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Other operating expenses include:		
Audit fees payable to the College's external auditor	<b>32</b>	29
Other fees payable to the College's external auditor	<b>6</b>	5
<b>2020 Total funds</b>	<b>38</b>	<b>34</b>

**10 Staff costs**

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

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

	<b>2020 staff numbers</b>		2019 staff numbers	
	<b>Number of fellows</b>	<b>Full-time equivalents</b>	Number of fellows	Full-time equivalents
Academic	<b>48</b>	—	48	—
Non-academic	—	<b>119</b>	—	115
	<b>48</b>	<b>119</b>	48	115

At the Balance Sheet date there were 66 members of the Governing Body. During the year the average number receiving remuneration was the 48 shown above.

**Notes to the financial statements** Year to 30 June 2020

**10 Staff costs** (continued)

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

	<b>2020 Total</b>	2019 Total
£100,001 - £110,000	<b>1</b>	1
£120,001 - £130,000	—	1
£130,001 - £140,000	<b>1</b>	—
	<b>2</b>	<b>2</b>

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

***Key management personnel***

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

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

	<b>2020 £'000</b>	2019 £'000
<b>Key management personnel</b>	<b>501</b>	492
	<b>501</b>	<b>492</b>

**11 Intangible fixed assets**

<b>Consolidated and College</b>	Boathouse license £'000	Computer software £'000	<b>Total £'000</b>
<b>Cost / valuation</b>			
At beginning of year	200	173	<b>373</b>
Additions at cost	130	3	<b>133</b>
At end of year	<b>330</b>	<b>176</b>	<b>506</b>
<b>Amortisation</b>			
At beginning of year	—	22	<b>22</b>
Charge for the year	3	28	<b>31</b>
At end of year	<b>3</b>	<b>50</b>	<b>53</b>
<b>Carrying amount</b>			
At 30 June 2020	327	126	<b>453</b>
At 30 June 2019	200	151	<b>351</b>

## 12 Tangible fixed assets

<b>Consolidated</b>	College buildings and site £'000	Assets under construction £'000	Furniture, fittings and equipment £'000	<b>Total £'000</b>
<b>Cost</b>				
At beginning of year	104,865	3,037	2,999	<b>110,901</b>
Additions at cost	7,733	3,279	251	<b>11,263</b>
Transfers	762	(2,450)	—	<b>(1,688)</b>
At end of year	113,360	3,866	3,250	<b>120,476</b>
<b>Depreciation</b>				
At beginning of year	8,656	—	2,186	<b>10,842</b>
Charge for the year	2,019	—	333	<b>2,352</b>
At end of year	10,675	—	2,519	<b>13,194</b>
<b>Net book value</b>				
At 30 June 2020	102,685	3,866	731	<b>107,282</b>
At 1 July 2019	96,209	3,037	813	<b>100,059</b>
<b>College</b>				
<b>College</b>	College buildings and site £'000	Assets under construction £'000	Furniture, fittings and equipment £'000	<b>Total £'000</b>
<b>Cost</b>				
At beginning of year	104,865	3,037	2,897	<b>110,799</b>
Additions at cost	7,733	3,279	245	<b>11,257</b>
Transfers	762	(2,450)	—	<b>(1,688)</b>
At end of year	113,360	3,866	3,142	<b>120,368</b>
<b>Depreciation</b>				
At beginning of year	8,656	—	2,105	<b>10,761</b>
Charge for the year	2,019	—	326	<b>2,345</b>
At end of year	10,675	—	2,431	<b>13,106</b>
<b>Net book value</b>				
At 30 June 2020	102,685	3,866	711	<b>107,262</b>
At 1 July 2019	96,209	3,037	792	<b>100,038</b>

Acquisitions include the costs for the Whittle Avenue flats and North Wing accommodation. Acquisitions of assets under construction represent fees and construction costs on the Dining Hall. Transfers include £1,688,000, representing to the costs incurred by the College in relation to the development of St Mary's Sports Fields, which was transferred to Ward Griffin LLP.

