

WOLFSON COLLEGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

FINANCIAL STATEMENTS

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RESPONSIBILITIES OF THE GOVERNING BODY

In accordance with the College Statutes, the Council is the executive responsible for the administration and management of the College's affairs, subject to the oversight of the Governing Body.

It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University, for approval by the Governing Body.

In causing the financial statements to be prepared, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Council is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Council has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud. Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF WOLFSON COLLEGE

We have audited the financial statements of Wolfson College for the year ended 30 June 2005 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with our engagement letter dated 31 October 2005. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an 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 Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the College's Governing Body and auditors

As described in the statement of the responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements in accordance with applicable United Kingdom accounting standards and for sending an abstract of its accounts in the form prescribed by the University Statutes to the Vice-Chancellor of the University of Cambridge. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting policies set out therein, with the Statutes of the University of Cambridge, and with the provisions of the Statutes of the College. We also report if, in our opinion, the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the accounts for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the College and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the College and the Group as at 30 June 2005 and of the income and expenditure of the Group for the year then ended and have been properly prepared in accordance with the accounting policies set out therein and the Statutes of the College.

In our opinion, the contribution due from the College to the University as set out in note 22 has been correctly computed.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge

2 November 2005

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge. In addition, the Accounts comply with the Statement of Recommended Accounting Practice for accounting in Further and Higher Education ('the SORP') with the exception of the Balance Sheet, which has been presented in the different format set out in the relevant section of the Statutes and Ordinances of the University of Cambridge (the RCCA). The provisions of the SORP require Endowments, Deferred Grants and Revaluation Reserves to be disclosed on the face of the Balance Sheet, whereas the RCCA requires that part of this information be disclosed in the Notes to the Accounts.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets and the depreciated replacement cost of freehold land and buildings.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the College and its subsidiary company, Lee Library Ltd, together with its dormant subsidiary companies, Wolfson College Cambridge Properties Ltd and Wolfson College Developments Ltd. (the Group). The activities of student societies have not been consolidated.

Recognition of income

Unrestricted donations and benefactions are shown as income in the year in which they arise. Donations and benefactions to restricted funds are shown as income only when the associated expenditure is recognised.

Income earned on investments is recognised in the same way, according to the unrestricted or restricted nature of the fund to which it is apportioned.

Restricted donations, benefactions and investment earnings to be recognised as income in future periods are shown in the Statement of Total Recognised Gains and Losses, offset by receipts of earlier years which are recognised in the current year.

Pension schemes

The College participates in both the Cambridge Colleges Federated Pension Scheme, with its employees contracted in to the State Second Pension (S2P), formerly the State Earnings-Related Pension Scheme (SERPS), and the Universities Superannuation Scheme, which is contracted out of the State Second Pension (S2P), formerly the State Earnings-Related Pension Scheme (SERPS). Both are defined benefit schemes, the assets of which are held in separate trustee-administered funds.

In each scheme, the funds are valued every three years by a professionally qualified independent actuary using the projected unit method, and the rates of contribution payable are determined by the trustee on the advice of the actuary. In the intervening years the actuary reviews the progress of 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 charging the cost of providing pensions over the period during which the College benefits from the employees' services.

Tangible fixed assets

a. Land and buildings

Land and buildings held for operational purposes are stated at depreciated replacement cost. Freehold buildings (including the cost of renewals) are depreciated on a straight line basis over the expected useful economic life of 50 years. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to a deferred capital grant and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Finance costs, which are directly attributable to the construction of buildings, are not capitalised as part of the cost of those assets.

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

b. Maintenance and Renewal of premises

The College has a rolling maintenance plan, which is reviewed on an annual basis. The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The College also has a major renewal programme, the costs of which are treated as capital improvements which bear upon the depreciated replacement cost of buildings.

c. Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £5,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% per annum
General equipment	20% per annum
Computer equipment	25% per annum

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

d. Silver, works of art and other assets not related to education

Silver, works of art and other assets not related to education, which are deemed to be inalienable, are not included in the balance sheet.

