

HOMERTON COLLEGE

GOVERNING BODY'S REPORT, CONSOLIDATED ACCOUNTS AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2013

HOMERTON COLLEGE

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HOMERTON COLLEGE

REFERENCE AND ADMINISTRATIVE DETAILS

Name of College: Homerton College

Address: Hills Road
Cambridge
CB2 8PH

Charity Registration number: 1137497

Members of the Council (Charitable Trustees):

Dr Penny Barton	Dr Melanie Keene (term ended 30 September 2013)
Dr David Clifford	Professor Maria Nikolajeva
Dr Olivier Tonneau	Dr Kate Pretty (retired 30 September 2013)
Dr William Foster	Dr Olivier Tonneau
Dr Thomas Graumann	Dr Peter Warner (retired 30 September 2013)
Professor John Gray	Mr Steve Watts
Ms Deborah Griffin	Professor G Ward (appointed 1 October 2013)
Dr Richard Hickman	Dr Veronika Fikfak (appointed 1 October 2013)

Senior officers

Head of House:	Dr K Pretty CBE MA PhD (until 30 September 2013) Professor G Ward MA PhD FRSA (from 1 October 2013)
Vice Principal:	Professor J Gray MA PhD FBA
Senior Tutor:	Dr P Warner PhD (until 30 September 2013) Dr P Barton MA PhD (from 1 October 2013)
Bursar:	Ms D Griffin OBE BSc ACA
Admissions Tutor:	Mr S Watts MA
Graduate Tutor(s):	Dr P Barton MA PhD (until 31 August 2013) Dr M Keene MA(Cantab) MPhil PhD (from 1 September 2013) Dr A Neves MEng PhD (from 1 September 2013)

Principal advisers

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

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

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

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

HOMERTON COLLEGE

OPERATING AND FINANCIAL REVIEW

FOR THE PERIOD ENDED 30 JUNE 2013

Introduction

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

The operating and financial review and the audited financial statements for the period ended 30 June 2013 cover the combined operation of Homerton College and Colophon Limited. The accounting reference date was changed to 30 June from 31 July to align with other Cambridge colleges so the audited financial statements have been prepared for an 11 month period.

Objects of the College

The objects of the College embodied in its Royal Charter are:

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

Public benefit, achievements and performance

Students

Student membership of the College was as follows:

Academic period ended 30 June	2010/11 Actual	2011/12 Actual	2012/13 Actual	At Oct 2013 2013/14 Actual
Undergraduates	600	596	585	590
Postgraduate Certificate in Education (PGCE) students	320	305	327	282
Higher Degree (full time equivalent (fte))	142	154	164	184
Total (fte) Students	1,062	1,055	1,076	1,056
M Ed (Part-time) numbers (not fte)	119	151	152	161

- *Undergraduates* – The College admitted undergraduates for 22 of the Cambridge Triposes. The average period group is estimated to be 178 (180), excluding Period 4 & ERASMUS students.
- *Higher degree and PGCE students* – The College had 164 (154) fte students undertaking M Phil and PhD research postgraduate degree courses in the University during 2012-2013 and 152 (151) undertaking part-time M Ed/ M st courses. The College had 327 (305) members taking the PGCE.

Student support

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

- a) Cambridge Bursary Scheme (Newton Fund Contribution) of £490,509 and Homerton Contribution of £40,141 totalling £530,650. There were 202 undergraduates and 15 PGCE students who benefited from the scheme, averaging £2,445 contribution per student; and
- b) College's Awards Grants and Prizes of £98,206.

HOMERTON COLLEGE

OPERATING AND FINANCIAL REVIEW

FOR THE PERIOD ENDED 30 JUNE 2013

Broadening access

To raise education aspiration and attract outstanding applicants who might not have otherwise considered applying to Cambridge and Homerton College, the College shares a joint post of School Liaison Officer with another College. The School Liaison Officer, in consultation with the Admissions Tutor, operates an Outreach Programme of visits to schools, visits by schools to the College and open days. During the period 342 students from 16 schools visited the College and a further 31 schools were visited by the School Liaison Officer.

Middle Common Room and Junior Common Room

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

Academic staff and research

During the period the College supported 10 Junior Research Fellowships (JRFs), 4 Senior Research Fellows (SRFs) and 8.5(fte) College Teaching Officer (CTOs), also an Undergraduate Admissions Tutor (0.5fte), a Graduate Tutor (0.75fte) and three Principal Officers. The College also appoints Directors of Studies, Tutors and Supervisors to deliver the academic programme.

Employees

The College employs 116 (112) administrative and support personnel.

Fellows

There were 58 (51) fellows.

Financial overview of the period

The College Income and Expenditure Account reflects a satisfactory outcome for the period ended 30 June 2013. The net surplus on continuing operations (after a contribution of £34,505 (2012: £37,000) to the Colleges' Fund under University of Cambridge Statute G, II) was £1,939,226 (2012: 2,238,370).

Summary of income and expenditure for the financial period 2012-13:

Income	£
Academic fees and charges	4,210,279
Residence, catering and conferences	4,206,917
Endowment and investment income	1,241,109
Donations	118,424
Other income (including deferred capital grant)	858,561
Total	10,635,290

Expenditure	£
Education account	4,002,420
Residence, catering and conferences	3,432,761
Other expenditure	1,226,378
Contribution under Statute G, II	34,505
Total	8,696,064

Surplus on continuing operations **1,939,226**

HOMERTON COLLEGE

OPERATING AND FINANCIAL REVIEW

FOR THE PERIOD ENDED 30 June 2013

Education Account – The per capita rate applicable to the undergraduate college fee for Home and EU students increased to £4,500 for year one students and remained at £3,951 (£3,951) for years 2 to 4. The graduate and PGCE fee was increased by 2.6% to £2,349 (£2,289). Income from college fees, grants etc amounted to £4,210,279 (£4,337,375).

Expenditure was £4,002,420 (£4,472,867), leaving a balance of net excess income of £207,859 (*net excess expenditure of £135,492*). The net excess was due to the change in accounting reference date to 30 June. Fees for the academic year are accounted for in full against costs largely for an 11 month period.

Residence Account – The residence account income was £2,171,314 (£2,150,889). Occupancy was maintained at 99%. Costs for the 11 month period were £1,687,763 (£1,782,248) resulting in a surplus of £483,551 (£368,641).