## 12 Tangible fixed assets (continued)

### *Land and buildings*

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

Land was valued at 1 July 2014 at £14,960,000 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 2020 of £22,900,000 (2019: £22,900,000). The insured value of freehold buildings as at 30 June 2020 was £87,308,220 (2019: £85,903,000) including limited cover for irrecoverable VAT and the costs of related professional fees. The insurers are going to revalue the whole site for insurance purposes within the next two years.

## 13 Investments

<b>Consolidated</b>	Investment land £'000	Homerton Business Centre £'000	Quoted securities £'000	Other invest- ments £'000	<b>Total 2020 £'000</b>
At beginning of year	6,000	38,250	79,585	550	<b>124,385</b>
Additions	—	18	21,684	1,687	<b>23,389</b>
Disposals	—	—	(22,526)	—	<b>(22,526)</b>
Gains	—	4,482	1,721	—	<b>6,203</b>
Change in cash balances and deposits held at fund managers	—	—	1,563	—	<b>1,563</b>
At end of year	<b>6,000</b>	<b>42,750</b>	<b>82,027</b>	<b>2,237</b>	<b>133,014</b>

**13 Investments (continued)**

<b>College</b>	Investment land £'000	Homerton Business Centre £'000	Quoted securities £'000	Other invest- ments £'000	<b>Total 2019 £'000</b>
At beginning of year	6,000	38,250	79,585	590	<b>124,425</b>
Additions	—	18	21,684	1,687	<b>23,389</b>
Disposals	—	—	(22,526)	—	<b>(22,526)</b>
Gains	—	4,482	1,721	—	<b>6,203</b>
Change in cash balances and deposits held at fund managers	—	—	1,563	—	<b>1,563</b>
At end of year	<b>6,000</b>	<b>42,750</b>	<b>82,027</b>	<b>2,277</b>	<b>133,054</b>

The market value of investments was represented by:

	Consolidated		College	
	<b>2020 £'000</b>	2019 £'000	<b>2020 £'000</b>	2019 £'000
Investment land	<b>6,000</b>	6,000	<b>6,000</b>	6,000
Homerton Gardens	<b>42,750</b>	38,250	<b>42,750</b>	38,250
Quoted securities – equities	<b>72,611</b>	72,381	<b>72,611</b>	72,381
Fixed interest securities	<b>7,433</b>	6,784	<b>7,433</b>	6,784
Cash held for reinvestment	<b>1,983</b>	420	<b>1,983</b>	420
Other investments	<b>2,237</b>	550	<b>2,277</b>	590
	<b>133,014</b>	124,385	<b>133,054</b>	124,425

Other investments comprise:

	Investments in subsidiary undertakings £'000	Investment in joint venture £'000	Other investments £'000	<b>Total £'000</b>
At beginning of year	580	—	10	<b>590</b>
Investment in Ward Griffin LLP	—	1,687	—	<b>1,687</b>
At end of year	<b>580</b>	<b>1,687</b>	<b>10</b>	<b>2,277</b>

Investments in subsidiary and joint venture undertakings comprise:

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

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

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

**13 Investments** (continued)

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

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Turnover	<b>19</b>	33
Costs / Administrative expenses	<b>(5)</b>	(236)
	<b>14</b>	(203)

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

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

	<b>2020</b>
	<b>£'000</b>
Turnover	—
Administrative expenses	<b>(1)</b>
	<b>(1)</b>

	<b>2020</b>
	<b>£'000</b>
Assets under construction	<b>1,688</b>
Liabilities due within one year	<b>(1)</b>
Homerton College's share of net assets	<b>1,687</b>

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

The investment land was revalued by Bidwell at £6,000,000 on 30 June 2020 (2019: £6,000,000). The valuation is undertaken on the basis of open market value taking account of the College's estates strategy for the future use of this land.

The increase in the value of Homerton Gardens at £42,750,000 (2019: £38,250,000) reflects the revaluation by Bidwell at 30 June 2020. This has been valued based on the rental yield to be achieved under the Scheme.

As a consequence of the coronavirus pandemic, less weight can be attached to previous market evidence to inform opinions of value and The Royal Institute of Chartered Surveyors (RICS) has announced that valuations using the RICS Red Book guidance are now reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty can be attached to these valuations than would normally be the case. This applies to all property valuations in the UK.

