

Charity Registration No: 1137471

HUGHES HALL

**RECOMMENDED CAMBRIDGE
COLLEGE ACCOUNTS**

**FOR THE YEAR ENDED
31 JULY 2020**

HUGHES HALL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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REFERENCE AND ADMINISTRATION DETAILS FOR THE YEAR ENDED 31 JULY 2020

Name of College:

The President and Fellows of Hughes Hall in the University of Cambridge

Address: Hughes Hall
Cambridge
CB1 2EW

Charity Commission Registered No: 1137471

Advisors:

Auditors Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge
CB1 2LA

Solicitors Ashton Legal
Chequers House
77-81 Newmarket Road
Cambridge
CB5 8EU

Mills & Reeve
Francis House
112 Hills Road
Cambridge
CB2 1PH

Bankers Lloyds Bank
3 Sidney Street
Cambridge
CB2 3HQ

Fund Managers Cazenove Capital
1 London Wall Place
London
EC2Y 5AU

Senior officers:

Head of House	Dr Anthony Freeling
Bursar	Mrs Victoria Espley
Senior Tutor	Dr Philip Johnston

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REFERENCE AND ADMINISTRATION DETAILS FOR THE YEAR ENDED 31 JULY 2020

Charity Trustees (Members of the Governing Body)

The trustees of the College during the period 1 August 2019 to 31 July 2020 were:

Head of House Dr A Freeling (President) *

Fellows:

Mrs Heidi Allen (Appointed 6 May 2020)	Dr Agnieszka Iwasiewicz-Wabnig *
Mr Mark Anderson	Dr Philip Johnston *
Dr Stephen Axford *	Dr Arne Jungwirth (Resigned 30 September 2019)
Dr Mark Bale	Prof James Kaufman
Prof Michael Barrett	Dr Tobias Kohn (Appointed 10 February 2020)
Dr Heather Blackmore	Dr Yuri Korolev
Dr Hilary Burton *	Dr Alastair Lockhart
Dr Stephen Cave	Dr Andrew Mackintosh
Mr William Charnley	Dr Timea Nocht (Appointed 10 February 2020)
Dr Othman Cole	Prof William Nuttall
Mr Martin Coleman *	Dr Ajith Parlikad
Dr Bart de Nijs	Mr Tim Pilkington (Resigned 31 March 2020)
Dr Paula De Oliveira-Banca	Prof Jonathan Powell *
Dr Bernard Devereux	Mrs Laurel Powers-Freeling
Prof Gishan Dissanaike	Dr Aisling Redmond
Dr Claire Donnelly	Dr Corinne Roughley *
Prof John Doorbar	Dr Ricardo Sabates-Aysa
Dr Lydia Drumright (Resigned 25 February 2020)	Dr Carole Sargent
Prof Ming Qing-Du	Dr Kishore Sengupta
Dr Pete Dudley	Dr Eugene Shwageraus *
Mrs Victoria Espley *	Prof Nidhi Singal
Prof Tamsin Ford (Appointed 1 March 2020)	Dr Jeffrey Skopek
Dr Markus Gehring	Dr Jacob Stegenga
Prof Emanuele Giovannetti	Dr Martin Steinfeld
Dr Miguel Gonzalez Zalba	Prof Andreas Stylianides
Mr Nick Gray	Prof Paul Tracey
Dr Sara Hennessy	Dr Caroline Trotter
Dr Danika Hill (Resigned 30 April 2020)	Dr Suzanne Turner
Dr Sarah Hoare	Dr Lars Vinx *
Prof Ian Hodge (Resigned 30 September 2019)	Prof Rupert Wegerif
Dr Riikka Hofmann (Appointed 11 March 2020)	Dr Clive Wells
Dr Sonia Ilie	Dr Jessica White
Prof Bill Irish *	Dr Vanessa Wong (Resigned 30 April 2020)
	Dr Nigel Yandell

Those members of the Governing Body marked * (together with the student President and Secretary of the Middle Common Room) served as members of the College Council within the period.

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2020

Operating and Financial Review

Introduction

The College's review of 2019/2020 is being presented against the extraordinary backdrop of a global community responding to the Coronavirus pandemic. The collegiate university adapted swiftly to this rapidly changing world, and a review of our actions, the initial impact and future considerations relating to Covid-19 are described on page 12.

The College owes its origins to the Cambridge Training College for Women founded in 1885 which was subsequently incorporated under the Companies Act. In October 1950 the College changed its name to the Elizabeth Phillips Hughes Hall Company. It continued to admit only women training to become teachers until 1968 when it admitted other women graduates and, in that same year, became an Approved Society in the University. In 1973 it admitted its first male students and in 1985 became an Approved Foundation of the University. The College petitioned for the grant of a Charter of Incorporation which was given under the title of 'The President and Fellows of Hughes Hall in the University of Cambridge' in July 2006; no longer a limited company, it is now known as 'Hughes Hall' and is one of 31 self-governing colleges within the University of Cambridge.

Our vision for Hughes Hall is to be a recognized leader in the University of Cambridge by 2050: a pioneering college for the third millennium. We are dynamic in our approach, developing a unique global impact at the cutting-edge of the academic, professional and commercial worlds.

From its earliest days the College has been pioneering and innovative. The College's Victorian benefactors were unique in admitting women graduates and offering provision for graduate students specifically. Once Cambridge finally admitted women undergraduates the College became an integral part of the drive to develop post-graduate education, as the University expanded the range of post-graduate degrees from the 1960s. During this period the College grew to nearly 400 students and developed its estate, extending the original building, now renamed the Margaret Wileman building, and erecting Chancellors' Court, the Centenary building and the Fenner's building.

By the time it received its Royal Charter in 2006 the College was already developing its distinctive intellectual strengths and reputation as a 'bridge' between academia and the wider world, a nexus of open, transformative practice and research. Since then, it has continued to evolve whilst retaining its tradition of a diverse, friendly atmosphere that rewards fresh thinking. Key developments include the College's growth from 400 to 850 students, the election of a stronger and more diverse Fellowship, and an increase in staff to enhance both academic and pastoral support. Over the last ten years the College has raised more than £3m for scholarships, and expanded its library and study facilities, as well as increasing its student accommodation by over 100 rooms, including Gresham Court in 2016.

As a group, the formal "Fellows" of the College form the Governing Body, the highest authority in the College – they are also the College's charity trustees. The broader senior membership is made up of over 200 Honorary, Life, By and Quondam Fellows, as well as Associates and Research Associates. This incorporates a wide range of scholars and professionals into the intellectual and communal life of the College. As a group these individuals represent the core academic, cultural and institutional leadership of the College community. Most of the College's senior membership work in highly interdisciplinary ways and have intellectual interests that cross traditional boundaries and disciplines.

Hughes Hall is proud of its unique Bridge Fellows (formerly known as City Fellows) scheme, which appoints individuals from non-academic walks of life to foster the College's links to the UK business and policy community and to enhance the professional range of the College's senior membership. We are now actively working to increase the diversity and inclusiveness of our senior membership and Fellowship, in particular in terms of gender and ethnicity.

An important feature of collegiate life at Hughes Hall is that students and the senior membership mix freely, with no separate provision at regular meals or in the use of the College's recreational facilities. In a distinctive way, fostered by the egalitarian and mature atmosphere of the College, all members, whether student, Fellow or other senior member, have opportunities to share interests and learn from one another in the relaxed interdisciplinary environment of the College.

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2020

Scope of the financial statements

The consolidated financial statements cover the activities of Hughes Hall, Hughes Hall Ltd, Hughes Hall (Hong Kong) Ltd and Hughes Hall Conference Company Ltd.

Hughes Hall Ltd is a wholly owned subsidiary of Hughes Hall and its principal activity is to design and build new residential accommodation at Hughes Hall. The Directors are all trustees of Hughes Hall.

Hughes Hall (Hong Kong) Ltd is a wholly owned subsidiary of Hughes Hall, incorporated and domiciled in Hong Kong. Its principal activity is the promotion of learning and education at Hughes Hall, University of Cambridge. It was set up to facilitate the processing of donations from Hong Kong based benefactors. It is audited separately in Hong Kong by local accountants to satisfy Hong Kong regulations and the Hughes Hall consolidated accounts include the draft Financial Statements for Hughes Hall (Hong Kong) Ltd for the year ended 31 July 2020.

Hughes Hall Conference Company Ltd is a wholly owned subsidiary of Hughes Hall and its principal activity is delivery of conferences and events. The Directors are all trustees of Hughes Hall.

Objectives of the College

The objectives of the College, as set out in our Royal Charter, are to:

- endow, maintain and carry on a College in Cambridge for graduates and for mature-age students qualified to be matriculated in the University of Cambridge
- promote education, learning and research in the University of Cambridge and elsewhere.

Public benefit

The College, in conjunction with the University of Cambridge, provides an education for mature undergraduate (those aged 21 and above) and postgraduate students, which is recognised internationally as being of the highest standard.