Catering Account – Term time students, staff and college function catering produced a turnover of £742,427 (£737,777). After allowing for pay expenditure of £460,383 (£468,978) and non-pay and overheads of £474,656 (£429,516), the account was in deficit by £192,612 (£160,717).

Conference income – Conference income from the provision of catering and accommodation services to residential and day conferences (including Colophon Ltd) was £1,229,980 (£1,898,157). The reduction was primarily due to the loss (in the 11 month period) of July 2013 revenues and also a fall in Christmas party bookings. Direct expenditure amounted to £422,637 (£569,703). Overheads were £553,120 (£688,862) based on an area and time basis, leaving a net contribution to reserves of £254,223 (£639,592).

Telephone service – ‘FlexiFone’, Colophon Limited’s telephone service, provides Voice over Internet Protocol (VOIP) telephone lines to residences for student and conference use. A modest surplus on this operation for 2012-13 was £2,534 (£5,321).

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

Work on the refurbishment of the College Library and replacing and updating of the students’ launderettes facilities (in West House and Ibberson Building) was completed in the summer of 2012 costing a total of £535,781. During the Easter vacation, 7 new offices were created in the under-utilised upper IT room in preparation for works during the summer of 2013.

Payroll

Total payroll costs, including employer’s pension and national insurance contributions, were £3,757,207 (£4,038,772).

Plans for the future

The College will support fully the scholarship, teaching and research objectives of a college of the University of Cambridge and maintain the high quality of its buildings and infrastructure. Its financial objective and plan is to provide the resources to sustain the College and its activities over the long term. During the 2013-14 year, under the new Head of House, the College will develop academic, estates, development and finance strategies for the next 5 years.

During the summer of 2013 work was also completed on the refurbishment of 240 room West House including new cupboard fronts, better lighting, blinds and mirrors. A much requested gym was also constructed in the summer in the room vacated by the JCR and two much needed guest bedrooms were created.

Reserves policy

The College portfolio, its conference business and Homerton Business Centre rental income have the function of sustaining the activities of the College. Expenditure is guided by an assessment of forecast performance and liabilities with the objective of identifying sustainable affordable expenditure and achieving inter-generational equity.

HOMERTON COLLEGE

OPERATING AND FINANCIAL REVIEW

FOR THE PERIOD ENDED 30 June 2013

Investment performance

The College portfolio has shown an increase in market value of £5,512,069 (£91,608), together with movements providing a balance of £66,351,730 (£60,432,618). UBS Wealth Management is the appointed fund manager. The College uses total return and risk assessment to guide its investment policy.

During the year, plans were further developed for Homerton Business Centre and a planning application submitted in August 2013. The commercial aspects of the development will provide a significant rental income to the College and an agreement to lease has been signed with a major tenant to support this. The College has recently participated in a private bond placement by a group of Cambridge Colleges to provide finance towards the development.

Leases

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

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

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

Valuation

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

Pensions

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

LGPS

The LGPS share of surplus, calculated to meet the requirements of FRS17, attributable to existing and former staff was £905,000 (*deficit* £835,000).

The Employer's contribution rate remains at 17.6%.

USS

USS revised some terms of its existing final salary scheme and introduced a Career Re-valued Benefit Scheme for new members with effect from 1 October 2011. The Employer's contribution remains at 16%.

HOMERTON COLLEGE

OPERATING AND FINANCIAL REVIEW

FOR THE PERIOD ENDED 30 June 2013

Cash flow

Net cash inflow from operating activities was £3,204,561 (*Outflow £1,272,039*). The cash outflow in the prior year was mainly due to pension deficit settlement (£3,667,000).

Creditors' payment policy

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

Risk assessment

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

D Griffin

Bursar and Fellow

Date:

HOMERTON COLLEGE

CORPORATE GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 30 June 2013

Governance

1. The following statement is provided by the Council to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.
2. The College is a registered charity (registered number 1137497) and subject to regulation by the Charity Commission for England and Wales. The members of the Council are the charity trustees and are responsible for ensuring compliance with charity law. The College is governed by its Statutes and Ordinances.
3. Article 10 of the Charities Act 2006 (Changes in Exempt Charities) Order 2010 authorises its annual accounts to be presented in the form of Recommended Cambridge College Accounts prescribed under Statute G, III of the University of Cambridge.
4. The Council is advised in carrying out its duties by a number of Committees. These are:
 - The Investment Committee
 - The IT Committee
 - The Appointments Committee
 - The Benefits Committee
 - The Audit Committee
5. The principal officers of the College are:
 - The Principal
 - The Vice-Principal
 - The Bursar
 - The Senior Tutor
 - The Admissions Tutor
 - The Post Graduate Tutor
 - The Secretary to the Governing Body and Council
6. It is the duty of the Audit Committee to keep under review the effectiveness of the College's internal systems of financial and other controls; to advise the Governing Body on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Governing Body. Membership of the Audit Committee includes two independent chartered accountants and two fellows who are not members of the Council.
7. There are Registers of Interests of Members of Council and of the senior administrative officers. Declarations of interest are made systematically at meetings.
8. The College's Members of the Council during the period ended 30 June 2013 are set out on page 1.
9. The College's subsidiary company, Colophon Limited, engages in commercial and income generation activities for the College. Its main activity is the provision of conferences.
10. The Homerton Union of Students (HUS) is an excepted charity under the Charities (Exception from Registration) Regulation 2010. It operates a Middle Common Room (MCR) and Junior Common Room (JCR). Its accounts are not consolidated with the College's accounts.

HOMERTON COLLEGE

CORPORATE GOVERNANCE STATEMENT (continued)

FOR THE PERIOD ENDED 30 June 2013

Statement of Internal Control

1. The Council is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the College's Statutes.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.
3. The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the period ended 30 June 2013 and up to the date of approval of the financial statements.
4. The Council is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:
 - a. The Audit Committee reviews a risk assessment report which it submits to the Governing Body in the Easter Term;
 - b. The Audit Committee presents an Annual Report, including the adequacy of the Internal Controls and the preparation of the Financial Statements in the Michaelmas Term.
5. The Audit Committee's review of the effectiveness of the system of internal control is informed by the work of the various Committees, the Bursar, and College officers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

HOMERTON COLLEGE

STATEMENT OF RESPONSIBILITIES OF THE COLLEGE COUNCIL

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF HOMERTON COLLEGE

We have audited the financial statements of Homerton College for the 11 month period ended 30 June 2013 which comprise the Consolidated Income and Expenditure Account, the Consolidated and College Balance Sheets, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the College Council and auditors

As explained more fully in the College Council's Responsibilities Statement set out on page 9, the College Council is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the College's Governing Body, as a body, in accordance with the College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to them in an 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 College's Governing Body as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of financial statements

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

**INDEPENDENT AUDITORS' REPORT
TO THE GOVERNING BODY OF HOMERTON COLLEGE (continued)****Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the College's affairs as at 30 June 2013 and of the group's income and expenditure for the 11 month period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge.