Investments

Investments are included in the balance sheet at market value. Securities are shown at their market value. For listed investments this is the middle market quotation ruling at the close of business on 30 June, translated for overseas investments into sterling at the rates of exchange ruling at that date.

Investment income is included as and when dividends and interest become payable. Interest on bank deposits is included as earned. Interest purchased or sold as part of the price for investments is treated as capital rather than being brought into the income and expenditure account.

Stocks

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

Provisions

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

Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Contribution under Statute G,II

The College is liable to be assessed for 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 College may from time to time be eligible for such grants.

DEFINITION OF TERMS

Capital and Reserves are classified under the following terms:

Restricted Funds – funds, the income of which may only be used for a particular purpose, i.e. subject to a legally binding restriction such as a trust deed or will, or an implied trust.

Unrestricted Funds - funds, the income of which may be used for any purpose.

Designated Funds – unrestricted funds, the income of which the Governing Body has decided to use for a particular purpose.

Undesignated Funds – unrestricted funds, the income of which may be used for any purpose.

Trust Funds – funds, the use of which is governed by the terms of a trust deed or an implied trust.

Permanent Capital – capital which the Governing Body has no power to convert to income and apply as such.

Expendable Capital – capital which the Governing Body has the power to convert to income and apply as such.

Corporate Capital – capital which cannot be used for revenue purposes.

General Capital – capital which can be used for revenue purposes.

Revaluation Reserve – a reserve comprised of the market value of investment assets less their historic cost.

Consolidated Income and Expenditure Account

Year to 30 June

		2005 £' 000	2004 £' 000
	Note		
INCOME			
Academic	1	1,345	1,403
Residential and Catering	2	2,185	1,982
Endowment	3	174	167
Other	4	289	106
Total Income		<u>3,993</u>	<u>3,658</u>
EXPENDITURE			
Education	5	1,656	1,528
Residential and Catering	6	2,572	2,463
Other	7	67	41
Total Expenditure		<u>4,295</u>	<u>4,032</u>
Operating Deficit		(302)	(374)
Contribution to Colleges' Fund	8	Nil	Nil
Net Deficit		<u>(302)</u>	<u>(374)</u>

Income and expenditure are in respect of continuing activities.

Consolidated Statement of Total Recognised Gains and Losses

Year to 30 June	2005	2005		2005	2004
	Restricted Funds	Unrestricted Funds		Total	Total
		Designated	Undesignated		
	£' 000	£' 000	£' 000	£' 000	£' 000
Balance at 1 July	2,659	791	43,106	46,556	44,928
Unrealised gain on investment assets	129	59	518	706	559
Net withdrawal from funds	(125)	-	-	(125)	(16)
Deficit for the year		127	(429)	(302)	(374)
Donations	123	-	-	123	1,135
Capital grants from Colleges' Fund	-	-	375	375	324
Total recognised gains for the year	127	186	464	777	1,628
Balance at 30 June	2,786	977	43,570	47,333	46,556

Balance Sheets

As at 30 June	Note	College	Group	College	Group
		2005 £' 000	2005 £' 000	2004 £' 000	2004 £' 000
FIXED ASSETS					
Tangible Assets	10	41,453	41,466	41,355	41,372
Investments	11	5,854	5,853	5,152	5,151
Total Fixed Assets		47,307	47,319	46,507	46,523
CURRENT ASSETS					
Stocks		85	85	79	79
Debtors	12	282	278	254	250
Cash		949	951	561	569
Total Current Assets		1,316	1,314	894	898
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	13	584	580	754	765
Net Current Assets		732	734	140	133
Total Assets less Current Liabilities		48,039	48,053	46,647	46,656
Creditors: amounts falling due after more than one year	14	720	720	100	100
NET ASSETS		47,319	47,333	46,547	46,556
CAPITAL and RESERVES					
Restricted funds	15	2,786	2,786	2,659	2,659
Unrestricted funds	15	44,533	44,547	43,888	43,897
TOTAL		47,319	47,333	46,547	46,556