This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities and individual or small-group supervision for undergraduates, as well as pastoral, administrative and academic support for all students through its tutorial and mentoring systems; and
- social, cultural, intellectual, musical, recreational and sporting facilities which enable each of its students to realise their academic and personal potential to the full while studying at the College.

The College advances research through:

- providing Research Fellowships to outstanding academics in the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post
- connecting our academic talent with leaders in policy, practice and commerce, and enable lasting solutions to pressing problems through our translational initiative - the Bridge
- funding and supporting post-doctoral, early career academics in support of our Bridge centres
- supporting the research work of its students and Fellows by promoting interaction across disciplines, providing facilities for seminars and developing a community of researchers; and
- fostering academic networking by encouraging visits from outstanding academics as Visiting Fellows and Visiting Scholars.

The College maintains a Library (the Edwin Leong Library) which provides a valuable resource for students and Fellows of the College.

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2020

The College admits students who have the highest potential for benefiting from the education provided by the College and the University, regardless of their gender or their financial, social, religious or ethnic background.

In 2019/20 Hughes Hall had 15 tutors, (increasing from 13 tutors in 2018/19), each with responsibility for a student group, 7 of the tutors (Governing Body Fellows) had a full allocation of students and 8 were Associate Tutors (normally not Governing Body Fellows) with a reduced allocation of students. Tutors see undergraduates every term, and postgraduates at the start of their course and then on request. Tutors are an important source of support, both for regular matters like grant applications, and for occasional difficulties, whether personal, financial, or academic. In addition, tutors read termly supervision reports for their students. Tutors then follow up any issues raised.

The tutors meet regularly in term-time, and discuss general issues relating to the student body and any individual issues where their collective wisdom can be of benefit. The tutorial team acts in strict confidence, as is appropriate.

As part of its strategy of providing the highest standard of education, the College arranged major lectures or dinner talks in 2019/20 for students, senior members and invited guests. These covered four subject areas: Law (Charnley Dinner), Medicine (Zimmern Lecture and Dinner), Northern Life & Literature (Berg Rust Lecture) and Anglo-Saxon, Norse & Celtic (Kathleen Hughes Lecture). These events allow participants to hear distinguished invited speakers from the College and the wider world, who present engaging, stimulating, and sometimes provocative talks on their areas of expertise.

The College's Development Office works in partnership with the University of Cambridge on the Alumni Weekend in September, staging a variety of events including a lecture and dinner for Hughes alumni. It also holds several alumni gatherings throughout the year and around the world including Hong Kong, Singapore and the United States. The onset of COVID19 in March meant that all in-person activities for alumni stopped along with travelling to continue with the College's relationship building strategies. Everything moved to virtual formats.

The College hosted a programme of musical events in 2019/20 which included:

- Margaret Wileman Series - early evening formal concerts open to all students and senior members as well as the local community
- Music in the Pavilion Room – designed to have wider appeal, and particularly to engage the local community
- Music Cafés – designed specifically to encourage students to participate in informal musical evenings with repertoire across a wide range of styles; and
- Stradivari Trust concerts – given by some of the leading young string soloists and chamber groups currently working in the UK.

Funding

The College funds its activities from academic fees, charges for student accommodation and catering, income from its conferencing business, income from investments and donations. The two most significant ordinary income streams are income from student accommodation of £2.25m (£2.76m in 2018/19) and fees for postgraduate students of £2.15m (£2.05m in 2018/19). The College received £1.92m (£0.76m in 2018/19) in donations including £1.11m legacy donations. The income from investments is relatively modest compared to other Colleges at £0.39m (£0.40m in 2018/19).

Structure, Governance and Management

The Governing Body, comprising the President and Fellows, is responsible for the governance of the College; it meets formally twice per term and on other occasions if necessary. The President and Officers are accountable to the Governing Body. The Governing Body is constituted and regulated in accordance with the College statutes and is the body responsible for the strategic direction of the College, and its members are the Charity's trustees.

The College Council is delegated responsibility by the Governing Body for all matters relating to the administration of the College. The College Council comprises the President, Vice President, Pro-Vice-President, Senior Tutor, Bursar, Development Director, Director of Research Translation, six other members of the Governing Body (the latter

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REPORT OF THE TRUSTEES (continued) **FOR THE YEAR ENDED 31 JULY 2020**

each elected by the Governing Body for periods of three years) and the President and Secretary of the Middle Common Room (MCR). The Officers of the MCR participate for Unreserved Business. It meets formally twice per term and on other occasions if necessary.

Declarations of interest are made systematically at every meeting of Governing Body and Council.

The College has a number of sub-committees of Governing Body and of Council which are listed in the Governance section of this report. These include Audit Committee and Finance Committee. The responsibilities of Finance Committee include setting the strategy and processes for financial regulation within the College and the Audit Committee is responsible for ensuring that those processes are followed.

The College appoints an Academic Convenor who is responsible for establishing a programme of events to enliven the academic life of the College and to build academic links between junior and senior members.

In 2019/20 Hughes Hall had 771 fee-paying students (742 in 2018/19), plus 85 students no longer paying fees but yet to complete their course by, for example, writing up dissertations. They cover the full range of courses: Bachelors, Masters (and other 1-year postgraduate) and Doctoral courses. Most students were full-time, but 152 (138 in 2018/19) were part-time (MEd, MSt, Executive MBA, part-time MPhil and PhD). For fees purposes the number of students on a full-time equivalent basis was 692 (678 in 2018/19).

The College student body was made up of students of 65 nationalities in 2019/20 (81 nationalities in 2018/19).

Hughes Hall has several funds to assist students with financial support including funds for Scholarships, Prizes, Hardship and Travel.

Scholarships

Scholarship are administered by the Admissions Committee, and are awards made on academic grounds to applicants to the College. In 2019/20 Hughes Hall allocated awards to the value of £81,501 (£68,981 in 2018/19) and administered awards to the value of £152,661 (£191,403 in 2018/19) from external benefactors.

Prizes

In 2019/20 the College awarded prizes for outstanding academic achievement to the value of £3,250 (£3,950 in 2018/19) as follows:

- 15x E.M. Burnett Prizes for Distinction in MAST or First Class in LLM/MCL
- 1x E.M. Burnett Prizes for Merit in MAST or First Class in non-final year BA
- 2x William Charnley Prizes for Law
- 1x Lowman Prize for Education

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2020

Other Funds

Fund	Description	Total £ 2019/20	Total £ 2018/19
Hardship Bursaries	For unforeseen hardship in maintenance and/or accommodation	£10,531	£8,481
Conference Travel	For all postgraduates, and for undergraduates when a course requirement. Generously supported by a benefactor.	£15,781	£25,410
Varsity Sport	For athletes participating in University sports teams	£2,960	£5,246
Language Course Support	For students who study a language other than English alongside their course, normally through the Language Centre's programme (CULP)	£2,005	£2,475
Innominate Fund	For various financial needs up to £250, e.g. PhD Thesis binding, small hardship.	£2,806	£2,963

Fundraising and Alumni Relations

William Conner was appointed Director of Institutional Advancement in June 2019 and began the role on 1 September 2019. There were a number of changes within the team during the year. The College has limited developed relationships, both alumni and non-alumni, of a scale that can make a difference to the College's finances. The priority of the development team therefore remains to grow the College's major gifts and to work on improving organisational systems and processes, establishing a regular giving programme, enhancing donor stewardship and seeking engagement with donor prospects interested in research and subject areas that are priorities of the College, most particularly the portfolio of Bridge translation projects. The results for the 2019/20 year broke all records, reflecting the investment in people and systems over the previous years.

Alumni events and visits were held in London, New York, San Francisco and Dubai together with a number of successful academic and social events in College that enabled us to engage both alumni, students and guests in pursuit of our broader objectives. All trips to Asia were cancelled and a trip to the US was curtailed due to the onset of the pandemic.

The fundraising received in the year focused on funding for Scholarships and Bursaries, Research and Travel grants. We finished the year with a highly successful emergency fund to support the College and its students during a time of great need as the pandemic worsened. Over 120 first time donors provided support and a number of alumni made substantial commitments to help. The Centre for Climate Change Engagement received a £4.5 million commitment which will transform this Bridge centre.

Communications activity continued to improve through regularly refreshed and updated content on all platforms. Social media continued to engage audiences and followers on all platforms increased.

In June 2020, the Development Office received word from Blackbaud, its database provider, of a data breach. This was experienced by many colleges in Cambridge and indeed nationally. We followed the established procedures and reported the breach to the appropriate office in the University and to the Information Commissioner's Office. All alumni affected were notified and we have received assurances that the issue has been resolved at Blackbaud.

The College is registered with the Fundraising Regulator. The College does not use external professional fundraisers or commercial participators and carries out fundraising activities, primarily through its Development Office, in collaboration with Cambridge University Development and Alumni Relations office as appropriate. The College pursues a traditional approach to fund-raising, seeking alumni participation through regular giving schemes and approaches to donor prospects for supporting research-led initiatives in the College. In addition to seeking financial and other support for the College, the Development Office is also responsible for broader alumni relations.