Opinion on other matter prescribed by the Statutes of Cambridge University

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

Matters on which we are required to report by exception

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

- the information given in the Operating and Financial Review and Corporate Governance Statement is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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

Date:



HOMERTON COLLEGE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 30 June 2013

	Note	11 months to 30 June 2013 £	Year to 31 July 2012 £
Income			
Academic fees and charges	2	4,210,279	4,337,375
Residences, catering and conferences	3	4,206,917	4,853,649
Investment income	4	1,241,109	1,222,241
Donations	5	118,424	152,505
Other income	6	858,561	852,983
		<hr/>	<hr/>
Total income		10,635,290	11,418,753
Expenditure			
Education	7	(4,002,420)	(4,472,867)
Residences, catering and conferences	8	(3,432,761)	(3,705,076)
Other expenditure	9	(1,226,378)	(965,440)
		<hr/>	<hr/>
Total expenditure		(8,661,559)	(9,143,383)
Surplus on continuing operations before Contribution under Statute G, II			
		1,973,731	2,275,370
Contribution under Statute G, II	1	(34,505)	(37,000)
		<hr/>	<hr/>
Surplus on continuing operations after Contribution under Statute G, II			
	21	1,939,226	2,238,370
		<hr/> <hr/>	<hr/> <hr/>

All items dealt with in arriving at the surplus for 2013 and 2012 relate to continuing operations.

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE PERIOD ENDED 30 June 2013

	Note	11 months to 30 June 2013 £	Year to 31 July 2012 £
Surplus on continuing operations		1,939,226	2,238,370
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	21	742,630	803,253
Realisation of gains on disposal of fixed asset investments		407,043	407,246
		<hr/>	<hr/>
Historical cost surplus for the period		3,088,899	3,448,869
		<hr/> <hr/>	<hr/> <hr/>

HOMERTON COLLEGE

CONSOLIDATED BALANCE SHEET

AS AT 30 June 2013

	Note	30 June 2013 £	As restated 31 July 2012 £
Fixed assets			
Tangible assets	12	71,615,678	65,593,227
Investments	14	66,351,730	60,432,618
		<u>137,967,408</u>	<u>126,025,845</u>
Current assets			
Stock		46,311	43,362
Debtors	15	677,140	1,008,326
Cash at bank and in hand	16	5,047,344	1,218,207
		<u>5,770,795</u>	<u>2,269,895</u>
Creditors: amounts falling due within one year	17	<u>(2,258,273)</u>	<u>(1,076,803)</u>
Net current assets		<u>3,512,522</u>	<u>1,193,092</u>
Total assets less current liabilities		141,479,930	127,218,937
Creditors: amounts falling due after more than one year	18	(2,835,452)	(2,864,493)
Provisions for liabilities and charges	19	(267,748)	(357,207)
Net assets excluding pension asset/(liability)		<u>138,376,730</u>	<u>123,997,237</u>
Pension asset/(liability)	22	905,000	(835,000)
Net assets including pension asset/(liability)		<u><u>139,281,730</u></u>	<u><u>123,162,237</u></u>

HOMERTON COLLEGE**CONSOLIDATED BALANCE SHEET (continued)**

AS AT 30 June 2013

		Restricted Funds £	Unrestricted Funds £	Total 30 June 2013 £	As restated Total 31 July 2012 £
Deferred capital grants	20	2,590,659	-	2,590,659	2,663,334
Reserves					
General reserves excluding pension reserve	21	-	68,291,924	68,291,924	63,003,251
Pension reserve	22	-	905,000	905,000	(835,000)
Operational property revaluation reserve	21	-	49,053,837	49,053,837	43,203,067
Fixed asset investment reserve	21	-	18,440,310	18,440,310	15,127,585
Total funds		<u>2,590,659</u>	<u>136,691,071</u>	<u>139,281,730</u>	<u>123,162,237</u>

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

D Griffin
Bursar

G Ward
Principal

HOMERTON COLLEGE**COLLEGE BALANCE SHEET****AS AT 30 June 2013**

		30 June 2013 £	As restated 31 July 2012 £
Fixed assets			
Tangible assets	12	71,553,716	65,573,208
Investments in subordinated company	13	40,000	40,000
Investments	14	66,351,730	60,432,618
		<hr/>	<hr/>
		137,945,446	126,045,826
Current assets			
Stock		32,046	26,025
Debtors	15	962,330	1,333,462
Cash at bank and in hand	16	4,704,167	802,212
		<hr/>	<hr/>
		5,698,543	2,161,699
Creditors: amounts falling due within one year	17	(2,123,696)	(941,216)
		<hr/>	<hr/>
Net current assets		3,574,847	1,220,483
		<hr/>	<hr/>
Total assets less current liabilities		141,520,293	127,266,309
Creditors: amounts falling due after more than one year	18	(2,835,452)	(2,864,493)
Provisions for liabilities and charges	19	(267,748)	(357,207)
		<hr/>	<hr/>
Net assets excluding pension asset/(liability)		138,417,093	124,044,609
Pension asset/(liability)	22	905,000	(835,000)
		<hr/>	<hr/>
Net assets including pension asset/(liability)		139,322,093	123,209,609
		<hr/> <hr/>	<hr/> <hr/>

HOMERTON COLLEGE**COLLEGE BALANCE SHEET (continued)****AS AT 30 June 2013**

	Note	Restricted Funds £	Unrestricted Funds £	Total 30 June 2013 £	As restated Total 31 July 2012 £
Deferred capital grants	20	2,590,659	-	2,590,659	2,663,334
Reserves					
General reserves excluding pension reserve	21		68,332,287	68,332,287	63,050,623
Pension reserve	22	-	905,000	905,000	(835,000)
Operational property revaluation reserve	21	-	49,053,837	49,053,837	43,203,067
Fixed asset investment reserve	21	-	18,440,310	18,440,310	15,127,585
Total funds		<u>2,590,659</u>	<u>136,731,434</u>	<u>139,322,093</u>	<u>123,209,609</u>