Approved on behalf of the Council

Bursar

2 November 2005

Consolidated Cash Flow Statement

Year to 30 June

		2005	2004
		£' 000	£' 000
	Note		
Net cash inflow from operating activities	20a	388	535
Net cash outflow from returns on investments and servicing of finance	20b	(162)	(149)
Net cash outflow from capital transactions	20c	(464)	(1,145)
Net cash outflow before financing		(238)	(759)
Net cash inflow from financing	20d	620	-
Net cash inflow / (outflow) after financing		382	(759)
Reconciliation of net cash flow to movement in net funds			
Increase / (decrease) in cash in year	21	382	(759)
Change in net debt	21	(620)	-
Cash flow relating to purchase and sale of investments	21	12	(500)
Non-cash movements in investments	21	690	559
Movement in net funds during the year		464	(700)
Opening net funds	21	5,620	6,320
Closing net funds	21	6,084	5,620

Notes to the Accounts

Year to 30 June

	2005 £' 000	2004 £' 000		
1 ACADEMIC INCOME				
College Fees				
Fees from publicly-funded students				
(i) undergraduates (per capita fee £2,829)	201	164		
Fees from non-publicly funded Home/EC, and Overseas students				
(i) undergraduates (per capita fee £3,273)	188	188		
(ii) graduates (per capita fee £1,938)	594	655		
Other	362	396		
	<u>1,345</u>	<u>1,403</u>		
2 RESIDENTIAL AND CATERING INCOME				
Accommodation	1,702	1,504		
Catering	483	478		
	<u>2,185</u>	<u>1,982</u>		
Income originates from College Members.				
3 ENDOWMENT INCOME				
	From Restricted Funds £' 000	From Unrestricted Funds £' 000	Total 2005 £' 000	Total 2004 £' 000
Income from:				
Quoted securities - equities	25	103	128	114
Quoted securities - fixed interest	3	14	17	22
Cash	-	29	29	31
	<u>28</u>	<u>146</u>	<u>174</u>	<u>167</u>
4 OTHER INCOME				
Donations to Unrestricted Funds			186	77
General Donations			40	21
Release of Deferred Capital Grants			54	-
Other Income			9	8
			<u>289</u>	<u>106</u>

Notes to the Accounts

Year to 30 June

		2005	2004
		£' 000	£' 000
5 EDUCATION EXPENDITURE			
Teaching		538	449
Tutorial		276	240
Admissions		212	198
Research		216	256
Scholarships and Awards		53	56
Other Educational Facilities		154	156
College Courses		207	173
		<u>1,656</u>	<u>1,528</u>
6 RESIDENTIAL and CATERING EXPENDITURE			
Accommodation		1,808	1,758
Catering		764	705
		<u>2,572</u>	<u>2,463</u>
Expenditure redounds to College Members.			
7 OTHER EXPENDITURE			
Loan Interest		34	6
Amenities and Transfer to Restricted Funds		33	35
		<u>67</u>	<u>41</u>
Expenditure includes auditors' remuneration of:			
External audit		22	20
Other services		5	1
Expenditure includes £18,250 (£5,524 in 2004) as the cost of fundraising. This expenditure includes some of the the costs of alumni relations.			
8 CONTRIBUTION UNDER STATUTE G,II	Note		
Endowment Income as per Income and Expenditure Account	3	174	167
Less: Items not Assessable to Contribution		(204)	(210)
Assessable Income	21	<u>(30)</u>	<u>(43)</u>
Less: Deductible Items	21	(349)	(400)
Net Assessable Income		<u>Nil</u>	<u>Nil</u>

Notes to the Accounts

Year to 30 June

9 ANALYSIS OF EXPENDITURE BY ACTIVITY

		Staff Costs Note 19	Other Expenses	Depreciation	Total
	Note	2005 £' 000	2005 £' 000	2005 £' 000	2005 £' 000
Education	5	466	976	214	1,656
Residential and Catering	6	1,211	666	695	2,572
Other		-	67	-	67
		1,677	1,709	909	4,295
		2004 £' 000	2004 £' 000	2004 £' 000	2004 £' 000
Education	5	387	940	201	1,528
Residential and Catering	6	1,100	682	681	2,463
Other		-	41	-	41
		1,487	1,663	882	4,032