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2020

Techniques used include face to face fundraising by private meeting, the promotion of legacy giving, periodic telephone campaigns to members of the College's community and opportunities for online giving via the website. Training is given to all individuals who undertake fundraising activities to ensure that they know how to handle an obviously vulnerable person and to protect vulnerable people and the wider public from unreasonably intrusive, persistent methods or undue pressure. There have been no formal complaints made about fundraising (prior year none).

Income and Expenditure

For the financial year from 1 August 2019 to 31 July 2020 the Group recorded a surplus of £2.28 (£2.02m in 2018/19). Total income was £6.99m (£7.64m in 2018/19) before donations and legacies of £1.92m (£0.76m in 2018/19) and Colleges Grant of £0.92m (£0.88m in 2018/19).

Within the £6.99m, income from academic fees and charges increased to £3.35m as at 31 July 2020 (£3.18m as at 31 July 2019) as student numbers increased. Income from accommodation and catering for College Members decreased to £2.61m (£3.35m in 2019) due to the impact of the initial pandemic lockdown and subsequent restrictions on communal dining. Income from accommodation and catering for Conference guests decreased to £0.38m (£0.62m in 2019) as all conferences and events booked for Easter and summer were cancelled due to Covid-19 restrictions. There was £0.66m in investment and other income (£0.48m in 2019).

Ordinary expenditure during the year was £6.89m (£6.97m in 2018/19) which included a £0.50m (£0.47m in 2018/19) charge for depreciation. Capital funding costs of £0.74m (£0.58m in 2018/19) were all interest costs. Within the £6.89m (£6.97m in 2018/19) expenditure there were staff costs of £2.86m at 31 July 2020 (£2.70m at 31 July 2019) an increase due to recruitment within the Bursarial, Development and Domestic Operations departments to support the operations of the College.

	2020 Total	2019 Total
	£	£
Ordinary Income	6,994,615	7,640,550
Ordinary Expenditure	(6,891,868)	(6,967,704)
Surplus on ordinary income	102,747	672,846
Donations received including legacy	1,922,546	758,187
Capital Grant from Colleges Fund	920,000	876,000
Funding costs	(736,562)	(583,321)
Effect of other gains, losses and charges	68,534	293,796
Total comprehensive income for the year	2,277,265	2,017,508

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2020

Endowment and investment performance

As at August 2019, the College held investments in two portfolios, the Endowment Fund and Amalgamated Fund, which are managed by its investment managers, Cazenove Capital, part of the Schroders Group. The investment portfolio is monitored and reviewed by the College's Investment Committee, which includes in its membership Fellows and others with significant investment management expertise.

In October 2019, the Governing Body approved the College's revised investment strategy, restructuring the portfolio comprised of the Endowment and Amalgamated Funds, to create two new funds; the Estates Development Fund, comprising liquid funds expected to be required by the College within the next five years to finance a major strategic development; and the Long-Term Fund, comprising the other College investment funds to be invested on a long-term basis with the aim of growing its value in real terms.

This policy, therefore, aims to protect the values of the portfolios in real terms by striking a balance between the interests of the present members of the College and future generations, whilst supporting the strategic vision of the College for its growth and expansion.

Unrestricted reserves in the year increased from £37.75m to £39.94m. As at 2020, the fixed assets were £36.90m (£37.24m in 2018/19). In addition, the College held £30.85m (£29.16m in 2018/19) of investments and £2.21m (£1.65m in 2018/19) in cash and cash equivalents.

The Long-Term Fund was valued at £7.03m on 31 July 2020 and is invested as permanent capital, with the decrease year-on-year (£13.84m in 2018/19) due to the restructure of the portfolio in line with the revised investment strategy. The investment managers have been set a target of Total Return of CPI +3.5%, over a rolling five-year period.

The Estates Development Fund was valued at £13.73m (£5.29m in 2018/19) on the 31 July 2020. The managers will measure the fund's performance against cash rates, with the key performance metric of inflation.

Total funds held by Cazenove at 31 July 2020 were £30.85m (£29.16m in 2018/19) and included £10m in Blackrock Sterling Fund from monies raised through a private placement in 2019.

Cazenove maintains a Socially Responsible Investment policy, conducting research into the social, environmental, ethical and corporate governance stance of the companies selected for investment and rating individual firms.

Capital Expenditure

The College is actively seeking to improve its provision for accommodating students. It is doing this by increasing the number of rooms available as well as improving the quality of accommodation and social spaces provided.

In the summer of 2020, the College carried out renovations of its Margaret Wileman building. Kitchens and bathrooms were reconfigured and updated to enhance facilities and enable distancing between households in response to the pandemic. The refurbishment of the College's Council Room included furnishings, floorings, improved IT equipment and a one-way access system. The College's Devonshire Court accommodation underwent kitchen and bathroom replacements, continuing the College's improvement of the student environment.

During the financial year, the College had 422 rooms available for students to rent (of which 12 are flats/studios). 284 (including 6 flats/studios) were in buildings on the central College site surrounding the cricket field, 97 were in houses or developments owned or managed by the College, located in residential streets in the local area and 41 rooms (including 6 flats/studios) were leased from other colleges and occupied by our students.

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2020

Reserves Policy

As the College intends to continue to pursue its objectives in perpetuity, it views its investments strategically over the long term. The principal aim is to protect and maintain the real value of its endowment capital, and to continue to increase its unrestricted funds and reserves as much as possible over that extended period, whilst seeking an equitable funding balance between the interests and aspirations of present members and those yet to come, and the retention of an ability to cope with sudden unforeseen financial upheavals and opportunities. This aim has proven very valuable during the recent pandemic.

Remuneration Policy

No Trustee receives any remuneration, or any other benefit, for acting as a trustee of the College. Trustees only receive out-of-pocket expenses, incurred in the course of carrying out their duties as trustees. Outside of their role as a Trustee of the College, the President and any Fellow of the College may receive such remuneration and any other benefits in respect of any employment, or College Office or College Post, or other post or appointment, as the College's Ordinances authorise.

The College has a Remuneration Committee made up of five non-conflicted trustees. The Remuneration Committee acts as an independent advisory body to the Governing Body. The Remuneration Committee is charged with the scrutiny and management of College policies on remuneration and benefits payable to the President and Fellows of the College.

The Remuneration Committee makes recommendations to the Governing Body in respect of:

- (a) remuneration and benefit policies
- (b) salary and stipend scales
- (c) honoraria, including bonuses
- (d) terms and conditions of employment; and
- (e) any scheme of allowances and benefits.

Details of remuneration for key management personnel are outlined in Note 9. Details of related party transactions with Trustees are outlined in Note 28.

Principal risks and uncertainties

The Governing Body maintains a Risk Register, updated in April 2020 to incorporate pandemic-associated risks. The key potential financial uncertainties and risks are:

- Reduction in income from students due to a fall in student numbers or changes to the fees structure
- Reduction in income or increase in costs resulting from the UK's departure from the European Union
- increases in the costs of providing future student support
- the long-term cost of pension provisions
- the risk of ongoing industrial action by academics against the broader University and/or colleges
- movements in investment markets reducing the value of the investment assets; and
- an uncertain economic and financial environment putting pressure on the College's ability to raise development funds.

The College constantly monitors these risks, by reviewing the Risk Register as a standing item at each Audit Committee, who look at ways to mitigate the effects on the College's financial position. Individual committees regularly assess their related risks, to ensure oversight and evaluation of each risk category.

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2020

Progress made against plans during the year

During the year the College continued to develop its distinctive academic profile by expanding the Bridge initiative, which leverages the College's multi-disciplinary perspective, international nature and external focus to bring the research and expertise of its academic community to solve real world problems.

The College made significant progress on its masterplan for infrastructure developments over the next decade. Private placement funding secured in 2018/19 alongside its liquid funds will ensure the College can expedite decisions and maximise opportunities to develop a physical infrastructure to match its aspirations for the future.

Responding to COVID-19

Covid-19, the disease caused by the SARS-CoV-2 virus, has had a profound impact on the College community and the Higher Education sector. In March 2020, all students were advised to leave Cambridge if possible and teaching, welfare support and examinations were delivered online for the rest of the academic year. The College supported 186 of its resident students who could not return home, accessed central funds to financially assist students with unforeseen travel costs, and ensured continuation of its essential on-site operations, within the government guidelines. The majority of College staff worked remotely, showing flexibility and resilience in challenging circumstances, or were put on furlough leave under the Coronavirus Job Retention Scheme. As lockdown measures eased, the College ensured staff returning to work in College were protected with comprehensive virus control measures, whilst staff who were able to continued to work from home.

The University and the Colleges have worked collaboratively since the start of the pandemic with joint planning and recovery streams. Scenario planning considered the implications of potential outcomes on the student experience, research, our people, our infrastructure and our finances, incorporating lessons learned and opportunities for the future. A comprehensive plan for reopening University buildings and providing the best possible education and student experience for the 2020/21 academic year was formulated in close consultation with the City Council and local Public Health agencies. The plan included development of testing facilities and the communication campaign Stay Safe Cambridge Uni, which defined expectations of behaviour across the entire community. The College adapted to ensure it was agile across every aspect of its academic, financial and operational activities, and by June 2020, the operations teams had begun to plan how to safely operate within the College.