The financial statements were approved by the Governing Body on
and were signed on their behalf by

D Griffin
Bursar

G Ward
Principal

HOMERTON COLLEGE**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE PERIOD ENDED 30 June 2013**

	Note	11 months to 30 June 2013 £	Year to 31 July 2012 £
Surplus on income and expenditure account		1,939,226	2,238,370
Unrealised surplus on revaluation of fixed assets	12 , 21	6,593,400	-
Increase in market value of investments	14 , 21	5,512,069	91,608
Profit/(Loss) on sale of investments	21	407,043	(1,073,788)
Deferred capital grant released to income and expenditure account	20	(72,675)	(79,282)
Actuarial gain/(loss) in respect of pension schemes	22	1,772,000	(1,396,000)
Changes in assumptions arising on teachers' pension obligation	19	(31,570)	(72,479)
Total recognised gains/(losses) relating to the period		<u>16,119,493</u>	<u>(291,571)</u>
Reconciliation			
Opening reserves and deferred capital grants		123,162,237	123,453,808
Total recognised gain/(losses) for the period		16,119,493	(291,571)
Closing reserves and deferred capital grants		<u>139,281,730</u>	<u>123,162,237</u>

HOMERTON COLLEGE

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 June 2013

	Note	11 months to 30 June 2013 £	Year to 31 July 2012 £
Net cash inflow/(outflow) from operating activities	24	3,204,561	(1,272,039)
Return on investments and servicing of finance	25	1,241,109	1,222,241
Contribution under Statute G,II		(37,000)	(34,000)
Capital expenditure and financial investment	25	(847,958)	(3,989,568)
Cash inflow/(outflow) before management of liquid resources		<u>3,560,712</u>	<u>(4,073,366)</u>
Management of liquid resources	25	268,425	1,238,091
Increase/(Decrease) in cash in the period		<u><u>3,829,138</u></u>	<u><u>(2,835,275)</u></u>
Reconciliation of net cash flow to movement in net liquid funds		11 months to 30 June 2013 £	Year to 31 July 2012 £
Increase/(decrease) in cash in the period		3,829,138	(2,835,275)
(Decrease)/increase in cash (inflow) from liquid resources		(268,426)	(1,238,091)
Change in net funds		<u>3,560,712</u>	<u>(4,073,366)</u>
Net funds at beginning of period		3,257,970	7,331,336
Net funds at end of period	26	<u><u>6,818,682</u></u>	<u><u>3,257,970</u></u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

1 Accounting policies

a) Basis of preparation

The financial statements for the 11 month period ended 30 June 2013 have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable Accounting Standards. In addition, the financial statements comply with the Statement of Recommended Practice for accounting in Further and Higher Education (the SORP).

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

b) Basis of accounting

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

c) Basis of consolidation

The consolidated financial statements consolidate the College and its subsidiary, Colophon Limited, for the 11 month period ended 30 June 2013.

The accounts of the Students' Union are not consolidated as this is a separate body in which the College has no financial interest and over whose policy decisions it has no control.

d) Recognition of income

Academic fees

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

Restricted grant income

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

Donations and benefactions

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

Capital grants and donations

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

1 Accounting policies (continued)

d) Recognition of income (continued)

Other income

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

Endowment and investment income

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

e) Pension schemes

USS

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

LGPS

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

f) Tangible fixed assets

Land and buildings

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

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

A review for impairment is carried out if events or changes in circumstances indicate that the carrying value of the fixed asset may not be recoverable.

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

1 Accounting policies (continued)

f) Tangible fixed assets (continued)

Land and buildings (continued)

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

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

Furniture, fittings and equipment

In accordance with the College's capitalisation policy furniture, fittings and equipment costing more than £5,000 per individual item or if the aggregate value of related items exceed £100,000 are capitalised and depreciated over their expected useful life as follows:

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

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

g) Investments

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

Increases in value arising on the revaluation of fixed asset investments are taken to a revaluation reserve via the Statement of Total Recognised Gains and Losses. Profit or losses on sale of investments are taken to the Statement of Total Recognised Gains and Losses. The College has adopted this accounting policy to accord with the principles that are required to be followed in the application of the RCCA accounting guidelines.

The College will value its investment properties annually at open market value in future years.

h) Stocks

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

i) Provisions

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

j) Taxation

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

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

1 Accounting policies (continued)

k) Deferred taxation

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

l) 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 period.

2 Academic fees and charges

	11 months to 30 June 2013 £	Year to 31 July 2012 £
College fees:		
Fee income paid on behalf of Undergraduates at the Publically-funded Undergraduate rate per Capita fee: £4,500/£3,951 (2011/12: £3,951)	2,156,608	2,077,001
Privately-funded Undergraduate fee income per Capita fee: £5,217 (2011/12: £4,950)	307,828	287,161
Fee income received at the Graduate fee rate (including PGCEs) per Capita fee: £2,349 (2011/12: £2,289)	1,255,334	1,116,689
Income from Cambridge Bursary Scheme	490,509	856,524
	<hr/> <hr/>	<hr/> <hr/>
	4,210,279	4,337,375

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

3 Residences, catering and conferences income	11 months to 30 June 2013 £	Year to 31 July 2012 £
Accommodation - College members	2,171,314	2,150,889
- Conferences	477,292	721,671
Catering - College members	742,427	737,779
- Conferences	273,880	383,082
Colophon Conferences - Accommodation	231,177	376,729
- Catering	247,631	416,675
College bar	63,196	66,824
	<u>4,206,917</u>	<u>4,853,649</u>
4 Investment income		
4a Analysis of income	11 months to 30 June 2013 £	Year to 31 July 2012 £
Land and buildings	260,326	242,888
Quoted securities	956,468	936,057
Cash deposits	24,315	43,296
	<u>1,241,109</u>	<u>1,222,241</u>
4b Summary of total investment return	11 months to 30 June 2013 £	Year to 31 July 2012 £
Income from:		
Land and buildings	260,326	242,888
Quoted and other securities and cash	980,783	979,353
Gains/(losses) on Fixed Asset Investments:		
Land and buildings	1,468,049	-
Quoted and other securities and cash	4,451,063	(982,180)
	<u>7,160,221</u>	<u>240,061</u>
Total return for period		
Total return transferred to income and expenditure account (see note 4a)	(1,241,109)	(1,222,241)
	<u>5,919,112</u>	<u>(982,180)</u>
Unapplied total return for period included within Statement of Total Recognised Gains and Losses		