10 TANGIBLE FIXED ASSETS

	2005	2005	2005	2004
	Freehold Land and Buildings	Furniture, Fittings and Equipment	Total	Total
	£' 000	£' 000	£' 000	£' 000
a GROUP				
Cost or Depreciated Replacement Cost				
As at 1 July 2004	42,387	1,149	43,536	40,333
Additions at Cost	647	356	1,003	3,203
Cost or Depreciated Replacement Cost as at 30 June 2005	43,034	1,505	44,539	43,536
Depreciation				
As at 1 July 2004	1,507	657	2,164	1,282
Charge for the Year	764	145	909	882
Depreciation as at 30 June 2005	2,271	802	3,073	2,164
Net Book Value				
As at 30 June 2005	40,763	703	41,466	41,372
As at 30 June 2004	40,880	492	41,372	39,051
b COLLEGE				
Cost or Depreciated Replacement Cost				
As at 1 July 2004	42,387	1,079	43,466	40,270
Additions at Cost	647	356	1,003	3,196
Cost or Depreciated Replacement Cost as at 30 June 2005	43,034	1,435	44,469	43,466
Depreciation				
As at 1 July 2004	1,507	604	2,111	1,235
Charge for the Year	764	141	905	876
Depreciation as at 30 June 2005	2,271	745	3,016	2,111
Net Book Value				
As at 30 June 2005	40,763	690	41,453	41,355
As at 30 June 2004	40,880	475	41,355	39,035

The insured value of freehold land and buildings as at 30 June 2005 was £57,595,932 (£54,454,149 in 2004)

Land and buildings are shown at depreciated replacement cost. Historical cost records are not available.

Notes to the Accounts

Year to 30 June

	2005	2005	2004	2004
	College	Group	College	Group
	£' 000	£' 000	£' 000	£' 000
11 INVESTMENT ASSETS				
Market Value at 1 July 2004	5,152	5,151	5,093	5,092
Income retained in Fund	167	167	161	161
Management charges	(5)	(5)	(12)	(12)
Net disposals at opening book value	(150)	(150)	(649)	(649)
Net gain on revaluation at 30 June 2005	690	690	559	559
Market Value at 30th June 2005	5,854	5,853	5,152	5,151
Represented by:				
Quoted securities - equities	4,732	4,732	4,632	4,632
Quoted securities - fixed interest	484	484	344	344
Unquoted securities - equities	66	66	51	51
Investment in subsidiary undertakings	1	-	1	-
Cash held for reinvestment	571	571	124	124
Total	5,854	5,853	5,152	5,151

The college owns 100% of the issued ordinary £1 shares of Lee Library Ltd., Wolfson College Cambridge Properties Ltd. and Wolfson College Development Ltd., all of which are companies incorporated in the United Kingdom. The principal business activities of Lee Library Ltd. are the loan of books and operation of a library. The remaining subsidiary companies are dormant.

12 DEBTORS

Members of the College	122	122	120	120
Subsidiary companies	8	-	17	-
Other debtors	152	156	117	130
	282	278	254	250

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Social Security and Other Taxation	-	-	27	28
Members of the College	159	159	107	107
Other creditors	425	421	620	630
	584	580	754	765

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Bank Loan - secured on the College's Investment portfolio	720	720	100	100
	720	720	100	100

The rate of interest payable on the loan is Base Rate plus 1%. The loan is repayable in 10 consecutive annual instalments commencing 31 October 2005, the last instalment being due on 31 October 2014.