The pandemic has had an undeniable financial impact on the College. The principal detriments up to 30 June 2020 were the loss of student rental income following the departure of the majority of students during initial lockdown. The significant proportion of funds being held as cash reduced the potential impact on endowment assets during market turbulence. The key considerations going forward are projected reductions in conferencing, summer school and catering income, due to virus control measures reducing communal activities.

Plans for the future

Hughes Hall purpose is to improve society worldwide through excellent teaching and research, bridging the academic and external worlds, and foster an interdisciplinary environment that is global in outlook, egalitarian in ethos and cosmopolitan in character.

To achieve this, we shall continue to:

1. Foster an interdisciplinary, inspirational and inclusive environment for our members
2. Support mature undergraduate and postgraduate students in achieving their potential through personalised teaching, mentoring, welfare and funding
3. Connect our academic talent with leaders in policy, practice and commerce, and enable lasting solutions to pressing problems through our translational initiative - the Bridge.

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REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2020

The College plans to ensure that its physical infrastructure matches and facilitates its aspirations. This will require additional land and buildings both for student accommodation and public spaces and providing study rooms for Fellows. We shall be looking to finance these new initiatives through a combination of long-term lending, continued control of our costs and by launching a new fund-raising campaign.

In the short term, the College will provide the best possible student education and experience under variable approaches to social distancing, while operating within our means, being prepared to open up more and faster if there is no serious second wave. The agenda for the year will focus on four cross-departmental initiatives:

1. Implementing the Covid-19 Recovery Plan
2. Accelerating the programme of action to enhance quality and diversity across the College
3. Implementing the College's Carbon Reduction Policy, to achieve zero carbon by 2038
4. Continuing with Estate Development plans.

These will be supported by the departmental agenda priorities:

- **Academic** Develop a distinctive academic profile for the college as it continues to grow, based on translation of research into practice in our focus areas, building on previous initiatives to attract, develop and support all members of the academic community
- **Bursarial** Deliver operational resilience, executional capability, financial strength as well as strategic adaptability and versatility, achieved by instilling a culture of excellence, cost effectiveness and continuous improvement across all areas of our operations
- **Development** Raise £200,000 in unrestricted funds annually and at least £1m during the year for our fund-raising priorities, fully integrating the development team with the rest of the College to improve our administration and stewardship of donations, and lead preparations for a capital fundraising campaign
- **Communications** Develop a communications strategy using innovative campaigns, to showcase the College and confirm its place as the most attractive graduate college in Cambridge.

Corporate Governance

1. The following statement is provided by the Governing Body 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 1137471) and subject to regulation by the Charity Commission for England and Wales. The members of the Governing Body are the charity trustees and are responsible for ensuring compliance with charity law.
3. The Governing Body members are advised in carrying out their duties by a number of Committees:

Admissions Committee
Audit Committee
Bridge Committee
Development Strategy Group
Estates Committee
Fellowships Committee
Finance Committee
Governance Committee
House Committee
Investments Committee
Prevent Committee
Remuneration Committee
Staff Strategy Committee

HUGHES HALL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 JULY 2020

All Committees meet at least twice per academic year.

4. The principal officers of the College are: Dr A Freeling (President), Mrs V Espley (Bursar) and Dr P Johnston (Senior Tutor).
5. 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 and internal auditors; to consider reports submitted by the auditors, both external and internal; to monitor the implementation of recommendations made by the auditors; to make an annual report to the Governing Body. Membership of the Audit Committee consists of Mr N Brown, Dr M Bellamy, Mr P Dudley, Prof W Irish, Dr K Sengupta, Mr W Charnley and Mr N Gray.
6. There are Registers of Interests of Trustees, the Finance Committee and of the Audit Committee and other key personnel. Declarations of interest are made systematically at each of the meetings listed above.
7. The College's Trustees during the year ended 31 July 2020 are set out on page 3.

Statement of Internal Control

1. 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.
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 systems of internal control are designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 31 July 2020 and up to the date of approval of the financial statements.
4. Governing Body is responsible for reviewing the effectiveness of the system of internal control.
5. Governing Body's review of the effectiveness of the system of internal control is informed by the work of the various Committees, Bursar, and other 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.
6. The College's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:
 - comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed by the Finance Committee on behalf of Council
 - regular reviews by the Council of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
 - setting targets to measure financial and other performance
 - clearly defined purchasing (asset purchase or capital investment) guidelines
 - delegation of authority and segregation of duties; and
 - identification and management of risks.

REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 JULY 2020

Responsibilities of the Governing Body

Governing Body 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).

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, the members of Governing Body are 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 College will continue in operation.

Governing Body is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of 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 College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governing Body 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.



Member of College Council and Governing Body

Date: 2/12/20

HUGHES HALL

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL FOR THE YEAR ENDED 31 JULY 2020

Opinion

We have audited the financial statements of Hughes Hall for the year ended 31 July 2020 which comprise the consolidated statement of comprehensive income and expenditure, the consolidated and College statement of changes in reserves, the consolidated and College balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of its incoming resources and application of resources 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 requirements of the Charities Act 2011 and the Statutes 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 G,II, 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College'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 Governing Body are responsible for the other information. The other information comprises the information included in the Annual Report of the Trustees other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

HUGHES HALL

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HUGHES HALL (continued) FOR THE YEAR ENDED 31 JULY 2020

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' annual report is inconsistent in any material respect with the financial statements
- sufficient accounting records have not been kept
- 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 the Governing Body

As explained more fully in the Responsibilities of the Governing Body, set out in the Trustee's Report, the Governing Body 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 Council in conjunction with the Governing Body determine 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 Council in conjunction with the Governing Body are responsible for assessing the College'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 trustees either intend to liquidate the College 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 auditors' 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/auditors. This description forms part of our auditors' report.

Use of our report

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

Peters Elworthy & Moore

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 15 December 2020

Peters Elworthy & Moore is eligible to act as an auditor in terms section 1212 of the Companies Act 2006.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2020

Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom accounting standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the SORP) and with Financial Reporting Standard FRS102 (FRS102).

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 8.

The College is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

The functional and presentational currency of the College is GBP. The level of rounding applied is to the nearest £.

Going concern

The global health crisis caused by COVID-19 has had a significant impact on all businesses. Virtually all College activities ceased as the majority of students returned home in March 2020. Students have returned to the College at the start of the new academic year in October 2020 therefore the majority of College activities have resumed. However, it is unlikely that the conference activity will be able to resume in the immediate future.

The Trustees have prepared forecasts for the period to 2023 which have been stress tested based on a number of scenarios and have considered the impact upon the College and its cash resources and unrestricted reserves. The College has taken measures to reduce its cost base in order to combat the reduction in revenues and to extend financial headroom. The College has sought to utilise financial measures announced by the Chancellor of the Exchequer, on behalf of HM Treasury to support and provide funding to businesses during this time. The College also has significant investments which could be realised if required.

Based upon their review the Trustees believe that the Group will have sufficient resources to meet its liabilities as they fall due for the foreseeable future and therefore have continued to adopt the going concern basis in preparing the financial statements

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments which are included at valuation.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings. Details of the subsidiary undertakings included are set out in note 26. Intra-group balances are eliminated on consolidation.

The Group assets show a lower level of reserves compared to the College as the latter includes administrative charges payable by its subsidiary Hughes Hall Ltd.

Recognition of income

Academic fees

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 JULY 2020

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 endowments

Non exchange transactions without performance related conditions are donations and endowments. Charitable donations are recognised on receipt or when the College is entitled to the income and the value can be measured reliably. Donations and endowments with donor-imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the College is entitled to the income. Income is retained within restricted reserves until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College
3. Restricted expendable endowments – the donor has specified a particular objective and the College can convert the donated sum into income
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to 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.

Investment income and change in value of investment assets

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 endowment fund.

Other income

Income is received from a range of activities including accommodation, catering conferences and other services rendered and is recognised in the period in which the goods or services are delivered

Legacy accounting policy

For legacies, entitlement is taken as the earlier of the date of which either: the College is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the College has been notified of the executor's intention to make a distribution. Where legacies have been notified to the College, or the College is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 JULY 2020

Cambridge Bursary Scheme

In 2019-20, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). The College reimbursed the SLC for the full amount and the University of Cambridge and other Colleges paid their shares to the College.

Each College shows the gross payment made to eligible students within education expenditure and the contribution from the University and other Colleges as income within academic fees and charges.

The net payment of £30,603 is shown within the Consolidated Statement of Comprehensive Income and Expenditure as follows:

Income (see note 1)	£217,868
Expenditure	£248,471

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 contract, at contract rates. The resulting exchange differences are dealt with in the determination of the comprehensive income and expenditure for the financial year.

Fixed assets

Land and buildings

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to 1 August 2014, the date of transition to SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of 70 years.