Notes to the financial statements Year to 30 June 2020

**14 Stocks**

	Consolidated		College	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Goods for resale	27	33	17	22
	<b>27</b>	<b>33</b>	<b>17</b>	<b>22</b>

**15 Trade and other receivables**

	Consolidated		College	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	1,018	977	923	859
Amounts due from subsidiary undertakings	—	—	389	566
Prepayments and accrued income	1,333	1,311	1,331	1,068
	<b>2,351</b>	<b>2,288</b>	<b>2,643</b>	<b>2,493</b>

**16 Cash**

	Consolidated		College	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash at bank	2,172	9,046	2,098	8,354
Cash in hand	2	2	1	1
	<b>2,174</b>	<b>9,048</b>	<b>2,099</b>	<b>8,355</b>

**17 Creditors: amounts falling due within one year**

	Consolidated		College	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	1,115	962	1,116	802
Amounts due to subsidiary undertakings	—	—	37	—
Other taxation and social security	114	243	114	243
Contribution to Colleges' Fund (Statute G,II)	37	40	37	40
Other creditors and accruals	1,793	2,320	1,777	1,859
Deferred rental income (note 18)	32	32	32	32
Other deferred income	62	177	41	139
	<b>3,153</b>	<b>3,774</b>	<b>3,154</b>	<b>3,115</b>



## 18 Creditors: amounts falling due after one year

<b>Consolidated and College</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Debentures	<b>29,855</b>	29,848
Lloyds revolving credit facility	<b>4,000</b>	—
Deferred rental income	<b>2,614</b>	2,645
	<b>36,469</b>	<b>32,493</b>

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:

<b>Debentures</b>	Term	Interest rate (fixed)	Amount £'000
Tranche 1a – CCF (October 2013)	30 years	4.40%	3,211
Tranche 1b – CCF (October 2013)	40 years	4.40%	2,569
Tranche 2 – CCF (January 2014)	30 years	4.45%	4,220
Private Placement – Harnit/Prudential (August 2015)	25 Years	3.38%	20,000
Fees deducted			(145)
			<b>29,855</b>

On 14 June 2019 the College signed a £10m revolving credit facility with its bankers, Lloyds plc, to fund the New Dining Hall development. The credit facility is for 5 years, and £4m had been drawn down on 30 June 2020.

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

## 19 Provisions for liabilities and charges

<b>Consolidated and College</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
At beginning of year	<b>416</b>	322
Benefits paid	<b>(45)</b>	(49)
Charge to income and expenditure account	<b>(144)</b>	28
Changes in actuarial assumptions	<b>233</b>	115
At end of year	<b>460</b>	<b>416</b>

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

## 20 Contingent liabilities

There are £nil contingent liabilities as at 30 June 2020 (2019: £nil).

## 21 College pension schemes

<b>Consolidated and College</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Deficit under Cambridgeshire County Pension Fund	<b>(3,894)</b>	(328)
Liability for deficit reduction payment under Universities Superannuation Scheme	<b>(583)</b>	(849)
Deficit at end of year	<b>(4,477)</b>	(1,177)

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 2020, the percentage was USS: 21.1% (October 19) (2019: 19.5%) and CCCPF: 18.1% April 2020 (April 2019: 18.2%).

The total pension cost for the College and its subsidiaries for the year to 30 June 2020 was:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Service cost of USS	<b>(11)</b>	705
Current service cost of CCCPF (LGPS)	<b>1,256</b>	1,042
Total pension cost	<b>1,245</b>	1,747

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

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

**21 College pension schemes** (continued)

**USS**

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

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

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

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

Under FRS 102, a liability has been recognised to reflect the cost of the Recovery Plan of the Scheme to the College. At 30 June 2020, this stood at £583,000 (2019: £849,000).