Notes to the Accounts

Year to 30 June

15 CAPITAL AND RESERVES

GROUP	Note	Expendable Capital Funds £' 000	Permanent Capital Funds £' 000	Total 2005 £' 000	Total 2004 £' 000
Restricted Funds					
Trust Funds	16a	1,121	-	1,121	994
Deferred Capital Grants	16b	1,665	-	1,665	1,665
Unrestricted Funds					
Designated Funds:					
Trust Funds	16d	977	-	977	791
Undesignated Funds:					
Revaluation Reserve	16c	861	-	861	476
Corporate Capital	16d	-	5,975	5,975	5,600
General Capital	16d	36,734	-	36,734	37,030
Total Funds - used for Collegiate purposes		41,358	5,975	47,333	46,556

COLLEGE

College capital and reserves differ from the Group's reserves by £14,000 (£9,000 in 2004). This difference is attributable to the retained profits of the college's subsidiary company Lee Library Ltd. These retained profits are expendable, unrestricted and undesignated general capital. This general capital is invested in fixed assets and net current assets. Accordingly, notes 15 to 18 have not been replicated for the college.

	2005 £' 000	2004 £' 000			
16 MOVEMENTS IN CAPITAL AND RESERVES					
a Restricted Funds					
Balance at 1 July	994	848			
Donations received	69	158			
Transferred from College income	-	35			
Income from Investments	27	23			
Expenditure from funds	(98)	(161)			
Increase in market value of investment assets	129	91			
Balance at 30 June	1,121	994			
b Deferred Capital Grants					
Balance at 1 July	1,665	600			
Donations received	54	1,065			
Expenditure from funds	(54)	-			
Balance at 30 June	1,665	1,665			
c Revaluation Reserve					
Balance at 1 July	476	180			
Increase in unrealised gain for the year	478	423			
Transfer of realised losses	(92)	(127)			
Balance at 30 June	861	476			
d General Reserves					
	Corporate Capital £' 000	Designated Reserves £' 000	General Capital £' 000	Total 2005 £' 000	Total 2004 £' 000
Balance at 1 July	5,600	791	37,030	43,421	43,300
Grant from Colleges Fund	375	-	-	375	324
Deficit for the year	-	-	(302)	(302)	(374)
Transfers	-	127	6	133	126
Increase in market value of investments	-	59	-	59	45
Balance at 30 June	5,975	977	36,734	43,686	43,421

Notes to the Accounts

Year to 30 June

16 MOVEMENTS IN CAPITAL AND RESERVES (contd.)

e Summary	Balance at 01/07/2004 £' 000	Movement in Year Reduction £' 000	Increase £' 000	Balance at 30/06/2005 £' 000
Restricted Funds				
Expendable Capital	2,659	56	183	2,786
Unrestricted Funds				
Designated Funds:				
Expendable capital	791	57	243	977
Undesignated Funds:				
Expendable capital	37,506	582	671	37,595
Permanent capital	5,600	-	375	5,975
	46,556	695	1,472	47,333

17 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Restricted Funds £' 000	Unrestricted Funds £' 000	Total 2005 £' 000	Total 2004 £' 000
Fellowships Funds	243	117	360	366
Scholarships Funds	222	510	732	702
Library Funds	151	3	154	154
Support Funds	316	50	366	361
Travel Grants Funds	24	4	28	29
Prizes Funds	3	4	7	7
Building Grants	1,665	-	1,665	1,665
Revaluation Reserves	162	74	236	43
Other Funds	-	215	215	123
	2,786	977	3,763	3,450

18 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:

	Fixed Assets £' 000	Investment Assets £' 000	Net Current Assets £' 000	Total 2005 £' 000	Total 2004 £' 000
Restricted Funds					
Expendable Capital	1,658	1,128	-	2,786	2,659
Unrestricted Funds					
Designated Funds:					
Expendable capital	457	520	-	977	791
Undesignated Funds:					
Expendable capital	35,786	1,795	14	37,595	37,506
Permanent capital	3,565	2,410	-	5,975	5,600
Total at 30 June 2005	41,466	5,853	14	47,333	
Total at 1 July 2004	41,372	5,151	33		46,556

Notes to the Accounts

Year to 30 June

19 STAFF

	Note	College Fellows £' 000	Non- Academic £' 000	Total 2005 £' 000	Total 2004 £' 000
Staff Costs:					
Emoluments		249	1,149	1,398	1,234
Social Security		18	86	104	93
Other Pensions	23	25	150	175	160
		292	1,385	1,677	1,487

Average Staff numbers (full-time equivalents)

Academic		8	9
Non-academic		66	67

There were no College officers or employees whose remuneration, excluding pension contributions, exceeded £70,000. There were 154 Fellows in the Governing Body, 15 of which are stipendiary, as declared above.