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

The cost of additions to operational property shown in the balance sheet includes the cost of land. Furniture, fittings and equipment costing less than £2,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated (on a straight line basis) over their expected useful life as follows:

Furniture and fittings	20.0% per annum
Kitchen equipment	12.5% per annum
Computer equipment	20.0% per annum

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Heritage assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 1 August 2014 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 JULY 2020

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 cost and eliminated on consolidation. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value/market value.

Stocks

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items.

Debtors

Short term debtors are measured at transaction price, less impairment.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price.

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 benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities and assets

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.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

Financial instruments

The College has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement and disclosure of financial instruments. Financial assets and liabilities are recognised when the College becomes party to the contractual provision of the instrument, and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 JULY 2020

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments, which are not subsidiaries or joint ventures, are initially measured at fair value which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the Statement of Comprehensive Income. Where the investment in equity instruments is not publicly traded and where the fair value cannot be reliably measured, the assets are measured at cost less impairment. Investments in property or other physical assets do not constitute a financial instrument and are not included.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of ownership are transferred to another party.

Financial Liabilities

Basic financial liabilities include trade and other payables, bank loans and intergroup loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

To the extent that the College enters into forward foreign exchange contracts which remain unsettled at the reporting date the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The College does not apply any hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

HUGHES HALL

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 JULY 2020

Taxation

The College is a registered charity (number 1137471) and also a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 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 Contribution under the provisions of Statute G, II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

Under the current rules of the scheme, Hughes Hall has always been a net recipient and not contributor.

Pension costs

Universities Superannuation Scheme (USS)

The College participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was 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 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises 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 income and expenditure account.

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The Governing Body is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Cambridge Colleges Federated Pension Scheme (CCFPS)

The College participates in the Cambridge Colleges Federated Pension Scheme, a defined benefit scheme. There are no current members of staff in the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the Scheme and are accounted for on the basis of providing pensions over the period during which the College benefits from the employees' services.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 JULY 2020

Other pension schemes

The College also operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the College. The annual contributions payable are charged to the Income and Expenditure Account.

Critical accounting estimates and areas of judgement

The preparation of the College's accounts requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities.

Income recognition – Judgement is applied in determining the value and timing of certain income items to be recognised in the accounts. This includes determining when performance related conditions have been met and determining the appropriate recognition timing for donations, bequests and legacies. In general, the later are recognised when at the probate stage.

Useful lives of property, plant and equipment – Property, plant and equipment represent a significant proportion of the College's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the College's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experiences with similar assets, professional advice and anticipation of future events. Details of the carrying values of property, plant and equipment are shown in note 10.

Recoverability of debtors – The provision for doubtful debts is based on the College's estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

Retirement benefit obligations – The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 25.

Management are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the accounts.

As the College is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2018 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2028. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 25.

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.

HUGHES HALL

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 JULY 2020

	Note	2020 Unrestricted £	2020 Restricted £	2020 Endowment £	2020 Total £	2019 Unrestricted £	2019 Restricted £	2019 Endowment £	2019 Total £
Income									
Academic fees and charges	1	3,102,106	243,950	-	3,346,056	3,142,760	39,153	-	3,181,913
Accommodation, catering and conferences	2	2,993,450	-	-	2,993,450	3,976,066	-	-	3,976,066
Investment income	3	346,594	40,703	-	387,297	346,569	57,411	-	403,980
Other income	4	267,812	-	-	267,812	78,591	-	-	78,591
Total income before donations and endowments		6,709,962	284,653	-	6,994,615	7,543,986	96,564	-	7,640,550
Donations		275,998	532,466	-	808,464	141,960	616,227	-	758,187
Legacy Donations		1,114,082	-	-	1,114,082	-	-	-	-
Capital grant from Colleges Fund		920,000	-	-	920,000	-	-	876,000	876,000
Total income		9,020,042	817,119	-	9,837,161	7,685,946	712,791	876,000	9,274,737
Expenditure									
Education	5	2,953,560	628,502	-	3,582,062	3,284,008	430,630	-	3,714,638
Residences, catering and conferences	6	3,309,806	-	-	3,309,806	3,253,066	-	-	3,253,066
Other expenditure	7	548,829	187,182	-	736,011	570,896	148,508	-	719,404
Total expenditure	8	6,812,195	815,684	-	7,627,879	7,107,970	579,138	-	7,687,108
Surplus/(deficit) before other gains and losses		2,207,847	1,435	-	2,209,282	577,976	133,653	876,000	1,587,629
Gain on investments	11	1,632	1,140	86,133	88,905	466,008	(2,336)	(16,159)	447,513
Surplus for the year		2,209,479	2,575	86,133	2,298,187	1,043,984	131,317	859,841	2,035,142
Other comprehensive income									
Actuarial (loss) / gain in respect of pension schemes	17	(20,922)	-	-	(20,922)	(17,634)	-	-	(17,634)
Total comprehensive income for the year		2,188,557	2,575	86,133	2,277,265	1,026,350	131,317	859,841	2,017,508

The notes on pages 29 to 45 form part of these accounts.

HUGHES HALL

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2020

Group	Income and expenditure reserve			Total
	Unrestricted £	Restricted £	Endowment £	
Balance at 1 August 2019	37,749,077	1,135,980	6,640,731	45,525,788
Surplus from income and expenditure statement	2,209,479	2,575	86,133	2,298,187
Other comprehensive income	(20,922)	-	-	(20,922)
Balance at 31 July 2020	39,937,634	1,138,555	6,726,864	47,803,053

College	Income and expenditure reserve			Total
	Unrestricted £	Restricted £	Endowment £	
Balance at 1 August 2019	38,202,032	891,325	6,640,731	45,734,088
Surplus from income and expenditure statement	2,200,671	94,877	86,133	2,381,681
Other comprehensive income	(20,922)	-	-	(20,922)
Balance at 31 July 2020	40,381,781	986,202	6,726,864	48,094,847

Group	Income and expenditure reserve			Total
	Unrestricted £	Restricted £	Endowment £	
Balance at 1 August 2018	36,722,727	1,004,663	5,780,890	43,508,280
Surplus from income and expenditure statement	1,043,984	131,317	859,841	2,035,142
Other comprehensive income	(17,634)	-	-	(17,634)
Balance at 31 July 2019	37,749,077	1,135,980	6,640,731	45,525,788

College	Income and expenditure reserve			Total
	Unrestricted £	Restricted £	Endowment £	
Balance at 1 August 2018	37,162,536	784,571	5,780,890	43,727,997
Surplus from income and expenditure statement	1,057,130	106,754	859,841	2,023,725
Other comprehensive income	(17,634)	-	-	(17,634)
Balance at 31 July 2019	38,202,032	891,325	6,640,731	45,734,088

The notes on pages 29 to 45 form part of these accounts.

HUGHES HALL

CONSOLIDATED AND COLLEGE BALANCE SHEET AS AT 31 JULY 2020

	Note	2020 Consolidated £	2020 College £	Restated 2019 Consolidated £	Restated 2019 College £
Non-Current Assets					
Fixed assets	10	36,903,987	37,348,249	37,244,507	37,688,769
Investments	11	30,850,921	30,850,921	29,157,417	29,157,417
Total non-current assets		<u>67,754,908</u>	<u>68,199,170</u>	<u>66,401,924</u>	<u>66,846,186</u>
Current Assets					
Stocks	12	16,080	16,080	17,772	17,772
Trade and other receivables	13	1,034,135	1,148,222	504,057	504,330
Cash and cash equivalents	14	2,209,517	1,914,842	1,647,999	1,409,714
Total current assets		<u>3,259,732</u>	<u>3,079,144</u>	<u>2,169,828</u>	<u>1,931,816</u>
Creditors: amounts falling due within one year	15	<u>(2,183,848)</u>	<u>(2,155,728)</u>	<u>(1,857,148)</u>	<u>(1,855,098)</u>
Net current assets		<u>1,075,884</u>	<u>923,416</u>	<u>312,680</u>	<u>76,718</u>
Total assets less current liabilities		68,830,792	69,122,586	66,714,604	66,922,904
Creditors: amounts falling due after more than one year	16	(20,664,650)	(20,664,650)	(20,835,038)	(20,835,038)
Provisions					
Pension provisions	17	(363,089)	(363,089)	(353,778)	(353,778)
Total net assets		<u>47,803,053</u>	<u>48,094,847</u>	<u>45,525,788</u>	<u>45,734,088</u>
Restricted reserves					
Income and expenditure reserve – endowment reserve	18	6,726,864	6,726,864	6,640,731	6,640,731
Income and expenditure reserve – restricted reserve	19	<u>1,138,555</u>	<u>986,202</u>	<u>1,135,980</u>	<u>891,325</u>
		7,865,419	7,713,066	7,776,711	7,532,056
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		39,937,634	40,381,781	37,749,077	38,202,032
Total Reserves		<u>47,803,053</u>	<u>48,094,847</u>	<u>45,525,788</u>	<u>45,734,088</u>

The accompanying notes on pages 29 to 45 are an integral part of this balance sheet.