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

	<b>2020</b>	2019
Discount rate	<b>0.74%</b>	2.44%
Pensionable salary growth	<b>N/A</b>	N/A
Price inflation (CPI)	<b>2.50%</b>	2.11%

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

The current life expectancies on retirement at age 65 are:

	<b>2020</b>	2019
Males currently aged 65 (years)	<b>24.4</b>	24.6
Females currently aged 65 (years)	<b>25.9</b>	26.1
Males currently aged 45 (years)	<b>26.3</b>	26.6
Females currently aged 45 (years)	<b>27.7</b>	27.9

**21 College pension schemes** (continued)

*USS (continued)*

	2020	2019
<b>Existing benefits</b>		
Scheme assets	<b>£74.2bn</b>	£67.4bn
FRS 102 liabilities	<b>£94.4bn</b>	£73.1bn
FRS 102 deficit	<b>£20.2bn</b>	£5.7bn
FRS 102 funding level	<b>79%</b>	92%

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

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

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

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

	2020 £'000	2019 £'000
<b>Consolidated and College</b>		
(Deficit) surplus at beginning of year	<b>(328)</b>	1,447
Current service cost	<b>(1,256)</b>	(1,042)
Interest on assets	<b>492</b>	568
Contributions by employer	<b>569</b>	518
Other finance cost	<b>(508)</b>	(535)
Actuarial (loss)	<b>(2,863)</b>	(1,284)
(Deficit)/surplus at end of year	<b>(3,894)</b>	(328)

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

	2020	2019
Discount rate	<b>1.5%</b>	2.3%
Rate of increase of salaries	<b>2.6%</b>	2.7%
Rate of increase of pension in payment	<b>2.1%</b>	2.4%

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

	2020 £'000	2019 £'000
Equities	<b>15,661</b>	15,972
Bonds	<b>2,610</b>	2,556
Property	<b>3,045</b>	2,556
Other	<b>435</b>	213
	<b>21,751</b>	21,297

21 College pension schemes (continued)

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

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

	30 June 2020	30 June 2019
Current pensioners		
Males	22.0	21.4
Females	24.0	23.6
Future pensioners		
Male	22.7	22.3
Females	25.5	25.0

	30 June 2020 £'000	30 June 2019 £'000	30 June 2018 £'000	30 June 2017 £'000	30 June 2016 £'000	30 June 2015 £'000
Present value of funded obligations	(25,645)	(21,625)	(18,752)	(18,611)	(17,408)	(15,816)
Fair value of plan assets	21,751	21,297	20,199	18,413	16,263	15,037
	(3,894)	(328)	1,447	(198)	(1,145)	(779)
Present value of unfunded obligations	—	—	—	—	—	—
Net (liabilities) assets recorded in the balance sheet	(3,894)	(328)	1,447	(198)	(1,145)	(779)
Experience (loss) gain on assets	(175)	337	1,092	1,137	204	177
Experience loss (gain) on liabilities	2,688	1,621	(1,161)	(190)	(570)	(560)

Amounts charged to income and expenditure account	2020 £'000	2019 £'000
Current service cost	1,256	1,042
Interest on obligation	508	535
Interest on assets	(492)	(568)
	1,272	1,009

**Analysis of amounts recognised in other comprehensive income**

	2020 £'000	2019 £'000
Return on assets excluding amounts included in net interest	(175)	337
Changes in financial assumption	(2,688)	(1,621)
Total actuarial loss recognised	(2,863)	(1,284)

## 21 College pension schemes (continued)

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

Changes in the present value of the defined benefit obligation:	2020 £'000	2019 £'000
Opening defined benefit obligation	21,625	18,752
Current service cost	1,256	1,042
Interest cost	508	535
Contributions by members	198	182
Changes in financial assumption	2,688	1,621
Benefits paid	(630)	(507)
Closing defined benefit obligation	25,645	21,625

Changes in the fair value of plan assets:	2020 £'000	2019 £'000
Opening fair value of plan assets	21,297	20,199
Net interest	492	568
Contributions by members and other bodies	198	182
Contributions by employer	569	518
Return on assets excluding amounts include in net interest	(175)	337
Benefits paid	(630)	(507)
Closing fair value of plan assets	21,751	21,297

The College expects to contribute £577,000 to its defined benefit pension scheme in the year ending 30 June 2021 (2020: £552,000).