		2005 £' 000	2004 £' 000
20 CASH FLOW			
a Operating Activities			
Operating Deficit		(302)	(374)
Depreciation	10	909	882
Transfers to restricted funds		-	35
Increase in stocks		(6)	(4)
Increase in debtors	12	(28)	(47)
(Decrease) / Increase in creditors	13	(185)	43
Net cash inflow from operating activities		388	535
b Returns on Investments and Servicing of Finance			
Retained Endowment income	11	(167)	(161)
Investment management fees		5	12
Net cash outflow from returns on investments and servicing of finance		(162)	(149)
Contribution to Colleges Fund	8	Nil	Nil
c Capital Transactions			
Receipts from sales of investment assets	11	150	649
Receipts re-invested		14	-
Net Donations and benefactions		-	1,247
Capital Grant received from Colleges Fund		375	324
Total capital receipts		539	2,220
Payments to acquire tangible fixed assets	10	(1,003)	(3,203)
Capital funds expenditure		-	(162)
Total capital expenditure		(1,003)	(3,365)
Net cash outflow from capital transactions		(464)	(1,145)
d Financing			
Long-term loans taken out		620	-
Net cash inflow from financing		620	-

Notes to the Accounts

Year to 30 June

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2004 £' 000	Cash Flows £' 000	Other Changes £' 000	At 30 June 2005 £' 000
Cash at Bank and in hand	569	382	-	951
Bank loan	(100)	(620)	-	(720)
Investments in securities	5,027	(411)	666	5,282
Short term investments	124	423	24	571
Net funds	5,620	(226)	690	6,084

22 CONTRIBUTION ASSESSMENT

a Assessable Income

External Revenue

Dividends and Interest gross		154	150
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Less:

Insurance of College Buildings	26		
Agency and Management Charges	52		
Sinking Fund payments under Statute GII,4(iv)	126		
		(204)	(210)

Trust and Other Funds subject to Contribution

		20	17
		(30)	(43)

b Deductible Items

Half sums paid to Research Students	16		
Prizes	1		
Net expenditure on College Library	13		
College Teaching Officers	52		
College Research Fellows	88		
College Building Fund under Statute GII,4(vii)	170		
Donations for University purposes under Statute GII,4(xxiii)	9		
		(349)	(400)
Net Assessable Income		Nil	Nil

c Building Fund under Statute GII,4(vii)

Balance at 1 July 2004	-	-
Transfer for 2004/2005 approved under Statute GII,4(vii)	170	179
Deduct: Transfer to General Capital	170	179
Balance at 30 June 2005	-	-

Notes to the Accounts

23 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme:

The College's share of the underlying assets and liabilities of the scheme is separately identifiable and is shown below, as at 30 June 2005. The College has obtained a valuation of the assets as at 31 March 2005. In the opinion of the independent actuary providing this valuation, there have been no material changes relating to the college's FRS17 position between 1 April and 30 June 2005, the end of the current accounting year.

The contribution made by the College in respect of the accounting period ended 30 June 2005 was £129,409 (£123,043 in 2004), excluding PHI contributions. The College's contribution rate during the year required for future service benefits alone was 18.43% of salaries.

FRS 17 Disclosures

The most recent full actuarial valuation of the scheme was as at 31 March 2005. These FRS 17 valuation results use the same valuation data obtained by an independent actuary who is not an employee or officer of the College and/or its subsidiaries. The valuation was carried out using the projected unit method.