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

Anthony Freeling December 2, 2020

Member of College Council and Governing Body

ANTHONY FREELING, PRESIDENT

HUGHES HALL

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2020

		2020 £	Restated 2019 £
Net cash inflow from operating activities	20	2,838,175	2,486,551
Cash flows from investing activities	21	(1,375,014)	(10,913,248)
Cash flows from financing activities	22	(901,643)	9,255,970
Increase/(decrease) in cash and cash equivalents in the year		<u>561,518</u>	<u>829,273</u>
Cash and cash equivalents at beginning of the year		<u>1,647,999</u>	<u>818,726</u>
Cash and cash equivalents at end of the year	14	<u>2,209,517</u>	<u>1,647,999</u>

The notes on pages 29 to 45 form part of these accounts

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

1	Academic fees and charges	2020	2019
		£	£
	Colleges fees:		
	Fee income received at the regulated undergraduate rate	368,531	342,813
	Fee income received at the unregulated undergraduate rate	578,598	490,058
	Fee income received at the graduate rate	2,154,977	2,052,384
		<u>3,102,106</u>	<u>2,885,255</u>
	Other income:		
	Research Fellow Support (funded through donations)	7,622	36,153
	Bursaries (Cambridge Bursary Scheme and other donations)	236,328	257,505
	Teaching and Other Income (funded through donations)	-	3,000
	Total	<u>3,346,056</u>	<u>3,181,913</u>
2	Income from accommodation, catering and conferences	2020	2019
		£	£
	Accommodation		
	College members	2,245,209	2,751,009
	Conferences	258,442	426,544
	Catering		
	College members	363,672	603,835
	Conferences	126,127	194,678
	Total	<u>2,993,450</u>	<u>3,976,066</u>
3	Investment income	2020	2019
		£	£
	Income from:		
	Quoted securities	321,448	367,191
	Income from short-term investments	65,849	36,789
	Total	<u>387,297</u>	<u>403,980</u>
4	Other Income	2020	2019
		£	£
	Project Admin Recovery	13,602	-
	Miscellaneous Income	22,387	78,591
	Job retention scheme grant	231,823	-
	Total	<u>267,812</u>	<u>78,591</u>
All job retention scheme grant income has been used for wages and salaries.			
5	Education expenditure	2020	2019
		£	£
	Teaching	1,613,507	1,685,092
	Tutorial	419,042	435,470
	Admissions	204,790	224,946
	Research	501,804	423,394
	Scholarships and awards	669,126	757,863
	Other educational facilities	173,793	187,873
	Total	<u>3,582,062</u>	<u>3,714,638</u>

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

6	Accommodation, catering and conferences expenditure	2020 £	2019 £
	Accommodation College members	2,257,817	1,959,194
	Conferences	241,649	362,787
	Catering College members	683,732	815,947
	Conferences	126,608	115,138
	Total	3,309,806	3,253,066
7	Other Expenditure	2020 £	2019 £
	Loan Interest	98,549	102,922
	Bond Interest	638,013	480,399
	Other Expenditure including USS	(551)	136,083
	Total	736,011	719,404

8a Analysis of 2019/20 expenditure by activity

	Staff costs (Note 9) £	Other operating expenses £	Depreciation £	Total £
Education (Note 5)	1,509,216	2,072,846	-	3,582,062
Accommodation, catering and conferences (Note 6)	1,351,582	1,459,993	498,231	3,309,806
Other (Note 7)	-	736,011	-	736,011
Totals	2,860,798	4,268,850	498,231	7,627,879

Expenditure includes fundraising costs of £224,871 (2019: £250,598). This expenditure does not include £79,743 (2019: £63,300) towards the costs of alumni relations.

8b Analysis of 2018/19 expenditure by activity

	Staff costs (Note 9) £	Other operating expenses £	Depreciation £	Total £
Education (Note 5)	1,467,542	2,247,096	-	3,714,638
Accommodation, catering and conferences (Note 6)	1,237,290	1,607,009	408,767	3,253,066
Other (Note 7)	-	719,404	-	719,404
Totals	2,704,832	4,573,509	408,767	7,687,108

8c	Auditors' remuneration	2020 £	2019 £
	Other operating expenses include:		
	Audit fees payable to the College's external auditors	18,500	15,125
	Other fees payable to the College's external auditors	6,320	8,097
		24,820	23,222

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

9	Staff costs				
	Consolidated	Academic £	Non- academic £	2020 Total £	2019 Total £
	Staff costs:				
	Salaries	776,569	1,718,006	2,494,575	2,380,894
	National Insurance	60,598	150,039	210,637	172,803
	Pension costs	81,820	73,766	155,586	151,135
		<u>918,987</u>	<u>1,941,811</u>	<u>2,860,798</u>	<u>2,704,832</u>
		Average staff numbers 2020 Number of Fellows	Full time Equivalent	Average staff numbers 2019 Number of Fellows	Full time equivalent
	Academic	15	17	15	15
	Non-academic	1	52	2	55
	Total	<u>16</u>	<u>69</u>	<u>17</u>	<u>70</u>

Full time equivalent numbers also include fellows.

At the balance sheet date there were 64 (2019: 62) members of the Governing Body. During the year the average number receiving remuneration was 16 (2019: 17) shown above.

No officer or employee of the College, including the Head of House, received emoluments of over £100,000 in either the current or preceding year.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. During the year there were 4 (2019: 4) members of the key management team who are the President, Bursar, Senior Tutor and Bridge Director. The aggregated remuneration paid which consists of salary, employer's national insurance contributions, employer's pensions contributions, plus any taxable benefits either paid, payable or provided, gross of any salary sacrifice arrangements was £342,818 (2019: 332,043).

Trustees received no remuneration in their capacity as Trustees of the Charity.

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

10 Tangible Fixed Assets Consolidated

	Freehold land £	Freehold buildings £	Motor vehicle £	Furniture fittings and equipment £	Kitchen equipment £	Total £
Cost						
As at 1 August 2019	15,584,741	25,408,689	11,000	1,125,603	74,951	42,204,984
Additions at cost	-	-	-	142,609	15,102	157,711
As at 31 July 2020	<u>15,584,741</u>	<u>25,408,689</u>	<u>11,000</u>	<u>1,268,212</u>	<u>90,053</u>	<u>42,362,695</u>
Depreciation						
As at 1 August 2019	-	4,004,499	4,400	911,959	39,619	4,960,477
Charge for the year	-	373,870	2,200	107,249	14,912	498,231
Disposals	-	-	-	-	-	-
As at 30 June 2020	<u>-</u>	<u>4,378,369</u>	<u>6,600</u>	<u>1,019,208</u>	<u>54,531</u>	<u>5,458,708</u>
Net book value						
As at 31 July 2020	<u>15,584,741</u>	<u>21,030,320</u>	<u>4,400</u>	<u>249,004</u>	<u>35,522</u>	<u>36,903,987</u>
As at 31 July 2019	<u>15,584,741</u>	<u>21,404,190</u>	<u>6,600</u>	<u>213,644</u>	<u>35,332</u>	<u>37,244,507</u>

Tangible Fixed Assets College

	Freehold land £	Freehold buildings £	Motor vehicle £	Furniture fittings and equipment £	Kitchen equipment £	Total £
Cost						
As at 1 August 2019	15,584,741	25,852,951	11,000	1,125,603	74,951	42,649,246
Additions at cost	-	-	-	142,609	15,102	157,711
As at 31 July 2020	<u>15,584,741</u>	<u>25,852,951</u>	<u>11,000</u>	<u>1,268,212</u>	<u>90,053</u>	<u>42,806,957</u>
Depreciation						
As at 1 August 2019	-	4,004,499	4,400	911,959	39,619	4,960,477
Charge for the year	-	373,870	2,200	107,249	14,912	498,231
Disposals	-	-	-	-	-	-
As at 30 July 2020	<u>-</u>	<u>4,378,369</u>	<u>6,600</u>	<u>1,019,208</u>	<u>54,531</u>	<u>5,458,708</u>
Net book value						
As at 31 July 2020	<u>15,584,741</u>	<u>21,474,582</u>	<u>4,400</u>	<u>249,004</u>	<u>35,522</u>	<u>37,348,249</u>
As at 31 July 2019	<u>15,584,741</u>	<u>21,848,452</u>	<u>6,600</u>	<u>213,644</u>	<u>35,332</u>	<u>37,688,769</u>

The insured value of freehold land and buildings as at 31 July 2020 was £36,678,830 (2019: £35,644,684).

The consolidated cost of freehold buildings and assets in construction consists of the costs incurred by the College less the surplus recorded in the accounts of Hughes Hall Limited, a subsidiary undertaking, and eliminated on consolidation.