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

4c Investment portfolio

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

5 Donations	11 months to 30 June 2013 £	Year to 31 July 2012 £
Unrestricted donations	45,749	73,223
Released from deferred capital grants (see note 20)	72,675	79,282
	<u>118,424</u>	<u>152,505</u>

6 Other income	11 months to 30 June 2013 £	Year to 31 July 2012 £
Servicing and recharges to the University of Cambridge	510,517	538,139
Miscellaneous income	348,044	314,844
	<u>858,561</u>	<u>852,983</u>

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

7 Education expenditure	11 months to 30 June 2013 £	Year to 31 July 2012 £
Teaching	1,763,468	1,825,060
Tutorial	614,536	623,708
Admissions	937,027	941,768
Research	279,609	279,597
Scholarships and bursaries' awards	116,736	524,299
Other educational facilities	291,044	278,435
	<u>4,002,420</u>	<u>4,472,867</u>

Scholarships and bursaries' awards have dropped substantially during 2012-13 compared to last year due to a major change to the eligibility criteria for PGCE students applying to the Cambridge Bursary Scheme (operated in conjunction with the University, other Colleges and the Isaac Newton Trust).

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

8	Residences, catering and conferences expenditure	11 months to 30 June 2013 £	Year to 31 July 2012 £
	Accommodation - College members	1,687,763	1,782,248
	- Conferences	337,801	404,443
	Catering - College members	935,039	898,491
	- Conferences	138,728	187,711
	Colophon Conferences - Accommodation	159,043	174,743
	- Catering	124,866	204,171
	College bar	49,521	53,269
		<u>3,432,761</u>	<u>3,705,076</u>
		<u><u>3,432,761</u></u>	<u><u>3,705,076</u></u>
9	Other expenditure	11 months to 30 June 2013 £	Year to 31 July 2012 £
	College administration:		
	Pay expenditure:		
	Directorate	9,168	9,487
	Administrative staff	420,329	461,288
		<u>429,497</u>	<u>470,775</u>
	Non-pay expenditure:		
	Building repairs and maintenance	162,594	123,894
	Building feasibility study	192,951	-
	Fuel and light	121,840	132,606
	Rates	24,533	26,213
	Depreciation: buildings	348,184	377,599
	Depreciation: furniture and equipment	20,300	9,009
	Homerton Business Centre costs	145,455	147,349
	Other expenses	255,486	183,360
	Reclassification of costs to residence	(337,801)	(401,365)
	Interest on pension scheme liabilities	448,000	546,000
	Expected return on pension scheme assets	(497,000)	(497,000)
	Movement on provision (note 19)	(87,661)	(153,000)
		<u>1,226,378</u>	<u>965,440</u>
		<u><u>1,226,378</u></u>	<u><u>965,440</u></u>

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

10 Analysis of expenditure by activity

10a 11 months to 30 June 2013

	Staff costs (note 11) £	Other operating expenses £	Depreciation £	Total £
Education (note 7)	2,055,951	1,714,460	232,009	4,002,420
Residences, catering and conferences (note 8)	1,271,759	1,611,013	549,989	3,432,761
Other (note 9)	429,497	428,397	368,484	1,226,378
	<u>3,757,207</u>	<u>3,753,870</u>	<u>1,150,482</u>	<u>8,661,559</u>

10b Year to 31 July 2012

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

10c Auditors' remuneration

	11 months to 30 June 2013 £	Year to 31 July 2012 £
Other operating expenses include:		
Audit fees payable to the College's external auditors	17,667	18,604
Other fees payable to the College's external auditors	1,830	1,600
	<u>19,497</u>	<u>20,204</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

11 Staff

Consolidated	College Fellows - other academics 2013 £	Non- academics 2013 £	Total 11 months to 30 June 2013 £	Total Year to 31 July 2012 £
Staff costs				
Emoluments	1,005,141	2,171,594	3,176,735	3,372,987
Social security costs	71,051	137,271	208,322	223,952
Other pension costs	116,705	255,445	372,150	441,833
	<u>1,192,897</u>	<u>2,564,310</u>	<u>3,757,207</u>	<u>4,038,772</u>

Average staff numbers

	2013 Number	2013 Number	Total 11 months to 30 June 2013 Number	Total Year to 31 July 2012 Number
Academic (including library)	83	-	83	72
Non- academics	-	116	116	112
	<u>83</u>	<u>116</u>	<u>199</u>	<u>184</u>
Full time equivalents (non academics)			98.51	96.66
Fellows – Full Time Stipendiary	18			
Fellows – Part time Stipendiary	23			
Fellows – Non Stipendiary	17			
	<u>58</u>			
Other Academics (Non Fellows)	25			
	<u>83</u>			

The Governing Body comprises 50 fellows, of which 41 declared above are stipendiary.

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

12 Fixed assets

Tangible fixed assets

a) Consolidated

	College buildings and site £	Assets under construction £	Furniture fittings equipment £	Total £
Cost/valuation				
At 1 August 2012 (as restated – see note 21)	66,522,902	92,232	890,600	67,505,734
Additions	-	488,693	90,840	579,533
Transfer	344,463	(580,925)	236,462	-
Revaluation	4,359,535	-	-	4,359,535
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2013	71,226,900	-	1,217,902	72,444,802
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 August 2012	1,162,200	-	750,307	1,912,507
Provided for in the period	1,071,665	-	78,817	1,150,482
Revaluation	(2,233,865)	-	-	(2,233,865)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2013	-	-	829,124	829,124
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2013	71,226,900	-	388,778	71,615,678
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2012 (as restated – see note 21)	65,360,702	92,232	140,293	65,593,227
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

12 Fixed assets

Tangible fixed assets

b) College	College buildings and site £	Assets in construction £	Furniture, fittings & equipment £	Total £
Cost/valuation				
At 1 August 2012 (as restated – see note 21)	66,522,902	92,232	597,249	67,212,383
Additions	-	488,693	37,290	525,983
Transfer	344,463	(580,925)	236,462	-
Revaluation	4,359,535	-	-	4,359,535
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2013	71,226,900	-	871,001	72,097,901
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 August 2012 (as restated – see note 21)	1,162,200	-	476,975	1,639,175
Provided for in the period	1,071,665	-	67,210	1,138,875
Revaluation	(2,233,865)	-	-	(2,233,865)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2013	-	-	544,185	544,185
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2013	71,226,900	-	326,816	71,553,716
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2012	65,360,702	92,232	120,274	65,573,208
	<hr/>	<hr/>	<hr/>	<hr/>

c) Land and buildings

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

- College houses – Generally used for student and staff accommodation, were valued at open market value for existing use.
- College site – Due to the specialised nature of the College's activities, the principal method of valuation of land and buildings was open market capital value for existing use on a depreciated replacement cost basis.