The major assumptions used by the actuary were:

	30 June 2005	30 June 2004	30 June 2003
Discount rate	5.4%	5.8%	5.5%
Inflation assumption	3.0%	3.1%	2.3%
Rate of increase in salaries	3.75%	3.8%	3.5%
Rate of increase in pensions in deferment	3.0%	3.1%	2.3%
Rate of increase in pensions in payment for members	3.0%	3.1%	2.3%
Rate of increase in pensions in payment for members joining from 1 April 2004	2.5%	2.6%	-

The assets in the scheme and the expected rates of return are:

	Long term rate of return expected at 30 June 2005	Value £	Long term rate of return expected at 30 June 2004	Value £	Long term rate of return expected at 30 June 2003	Value £
Equities	7.5%	823,174	8.0%	674,824	8.0%	545,597
Bonds (including cash)	4.7%	480,812	5.1%	410,158	4.5%	381,564
Property	6.5%	34,905	7.0%	78,240	7.0%	63,258
		<u>1,338,891</u>		<u>1,163,222</u>		<u>990,419</u>

The following results were measured in accordance with the requirements of FRS17:

	30 June 2005	30 June 2004	30 June 2003
	£	£	£
Total market value of assets	1,338,891	1,163,222	990,419
Present value of scheme liabilities	(1,709,139)	(1,348,200)	(1,138,085)
Net pension liability	<u>(370,248)</u>	<u>(184,978)</u>	<u>(147,666)</u>

Analysis of the amount charged to operating profit

	30 June 2005	30 June 2004
	£	£
Current service cost	103,935	85,167
Life assurance premium	15,692	9,757
Total operating charge	<u>119,627</u>	<u>94,924</u>

Analysis of the amount credited to other finance income

	30 June 2005	30 June 2004
	£	£
Expected return on pension scheme assets	83,293	66,748
Interest on pension scheme liabilities	(75,747)	(61,337)
Net return	<u>7,546</u>	<u>5,411</u>

Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)

	30 June 2005	30 June 2004
	£	£
Actual return less expected return on pension scheme assets	21,660	50,559
Experience gains and losses arising on the scheme liabilities	(98,892)	(25,324)
Changes in assumptions underlying the present value of the scheme liabilities	(107,145)	(78,499)
Actuarial loss recognised in STRGL	<u>(184,377)</u>	<u>(53,264)</u>

Movement in deficit during the year

	30 June 2005 £	30 June 2004 £
Deficit in scheme at beginning of the year	(184,978)	(147,666)
Movement in year:		
Current service cost including Life Assurance premium	(119,627)	(94,924)
Contributions	111,188	105,465
Past service costs	-	-
Other finance income	7,546	5,411
Actuarial loss	(184,377)	(53,264)
Deficit in scheme at end of the year	<u>(370,248)</u>	<u>(184,978)</u>

The FRS17 actuarial valuation at 31 March 2005 showed a deficit of £370,248.

History of experience gains and losses

	30 June 2005 £	30 June 2004 £
Difference between expected and actual return on scheme assets	21,660 2%	50,557 4%
Experience gains and losses arising on the scheme liabilities	(98,892) -6%	(25,324) -2%
Total amount recognised in statement of total recognised gains and losses	(184,377) -11%	(53,264) -4%

Analysis of Unrestricted Reserve

	30 June 2005 £	30 June 2004 £
Unrestricted funds as reported	37,594,629	37,506,000
Pension deficit	(370,248)	(184,978)
Unrestricted funds in FRS17 basis	<u>37,224,381</u>	<u>37,321,022</u>

Universities Superannuation Scheme:

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions are accounted for as if the scheme were a defined contribution scheme. The cost recognised within the deficit for the year in the Income and Expenditure account is equal to the contributions payable to the scheme for the year.

The most recent full actuarial valuation of the scheme was as at 31 March 2002, that undertaken as at 31 March 2005 being incomplete. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salaries and pensions. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £19,938 million and the value of the past service liabilities and provision for expenses was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate would be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of valuation (the average outstanding working lifetime of the current members of the scheme) will require the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may affect the College's future contribution commitment. The next formal actuarial valuation due to be received is as at 31 March 2005 when the above rates will be reviewed. The next formal actuarial valuation is due at 31 March 2008.

The total pension cost for the College was £43,692 (£37,526 in 2004). The contribution rate payable by the College was 14% of pensionable salaries.

24 RELATED PARTY TRANSACTIONS

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