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

11 Investments Consolidated and College

	2020 £	Restated 2019 £
As at 1 August 2019	29,157,417	17,511,767
Additions	11,910,312	2,704,078
Disposals proceeds	(13,417,082)	(971,042)
Gains	88,905	447,513
Increase in cash balances held at fund managers	3,111,369	9,465,101
As at 31 July 2020	<u>30,850,921</u>	<u>29,157,417</u>
Represented by:		
Quoted securities - equities	4,728,214	11,613,141
Quoted securities - bonds	8,297,294	1,622,513
Quoted securities - Multi-asset fund	1,304,247	1,609,347
Quoted securities - Alternatives & Funds	1,281,747	2,184,366
Cash in hand	15,239,419	12,128,050
	<u>30,850,921</u>	<u>29,157,417</u>

12 Stocks

	Group 2020 £	College 2020 £	Group 2019 £	College 2019 £
Goods for resale	11,920	11,920	12,394	12,394
Other stocks	4,160	4,160	5,378	5,378
	<u>16,080</u>	<u>16,080</u>	<u>17,772</u>	<u>17,772</u>

13 Trade and other receivables

	Group 2020 £	College 2020 £	Group 2019 £	College 2019 £
Members of the College	200,765	200,765	236,896	236,896
Other receivables	6,239	6,239	107,612	107,612
Prepayments and accrued income	827,131	822,421	159,549	159,549
Amounts owed by subsidiary company	-	118,797	-	273
	<u>1,034,135</u>	<u>1,148,222</u>	<u>504,057</u>	<u>504,330</u>

14 Cash and cash equivalents

	Group 2020 £	College 2020 £	Restated Group 2019 £	Restated College 2019 £
Short-term money market investments	317,307	317,307	315,999	315,999
Bank deposits	29,280	29,280	29,173	29,173
Current accounts	1,862,170	1,567,495	1,302,033	1,063,748
Cash in hand	760	760	794	794
Total	<u>2,209,517</u>	<u>1,914,842</u>	<u>1,647,999</u>	<u>1,409,714</u>

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

15 Creditors: amounts falling due within one year

	Group 2020 £	College 2020 £	Group 2019 £	College 2019 £
Bank loan	170,387	170,387	165,082	165,082
Trade creditors	328,344	326,329	155,006	155,006
Members of the College	514,230	514,230	626,228	626,228
University fees	13,827	13,827	27,206	27,206
Other taxes and social security	81,697	81,697	100,438	100,438
Accruals and deferred income	1,075,363	1,049,258	783,188	781,138
	<u>2,183,848</u>	<u>2,155,728</u>	<u>1,857,148</u>	<u>1,855,098</u>

16 Creditors: amounts falling due after more than one year

	Group 2020 £	College 2020 £	Group 2019 £	College 2019 £
Long term bank loan	3,164,650	3,164,650	3,335,038	3,335,038
Other loans	17,500,000	17,500,000	17,500,000	17,500,000
	<u>20,664,650</u>	<u>20,664,650</u>	<u>20,835,038</u>	<u>20,835,038</u>

Private Placement Bonds

Private placement money of £4.34 million was borrowed at a fixed interest rate of 4.4% and £3.16 million was borrowed at a fixed interest rate of 4.45%. Of the Bond for £4.34 million, £2.41 million is due for repayment in full on 30 October 2043 and £1.93 million is due for repayment on 30 October 2053. The additional Bond for £3.16 million at 4.45% is repayable in full on 31 January 2044. These Bonds are unsecured.

The College secured a further loan of £10 million at a fixed interest rate of 3.05%. The loan is due for repayment in full on 2 February 2059.

17 Pension provisions Consolidated and College

	CCFPS £	USS £	2020 £	2019 £
Balance at beginning of year	202,411	151,367	353,778	266,095
Movement in year:				
Current service cost	3,811	-	3,811	3,811
Contributions	(9,870)	(11,600)	(21,470)	(15,429)
Change in expected contributions	-	(1,944)	(1,944)	74,861
Other finance cost	4,601	3,391	7,992	6,806
Actuarial loss	20,922	-	20,922	17,634
Balance at end of year	<u>221,875</u>	<u>141,214</u>	<u>363,089</u>	<u>353,778</u>

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

18 Endowment funds

Restricted net assets relating to endowments are as follows:

Group and College	Restricted permanent endowments £	Unrestricted permanent endowments £	2020 Total £	2019 Total £
Balance at beginning of year	1,686,286	4,954,445	6,640,731	5,780,890
New donations and endowments	-	-	-	876,000
Increase/(decrease) in market value of investments	21,039	65,094	86,133	(16,159)
Balance at end of year	<u>1,707,325</u>	<u>5,019,539</u>	<u>6,726,864</u>	<u>6,640,731</u>
Analysis by type of purpose:				
Fellowship Fund	45,954	-	45,954	45,357
Student Support Fund	463,124	-	463,124	457,118
Scholarship	1,113,247	-	1,113,247	1,098,811
Other Funds	85,000	-	85,000	85,000
General endowments	-	5,019,539	5,019,539	4,954,445
	<u>1,707,325</u>	<u>5,019,539</u>	<u>6,726,864</u>	<u>6,640,731</u>
Analysis by asset				
Investments	1,688,417	4,963,950	6,652,367	6,567,189
Cash	18,908	55,589	74,497	73,542
	<u>1,707,325</u>	<u>5,019,539</u>	<u>6,726,864</u>	<u>6,640,731</u>

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

19 Restricted Reserves

Group	Permanent Unspent and Other Restricted Income £	Restricted expendable endowment £	2020 Total £	2019 Total £
Balance at beginning of year	973,361	162,619	1,135,980	1,004,662
New donations	707,530	68,886	776,416	526,532
Investment income	38,323	2,380	40,703	57,411
Increase in market value of investments	1,117	23	1,140	(2,336)
Expenditure	(750,705)	(64,979)	(815,684)	(450,289)
Balance at end of year	969,626	168,929	1,138,555	1,135,980

Analysis of other restricted funds/ donations by type of purpose:

Fellowship Funds	29,137	-	29,137	24,980
Scholarship Funds	454,669	10,915	465,584	458,467
Prize Funds	10,353	3,056	13,409	7,910
Student Support Funds	195,768	-	195,768	156,754
Other Funds	145,083	154,958	300,041	396,141
Bridge Centres	130,397	-	130,397	91,728
Travel Funds	4,219	-	4,219	-
	969,626	168,929	1,138,555	1,135,980

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

19 Restricted Reserves (continued)

College	Permanent Unspent and Other Restricted Income £	Restricted expendable endowment £	2020 Total £	2019 Total £
Balance at beginning of year	728,706	162,619	891,325	784,571
New donations	785,422	68,886	854,308	521,061
Investment income	38,323	2,380	40,703	57,411
Increase in market value of investments	1,117	23	1,140	(2,336)
Expenditure	(736,295)	(64,979)	(801,274)	(469,382)
Balance at end of year	<u>817,273</u>	<u>168,929</u>	<u>986,202</u>	<u>891,325</u>

Analysis of other restricted funds/ donations by type of purpose:

Fellowship Funds	29,137	-	29,137	24,980
Scholarship Funds	454,669	10,915	465,584	458,467
Prize Funds	10,353	3,056	13,409	7,910
Student Support Funds	195,768	-	195,768	156,754
Other Funds	(7,270)	154,958	147,688	151,486
Bridge Centres	130,397	-	130,397	91,728
Travel Funds	4,219	-	4,219	-
	<u>817,273</u>	<u>168,929</u>	<u>986,202</u>	<u>891,325</u>

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

20 Reconciliation of consolidated surplus for the year to net cash inflow from operating activities

	2020 £	2019 £
Surplus for the year	2,277,265	2,017,508
Adjustment for non-cash items		
Depreciation	498,231	466,690
Gain on endowments	(88,905)	(447,513)
(Increase)/decrease in stocks	1,692	(3,942)
(Increase)/decrease in debtors	(530,078)	(169,465)
Increase/(decrease) in creditors	321,394	356,250
Increase/(decrease) in provisions	9,311	87,682
Adjustment for investing or financing activities		
Investment income	(387,297)	(403,980)
Loan interest payable	98,549	102,922
Bond interest payable	638,013	480,399
Net cash inflow from operating activities	<u>2,838,175</u>	<u>2,486,551</u>

21 Cash flows from investing activities

	2020 £	Restated 2019 £
Non-current investment disposal	3,200,000	-
Net investment income	82,697	81,842
Endowment funds invested	(4,500,000)	(10,876,000)
Payments made to acquire non-current assets	(157,711)	(119,090)
Total cash flows from investing activities	<u>(1,375,014)</u>	<u>(10,913,248)</u>

22 Cash flows from financing activities

	2020 £	2019 £
Loan interest paid	(98,549)	(102,922)
Bond interest paid	(638,013)	(480,399)
New secured loans	-	10,000,000
Repayment of amounts borrowed	(165,083)	(160,709)
Total cash flows from financing activities	<u>(901,644)</u>	<u>9,255,970</u>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

23 Consolidated reconciliation and analysis of net debt

	At 1 August 2019 £	Cash Flows £	Other non- cash changes £	At 31 July 2020 £
Cash and cash equivalents	1,647,999	561,518	-	2,209,517
Borrowings: Amounts falling due within one year				
Bank Loan	(165,082)	(5,305)	-	(170,387)
Borrowings: Amounts falling due after more than one year				
Long term bank loan	(3,335,038)	170,388	-	(3,164,650)
Other loans	(17,500,000)	-	-	(17,500,000)
	<u>(19,352,121)</u>	<u>726,601</u>	<u>-</u>	<u>(18,625,520)</u>