The insured value of freehold buildings as at 30 June 2013 was £83,066,866 (2012: £76,792,335) including the costs of related professional fees.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

13 Investments in subsidiary company

**College
£**

Shares at cost

At 1 August 2012 and 30 June 2013

40,000

The holding represents the College's investments in Colophon Limited. Colophon Limited is a wholly owned subsidiary company of the College - the College's principal trading subsidiary undertakings at 30 June 2013 (and 31 July 2012):

Undertaking

Activity

Colophon Limited

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

14 Investments

Consolidated and College

	Investment Land 2013 £	Homerton Business Centre 2013 £	Quoted Securities 2013 £	Total 30 June 2013 £	Total 31 July 2012 £
Balance at 1 August (as restated – see note 21)	11,000,000	6,531,951	42,900,668	60,432,618	58,868,048
Additions	-	-	16,767,685	16,767,685	15,323,720
Disposals	-	-	(16,092,217)	(16,092,217)	(12,612,667)
Revaluation in period	500,000	968,049	4,044,020	5,512,069	91,608
Decrease in cash balances and deposits held at fund managers	-	-	(268,425)	(268,425)	(1,238,091)
Balance at 30 June	11,500,000	7,500,000	47,351,731	66,351,730	60,432,618
Represented by:					
Investment land				11,500,000	11,000,000
Homerton Business Centre				7,500,000	6,531,951
Quoted securities – equities				43,934,291	39,242,127
Quoted securities – fixed interest including convertibles				1,646,101	1,618,777
Cash held for reinvestment				1,771,338	2,039,763
Total				66,351,730	60,432,618

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

14 Investments (continued)

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

The investment land was valued by Messrs Januarys, Chartered Surveyors, at £11,500,000 on 30 June 2013 on the basis of open market value taking account of the College's Estates Strategy for the future use of this land. There was an increase of £500,000 on the previous valuation.

The Homerton Business Centre was valued by Messrs Januarys, Chartered Surveyors, at £7,500,000 on 30 June 2013 on the basis of open market value taking account of the College's Estates Strategy for the future use of this land.

15 Debtors

	Consolidated		College	
	30 June 2013 £	31 July 2012 £	30 June 2013 £	31 July 2012 £
Trade debtors	345,816	190,102	298,224	89,988
Amounts due from subsidiary undertakings	-	-	351,907	529,921
Prepayments and accrued income	324,494	818,224	312,199	713,553
Deferred tax asset	6,830	-	-	-
	<u>677,140</u>	<u>1,008,326</u>	<u>962,330</u>	<u>1,333,462</u>

16 Cash

	Consolidated		College	
	30 June 2013 £	31 July 2012 £	30 June 2013 £	31 July 2012 £
Cash at bank – short term deposits	5,042,277	1,214,465	4,699,400	798,770
Cash in hand	5,067	3,742	4,767	3,442
	<u>5,047,344</u>	<u>1,218,207</u>	<u>4,704,167</u>	<u>802,212</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

17 Creditors: amounts falling due within one year

	Consolidated		College	
	30 June 2013 £	31 July 2012 £	30 June 2013 £	31 July 2012 £
Trade creditors	270,518	230,792	157,537	149,420
Other taxation and social security	71,811	113,285	71,362	113,285
Contribution to Colleges' Fund (Statute G, II)	34,505	37,000	34,505	37,000
Other creditors and accruals	1,684,935	530,654	1,664,807	485,673
Deferred income (note 18)	31,681	31,681	31,681	31,681
Other deferred income	164,823	133,391	163,804	124,157
	<u>2,258,273</u>	<u>1,076,803</u>	<u>2,123,696</u>	<u>941,216</u>

18 Creditors: amounts falling due after one year

	Consolidated and College	
	30 June 2013 £	31 July 2012 £
Deferred income	<u>2,835,452</u>	<u>2,864,493</u>

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

19 Provisions for liabilities and charges

	Teaching staff pension 2013 £	Former Employee pension 2013 £	Consolidated and College	
			Total 30 June 2013 £	Total 31 July 2012 £
Balance at beginning of period	269,546	87,661	357,207	490,908
Movement in provisions:				
Benefits paid	(48,013)		(48,013)	(67,034)
Charge to income and expenditure account	14,645		14,645	13,854
Release of provision		(87,661)	(87,661)	(153,000)
Changes in actuarial assumptions	31,570		31,570	72,479
Balance at end of period	<u>267,748</u>	<u>-</u>	<u>267,748</u>	<u>357,207</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

19 Provisions for liabilities and charges (continued)

The provision for the College's liability to enhance the pensions of teaching staff who have retired early amounts to £267,748 (2012: £269,546) at the balance sheet date. Actuarial gains and losses arising from changes made to the assumptions used in determining the provision are recognised in the statement of total recognised gains and losses.

The provision for the College's pension obligations in respect of certain of the group's former employees that was brought forward at the beginning of the period amounting to £87,661 has been released to the Income and Expenditure account in the period as it is now considered by the officers of the College that the likelihood of any liability arising is remote.