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

## 22 Related party transactions

Owing to the nature of the College's operations and the composition of the Governing Body, it is inevitable that transactions will take place with organisations in which a Governing Body member may have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures.

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

## 22 Related party transactions (continued)

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

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

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

Salary	2020 Number	2019 Number
£nil	2	2
£1- £10,000	2	2
£10,001 - £20,000	2	0
£20,001 - £30,000	1	2
£30,001 - £40,000	0	0
£40,001 - £50,000	3	4
£50,001 - £60,000	2	2
£60,001 - £70,000	1	1
£70,001 - £80,000	1	2
£80,001 - £90,000	1	0
£90,001 - £100,000	0	1
£100,001 - £110,000	1	0
<b>Total</b>	<b>16</b>	<b>16</b>

The total Trustee salaries were £616,755 for the year (2019: £674,430).

The trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £197,409 for the year (2019: £201,364).

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

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

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

	<b>2020</b>	2019
	<b>£'000</b>	£'000
(Deficit) surplus on continuing operations	<b>(668)</b>	246
Depreciation of tangible fixed assets (note 12)	<b>2,352</b>	2,266
Amortisation of intangible fixed assets	<b>31</b>	22
Interest payable	<b>1,127</b>	1,127
Investment income	<b>(3,820)</b>	(3,852)
Pension costs less contributions payable	<b>437</b>	1,009
Decrease (increase) in stocks	<b>6</b>	(3)
Increase) in debtors	<b>(63)</b>	(174)
(Decrease) increase in creditors due within one year	<b>(621)</b>	847
Decrease in creditors due in more than one year	<b>(24)</b>	—
Decrease in provisions	<b>(189)</b>	(21)
Operating loss on joint venture	<b>(1)</b>	—
Net cash (outflow) inflow from operating activities	<b>(1,433)</b>	1,467

**24 Cash flows from investing activities**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Investment income received	<b>3,790</b>	3,779
Bank interest received	<b>30</b>	73
Purchase of tangible fixed assets	<b>(11,263)</b>	(3,843)
Purchase of intangible fixed assets	<b>(133)</b>	(200)
Purchase of investments	<b>(21,701)</b>	(17,373)
Proceeds of disposal of investments	<b>22,526</b>	14,026
Total cash flows from investing activities	<b>(6,751)</b>	(3,538)

**25 Cash flows from financing activities**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Interest paid	<b>(1,127)</b>	(1,127)
Loan Borrowing	<b>4,000</b>	—
Total cash flows from financing activities	<b>2,873</b>	(1,127)



## 26 Consolidated reconciliation and analysis of net debt

Consolidated	At 1 July 2019 £'000	Cash flows £'000	Other non-cash changes £'000	At 30 June 2020 £'000
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	9,048	(6,874)	—	2,174
Cash held with fund managers (note 13)	420	1,563	—	1,983
	9,468	(5,311)	—	4,157
<b>Borrowings – amounts falling due after more than one year</b>				
Debentures (note 18)	(29,848)	—	(7)	(29,855)
Lloyds revolving credit facility (note 18)	—	(4,000)	—	(4,000)
	(29,848)	(4,000)	(7)	(33,855)
	(20,380)	(9,311)	(7)	(29,698)

## 27 Financial instruments

	2020 £'000	2019 £'000
<b>Financial assets</b>		
<i>Financial assets at fair value through Statement of Comprehensive income</i>		
. Listed equity investments	72,611	72,381
. Fixed interest securities	7,433	6,784
<i>Financial assets that are equity instruments measured at cost less impairment</i>		
. Other equity investments	2,237	550
<i>Financial assets that are debt instruments measured at amortised cost</i>		
. Cash and cash equivalents	4,157	9,468
. Trade debtors	1,018	977
<b>Financial liabilities</b>		
<i>Financial liabilities measured at amortised cost</i>		
. Debentures	(29,855)	(29,848)
. Revolving credit facility	(4,000)	—
. Trade creditors	(1,115)	(962)

## 28 Capital commitments

	Land and buildings 2020 £'000	land and buildings 2019 £'000
Authorised and contracted for	13,818	9,350
Authorised but not yet contracted for	4,161	21,760