24 Financial Instruments

	2020 £	2019 £
Financial assets		
Financial assets at fair value through Statements of Comprehensive income		
Listed equity investments	15,611,502	17,029,366
Financial assets that are debt instruments measured at amortised cost		
Cash and cash equivalents	17,448,936	13,776,049
Debtors	207,004	344,508
Financial liabilities		
Financial liabilities measured at amortised cost		
Loans	20,835,037	21,000,120
Trade creditors	328,344	155,006
Other creditors	609,754	753,872

25 Pension Scheme

In addition to the defined contribution scheme the College participates in two defined benefit schemes, the Universities Superannuation Scheme (USS), and the Cambridge Colleges Federation Pension Scheme (CCFPS). The total pension cost for the year ended 30 June was as follows:

	2020 £	2019 £
USS: Employer Contributions	73,696	73,456
Stakeholder scheme: Employer Contributions	81,890	77,679
	<u>155,586</u>	<u>151,135</u>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

25 Pension Scheme (continued)**University Superannuation Scheme**

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 College cannot identify its share of the USS Retirement Income Builder (defined benefit) 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 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%.

The key financial assumptions used in the 2018 valuations are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on 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:

	2018 valuation
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. <u>Post retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2018 Valuation	2017 Valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	0.73%	2.24%
Pension increase (CPI)	0%	0%

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

25 Pension Scheme (continued)

Cambridge Colleges Federation Pension Scheme

The College operates a defined benefits plan for the College's employees of the Cambridge Colleges Federated Pension Scheme (CCFPS).

The liabilities of the plan have been calculated at 30 June 2020, for the purposes of FRS102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, but allowing for the different assumptions required under FRS102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

The principal actuarial assumptions at the balance sheet date were as follows:

	2020	2019
	% p.a.	% p.a.
Discount rate	1.45	2.25
Retail Price Index (RPI) assumption	3.10	3.40
Consumer Price Index (CPI) assumption	2.20	2.40

The underlying mortality assumption is based upon the standard table known as S3PA on a year of birth usage with CMI_2019 future improvement factors and a long-term rate of future improvement of 1.25% per annum, a standard smoothing factor (7.0) and no allowance for additional improvements (2019: S3PA with CMI_2018 future improvement factors and a long term future improvement rate of 1.25% per annum, a standard smoothing factor (7.0) and no allowance for additional improvements). This results in the following life expectancies:

- Male aged 65 now has a life expectancy of 21.9 years (previously 21.8 years)
- Female age 65 now has a life expectancy of 24.2 years (previously 24.0 years)
- Male age 45 now and retiring in 20 years has a life expectancy of 23.2 years (previously 23.1 years)
- Female age 45 now and retiring in 20 years would have a life expectancy of 25.6 years (previously 25.5 years)

The amounts recognised in the balance sheet as at 30 June 2020 (with comparative figures as at 30 June 2019) are as follows:

	2020	2019
	£	£
Present value of plan liabilities	(868,740)	(829,827)
Market value of plan assets	646,865	627,416
Net defined benefit (liability)	<u>(221,875)</u>	<u>(202,411)</u>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

25 Pension Scheme (continued)

The amounts recognised in the income and expenditure account for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020 £	2019 £
Current service cost	-	-
Administrative expenses	3,811	3,811
Interest on net defined benefit liability	4,601	5,071
Total charge	<u>8,412</u>	<u>8,882</u>

Changes in the present value of the plan liabilities for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020 £	2019 £
Present value of plan liabilities at beginning of period	829,827	781,760
Current service cost	-	-
Benefits paid	(34,943)	(34,052)
Interest on plan liabilities	18,280	20,651
Actuarial losses	55,576	61,468
Present value of Scheme liabilities at end of period	<u>868,740</u>	<u>829,827</u>

Changes in the fair value of plan assets for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020 £	2019 £
Market value of plan assets at beginning of period	627,416	595,995
Contributions paid by the College	9,870	9,870
Benefits paid	(34,943)	(34,052)
Administration expenses paid	(4,210)	(4,149)
Interest on plan assets	13,679	15,580
Return on assets, less interest included in profit and loss	35,053	44,172
Market value of Scheme assets at end of period	<u>646,865</u>	<u>627,416</u>
Actual return on plan assets	48,732	59,752

The major categories of plan assets as a percentage of total Scheme assets at 30 June 2020 (with comparative figures at 30 June 2019) are as follows:

	2020	2019
Equities	49%	57%
Bonds & Cash	41%	34%
Properties	10%	9%
Total	<u>100%</u>	<u>100%</u>

The plan has no investments in property occupied by, assets used by or financial instruments issued by the college.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

25 Pension Scheme (continued)

Analysis of the remeasurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020 £	2019 £
Return on assets, less interest included in income and expenditure	35,053	44,172
Expected less actual plan expenses	(399)	(338)
Experience gains and losses arising on plan liabilities	2,331	(5,574)
Changes in assumptions underlying the present value of plan liabilities	(57,907)	(55,894)
Remeasurement of net defined benefit liability recognised in OCI	<u>(20,922)</u>	<u>(17,634)</u>

Movements in net defined benefit asset/(liability) during the year ending 30 June 2020 (with comparative figures for the year ending 30 June 2019) are as follows:

	2020 £	2019 £
(Deficit) in Scheme at beginning of year	(202,411)	(185,765)
Recognised in Profit and Loss	(8,412)	(8,882)
Contributions paid by the College	9,870	9,870
Remeasurement of net defined benefit liability recognised in OCI	(20,922)	(17,634)
Surplus/(deficit) in plan at the end of the year	<u>(221,875)</u>	<u>(202,411)</u>

Funding Policy

Actuarial valuations are carried out every three years on behalf of the Management Committee, acting as the Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the actuarial valuation are different to those adopted under FRS102.

The last such actuarial valuation was as at 31 March 2017. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall. These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 28 June 2018 and are as follows:

- Annual contributions of not less than £6,111 per annum payable for the period from 1 July 2018 to 31 August 2032.

These payments are subject to review following the next funding valuation, due as at 31 March 2020.

Stakeholder Scheme

The College also operates a defined contribution scheme under the stakeholder rules for employees. The pension charge for the year was £81,890 (2019: £77,679).

HUGHES HALL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

26 Principal subsidiary and associated undertakings and other significant investments

Subsidiary Company

At 31 July 2020 Hughes Hall held an investment in the following companies:

Undertaking	Company Numbers	Activity	Incorporation	%
Hughes Hall Limited	03238129	Design and build of new residential accommodation	United Kingdom	100%
Hughes Hall (Hong Kong) Limited	1661877	Providing advancement and promotion of learning and education at Hughes Hall, University of Cambridge	Hong Kong	100%
Hughes Hall Conference Company Limited	00038077	Provision of conference services	United Kingdom	100%

27 Contingent Liabilities

With effect from 16 March 2007, the Universities Superannuation Scheme (USS) positioned itself as a “last man standing” scheme so that in the event of an 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.

28 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 members of the Governing Body and where any member of the Governing Body has a material interest in a College matter they are required to declare that fact.

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 Finance Committee.

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

From	To	2020 Number	2019 Number
£1	£10,000	9	8
£10,001	£20,000	-	-
£20,001	£30,000	2	4
£30,001	£40,000	-	2
£40,001	£50,000	2	-
£50,001	£60,000	-	-
£60,001	£70,000	2	2
£70,001	£80,000	-	-
£80,001	£90,000	1	1
£90,001	£100,000	-	-
Total		16	17

The total Trustee salaries were £391,212 for the year (2019: £430,967). No individual Trustee’s salary exceeded £100,000 during the year. The Trustees were also paid other taxable benefits (including associated employer National Insurance contributions and employer contributions to pensions) which totalled £114,245 for the year (2019: £116,954).

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2020

28 Related Party Transactions (continued)

During the year 2 Trustees waived their right to remuneration totalling £54,496 (2019: 2 Trustees waived £52,040). The cost of the salaries has been included within these accounts and a matching donation shown within income.

9 Trustees also received grants from the College towards their research totalling £5,509 (2019: £6,333) under a new initiative to support Fellows' research.

In the 2019/20 financial year, 3 Trustees were also Trustees/Directors of other organisations which had transactions with Hughes Hall. None of the Hughes Hall trustees had significant control of the other organisation. The value in 2019/20 was £8,178,232 (2019: £7,127,669) for the three organisations which were the University of Cambridge, the Cambridge Trust and Cambridge Venue Company Limited.

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 detailed in note 26.

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.

29 Prior year adjustment

A prior year adjustment has been made to reclassify cash and cash equivalent balances that are held by the investment broker and therefore are held for investment purposes not for general operational use. In total £12,128,050 has been reclassified from cash and cash equivalents to Investments.