20 Deferred capital grants

	Consolidated and College	
	30 June	31 July
	2013	2012
	£	£
Balance at beginning of period	2,663,334	2,742,616
Released to income and expenditure account	(72,675)	(79,282)
Balance at end of period	<u>2,590,659</u>	<u>2,663,334</u>

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

21 Reserves	General reserves	Operational property revaluation reserve	Fixed asset investment reserve	Total 30 June 2013	Total 31 July 2012
a) Consolidated	2013	2013	2013	2013	2012
	£	£	£	£	£
Balance at beginning of period (as reported)	62,168,251	54,067,644	4,263,008	120,498,903	120,711,192
Prior year adjustment	-	(10,864,577)	10,864,577	-	-
Balance at beginning of period as restated	62,168,251	43,203,067	15,127,585	120,498,903	120,711,192
Surplus retained for the period	1,939,226	-	-	1,939,226	2,238,370
Actuarial gain/(loss)	1,772,000	-	-	1,772,000	(1,396,000)
Changes in assumptions underlying the present value of teachers pension obligations	(31,570)	-	-	(31,570)	(72,479)
Transfer in respect of depreciation on revalued operational properties	742,630	(742,630)	-	-	-
Unrealised surplus on revaluation of fixed assets	-	6,593,400	-	6,593,400	-
Increase in market value of Investments	-	-	5,512,069	5,512,069	91,608
Profit/(loss) on sale of investments	407,043	-	-	407,043	(1,073,788)
Realised revaluation surplus in period	2,199,344	-	(2,199,344)	-	-
Balance at end of period	<u>69,196,924</u>	<u>49,053,837</u>	<u>18,440,310</u>	<u>136,691,071</u>	<u>120,498,903</u>

Investment land has been disclosed previously within tangible fixed assets. As a result any movement on revaluation has also been posted to operation property revaluation reserve. As the land is being held for investment purposes it was felt that disclosing this as an investment would give a fairer reflection in the financial statements. As a result of this adjustment, opening investments in note 14 have increased by £11,000,000 from £49,432,618 to £60,432,618. Tangible assets have also decreased by the same amount from £76,593,227 to £65,593,227. In addition, £10,648,577 has transferred from the operation property revaluation reserve to fixed asset investment reserve as disclosed above. There has been no impact on the income and expenditure account.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

21 Reserves (continued)		Operational property revaluation reserve	Fixed asset investment reserve		
b) College	General reserves 2013 £	2013 £	2013 £	Total 30 June 2013 £	Total 31 July 2012 £
Balance at beginning of period	62,215,623	54,067,644	4,263,008	120,546,275	120,748,380
Prior year adjustment	-	(10,864,577)	10,864,577	-	-
Balance at beginning of period as restated	62,215,623	43,203,067	15,127,585	120,546,275	120,748,380
Surplus retained for the period	1,932,217	-	-	1,932,217	2,248,554
Actuarial gain/(loss)	1,772,000	-	-	1,772,000	(1,396,000)
Changes in assumptions underlying the present value of teachers pension obligations	(31,570)	-	-	(31,570)	(72,479)
Transfer in respect of depreciation on revalued operational properties	742,630	(742,630)	-	-	-
Unrealised surplus on revaluation of fixed assets	-	6,593,400	-	6,593,400	-
Increase in market value of Investments	-	-	5,512,069	5,512,069	91,608
Profit/(loss) on sale of Investments	407,043	-	-	407,043	(1,073,788)
Realised revaluation surplus in period	2,199,344	-	(2,199,344)	-	-
Balance at end of period	<u>69,237,287</u>	<u>49,053,837</u>	<u>18,440,310</u>	<u>136,731,434</u>	<u>120,546,275</u>

Investment land has been disclosed previously within tangible fixed assets. As a result any movement on revaluation has also been posted to operation property revaluation reserve. As the land is being held for investment purposes it was felt that disclosing this as an investment would give a fairer reflection in the financial statements. As a result of this adjustment, opening investments in note 14 have increased by £11,000,000 from £49,432,618 to £60,432,618. Tangible assets have also decreased by the same amount from £76,573,208 to £65,573,208. In addition £10,648,557 has transferred from the operation property revaluation reserve to fixed asset investment reserve as disclosed above. There has been no impact on the income and expenditure account.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

22 Pension liability

	Consolidated and College	
	11 months to	Year to
	30 June	31 July
	2013	2012
	£	£
Balance at beginning of period – deficit	835,000	3,007,000
Actuarial losses relating to former employees released through statement of total recognised gains and losses	-	-
	<u>835,000</u>	<u>3,007,000</u>
Movement in period:		
Current service cost	345,000	348,000
Expected return on assets	(497,000)	(497,000)
Contributions	(264,000)	(3,965,000)
Other finance cost	448,000	546,000
Actuarial (gain)/loss recognised in statement of total recognised gains and losses	(1,772,000)	1,396,000
	<u>(905,000)</u>	<u>835,000</u>
Balance at end of period – (surplus)/deficit	<u>(905,000)</u>	<u>835,000</u>

The College participates in two schemes, Universities Superannuation Scheme (USS) and Cambridgeshire County Council Pension Fund (CCCPF). The CCCPF is part of the Local Government Pension Scheme (LGPS). All the schemes are defined benefit schemes that are externally funded and contracted out of the State Second Pension. The assets of the schemes are held in separate trustee-administered funds. The institution is unable to identify its share of the underlying assets and liabilities of the USS scheme on a consistent and reasonable basis and therefore, as required by FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

CCCPF has been able to apportion a percentage of its funds assets and liabilities relating to the College and therefore the scheme has been treated as a defined benefit scheme in the accounts. The disclosure requirements of FRS17 in relation to these schemes are shown below.

The total pension cost for the College and its subsidiaries for the 11 month period to 30 June 2013 was:

	11 months to	Year to
	30 June	31 July
	2013	2012
	£	£
Contributions USS	108,479	93,833
Current service cost of CCCPF (LGPS)	345,000	348,000
	<u>453,479</u>	<u>441,833</u>
Total pension cost	<u>453,479</u>	<u>441,833</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

22 College pension schemes (continued)

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

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

	USS	CCCPF (LGPS)
Date of valuation	31 March 2011	31 March 2010
Market valuation of assets	£32,433m	£1,494m
Past service liabilities	£35,343m	£2,048m
Deficit of assets	£(2,910)m	£(555)m

USS

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

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

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

22 College pension schemes (continued)

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

Standard mortality tables were used as follows:

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

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

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

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

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

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to the date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

22 College pension schemes (continued)

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

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

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

New Entrants

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

Normal pension age

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

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

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

Cost sharing

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

Pension increase cap

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

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

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

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

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

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

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

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

At 31 March 2012, USS had over 145,000 active members and the institution has 34 active members participating in the scheme.

The total pension cost for the institution was £108,479 (2012: £93,833). The contribution rate payable by the institution was 16% of pensionable salaries.

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

22 College pension schemes (continued)

Cambridgeshire County Council Pension Fund (CCCPF (LGPS))

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

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

The main assumptions used for the purposes of FRS17 are as follows:	2013	2012	2011
Discount rate	4.9% pa	4.1% pa	5.3% pa
Rate of increase of salaries	5.1% pa	4.5% pa	5.0% pa
Rate of increase of pension in payment	2.8% pa	2.2% pa	2.7% pa
Expected return on assets	5.8% pa	4.9% pa	6.4% pa

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

	30 June 2013 £000	31 July 2012 £000
Equities	9,620	7,887
Bonds	1,772	1,777
Property	886	778
Other	380	667
Total	<u>12,658</u>	<u>11,109</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

22 College pension schemes (continued)

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

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

	30 June 2013	31 July 2012	31 July 2011
Current pensioners			
Males	21.0	21.0	21.0
Females	23.8	23.8	23.8
Future pensioners			
Male	22.9	22.0	22.9
Females	25.7	25.7	25.7

The amounts recognised in the balance sheet for the current period and previous years are as follows:

	30 June 2013 £000	31 July 2012 £000	31 July 2011 £000	31 July 2010 £000	31 July 2009 £000
Present value of funded obligations	(11,753)	(11,944)	(10,272)	(11,908)	(11,078)
Fair value of plan assets	12,658	11,109	7,266	7,937	6,794
	<u>905</u>	<u>(835)</u>	<u>(3,006)</u>	<u>(3,971)</u>	<u>(4,284)</u>
Present value of unfunded obligations	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Net liability recorded in the balance sheet	<u><u>905</u></u>	<u><u>(835)</u></u>	<u><u>(3,007)</u></u>	<u><u>(3,972)</u></u>	<u><u>(4,285)</u></u>
Experience gain/(loss) on assets	<u>1,114</u>	<u>(336)</u>	<u>108</u>	<u>529</u>	<u>(893)</u>
Experience gain/(loss) on liabilities	<u>658</u>	<u>(1,060)</u>	<u>416</u>	<u>(781)</u>	<u>(1,135)</u>

	11 months to 30 June 2013 £000	Year to 31 July 2012 £000
Amounts charged to income and expenditure account		
Current service cost	345	348
Interest on obligation	448	546
Expected return on plan assets	(497)	(497)
	<u>296</u>	<u>397</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

22 College pension schemes (continued)

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

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

	11 months to 30 June 2013 £000	Year to 31 July 2012 £000
Actuarial (losses)/gains on pension scheme assets	1,114	(336)
Actuarial (losses)/gains on pension obligation	658	(1,060)
Total actuarial gain recognised	<u>1,772</u>	<u>(1,396)</u>
Changes in the present value of the defined benefit obligation are as follows:	11 months to 30 June 2013 £000	Year to 31 July 2012 £000
Opening defined benefit obligation	11,944	10,273
Current service cost	345	348
Interest cost	448	546
Contributions by members	99	113
Actuarial losses/(gains)	(658)	1,060
Benefits paid	(425)	(396)
Closing defined benefit obligation	<u>11,753</u>	<u>11,944</u>
Changes in the fair value of plan assets are as follows:	11 months to 30 June 2013 £000	Year to 31 July 2012 £000
Opening fair value of plan assets	11,109	7,266
Expected return	497	497
Contributions by members and other bodies	99	113
Contributions by employer	264	3,965
Actuarial (losses)/gains	1,114	(336)
Benefits paid	(425)	(396)
	<u>12,658</u>	<u>11,109</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

22 College pension schemes (continued)

The College expects to contribute £315,000 to its defined benefit pension plans in the year ending 30 June 2014 (2013: expected to contribute £407,000 in the period to 30 June 2013).

The management bases required by FRS17 are likely to give rise to significant fluctuations in the reported amounts of the defined benefit pension scheme assets and liabilities from year to year, and do not necessarily give rise to a change in the contributions payable into the scheme, which are recommended by independent actuaries based on the expected long term rate of return on the scheme assets.

23 Related Party Transactions

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

24 Reconciliation of consolidated operating surplus to net cash (outflow)/inflow from operating activities	11 months to 30 June 2013 £	Year to 31 July 2012 £
Surplus on continuing operations before Contribution under Statute G, II	1,973,731	2,275,370
Depreciation	1,150,482	1,235,107
Release of capital grant	(72,675)	(79,282)
Investment income receivable	(1,241,109)	(1,222,241)
(Decrease) increase in stock	(2,949)	5,755
Decrease in debtors	331,186	114,555
Increase in creditors	1,154,924	172,877
Movement in provisions	(121,029)	(206,180)
	<hr/>	<hr/>
	3,172,561	2,295,961
Pension costs less contributions payable	32,000	(3,568,000)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<u>3,204,561</u>	<u>(1,272,039)</u>

25 Cash flows

Returns on investments and servicing of finance	11 months to 30 June 2013 £	Year to 31 July 2012 £
Investment income	1,216,794	1,178,945
Interest received	24,315	43,296
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of income	<u>1,241,109</u>	<u>1,222,241</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

25 Cash flows (continued)

Capital expenditure and financial investment

	11 months to 30 June 2013 £	Year to 31 July 2012 £
Receipts from sales of investment assets	16,499,260	11,538,878
Total capital receipts	<u>16,499,260</u>	<u>11,538,878</u>
Payments to acquire investment assets	(16,767,685)	(15,323,720)
Payments to acquire tangible fixed assets	(579,533)	(204,726)
Total capital expenditure	<u>(17,347,218)</u>	<u>(15,528,446)</u>
Net cash outflow from capital transactions	<u>(847,958)</u>	<u>(3,989,568)</u>

Management of liquid resources

	11 months to 30 June 2013 £	Year to 31 July 2012 £
Decrease in cash for investment	268,425	1,238,091
Net cash inflow from liquid resources	<u>268,425</u>	<u>1,238,091</u>

26 Analysis of cash and bank balances

	30 June 2013 £	31 July 2012 £
Cash and short term deposits	5,047,344	1,218,207
Cash held with fund managers for reinvestment	1,771,338	2,039,763
	<u>6,818,682</u>	<u>3,257,970</u>

27 Capital commitments

	30 June 2013 £	31 July 2012 £
Capital commitments at 30 June 2013 are as follows:		
Authorised and contracted for	457,920	495,000
Authorised but not yet contracted for	<u>-</u>	<u>-</u>

HOMERTON COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 June 2013

28 Post balance sheet event

In October 2013 the College participated in a bond issue jointly with a number of other Cambridge colleges. This raised £5.8m of long term unsecured funding which will be used for the development of the Homerton Business Centre.