

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

2004



FITZWILLIAM COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2004

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ORGANISATION AND GOVERNANCE

Fitzwilliam College is an independent College of the University of Cambridge and was formed under Royal Charter granted on 9 September 1966 by Queen Elizabeth The Second. Although the College has history going back to 1869 it was only in 1966 that the then existing Fitzwilliam House was constituted as a Corporate Body under the name and style of "The Master, Fellows and Scholars of Fitzwilliam College in the University of Cambridge". The College has exempt charitable status.

The Objectives of the College are as follows:

- (a) To advance education, religion, learning and research in the University.
- (b) To provide a College wherein members of the University may work for Degrees in the University or may carry out postgraduate or other special studies at Cambridge provided that no member of the College or any candidate for membership thereof shall be subject to any test of a religious, political or social character.
- (c) To apply the moneys of the College as prescribed in the Statutes of the College.
- (d) To administer any trust or scheme for purposes connected with the objects of the College.
- (e) To do all such things as are incidental or conducive to the carrying out of the above objects.

The Governing Body is responsible for the government of the College in accordance with its Statutes. At least one Ordinary College meeting is held in each University term and a Special College meeting takes place every year. The Governing Body has delegated some duties to the College Committee which is headed by the Master the Bursar and the Senior Tutor so that it can control key issues and monitor the overall performance of the College. The Governing Body decides on organisational strategy and authority is delegated to the Bursar for implementing strategy and for managing the College.

At the Special College meeting (called the Audit Meeting) the Governing body reviews the Annual Report and Financial Statements following detailed review by internal and external auditors and satisfies itself that the reports present a balanced and understandable assessment of the College's position and prospects.

GOVERNING BODY AND PROFESSIONAL ADVISORS

Governing Body

Members of the Governing Body receive no remuneration for acting in that capacity. However remuneration is paid to those members holding specific positions as College officers.

Members of the Governing Body during the year were as follows:

Master: Professor B F G Johnson*
Bursar: Mr C L Pratt*
Senior Tutor: Dr D M Scott*

Other Members:

Dr D M Thompson	Professor G N Stanton
Dr A V Edwards (retired 30/09/03)	Professor R S Langley
Professor J R Willis	Mr D J Dernie
Dr P G Dickens	Dr R E Ansorge
Dr J R A Cleaver	Dr T W Warke*
Professor D J Fray*	Dr I Moller
Dr G G Pooley	Dr P J Tregear
Mr B Landy	Professor R P Haining*
Professor N K H Slater	Dr E Mastorakos*
Dr E A Marseglia	Dr E Perreau-Saussine
Professor G I Davies	Dr D A Commes
Dr W Allison	Professor M J Millett*
Dr A Clark*	Dr R D Camina
Professor Sir A Bottoms	Dr K E Mullin (resigned 30/09/03)
Professor A G Cross	Dr L M Bendall
Dr M D Potter*	Dr A G Kovalev
Professor R J A Hooley	Dr S Mukherji
Professor S K Smith (resigned 31/12/03)	Dr D R E Abayasekara
Mrs N M Padfield	Dr J A Elliott
Dr J M Blackburn (resigned 30/09/03)	Professor B S Turner
Dr M N A Bockmuehl	Miss E J Coghill
Dr D J Cole	Mr B Streumer
Professor D A Cardwell	Dr R Folli
Dr R E Horrox*	Dr A M E Morris
Dr J D Leigh	Dr G Yassin
Dr K M Brindle	Dr A E H Wheatley
Dr K W Platts	Dr A James
Dr D Keown	Dr D M Vyleta (appointed 01/10/03)
Dr D C Nicholls*	Dr K Saeb-Parsy (appointed 01/10/03)
Dr J A Everard*	Dr J I Alcantara (appointed 01/10/03)
Dr M J S Holly*	Dr P Lio (appointed 21/01/04)
Dr B Vira	Professor D M Glover (appointed 11/02/04)

*Also members of the College Committee.

GOVERNING BODY AND PROFESSIONAL ADVISORS

(Continued)

Professional Advisors

Bankers

Barclays Bank plc
Bene't Street Branch
P O Box 2
Cambridge
CB2 3PZ

Solicitors

Hewitsons
Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

Auditors

Peters Elworthy & Moore
Chartered Accountants and Registered Auditor
Salisbury House
Station Road
Cambridge
CB1 2LA

Investment Managers

Sarasin Chiswell
Juxon House
100 St. Paul's Churchyard
London
EC4M 8BU

BURSAR'S REPORT

General

The major events of the year were the completion of Gatehouse Court in September 2003 and of the Theatre in April 2004, both opened officially by the Visitor, HRH Prince Philip, Duke of Edinburgh and Chancellor of the University of Cambridge, on 21 June 2004.

The principal purpose of the College is to advance education, religion, learning and research in the University of Cambridge. In the year under review, academic fees and charges amounted to £1.71 million (2003: £1.66 million) and academic expenditure to £1.93 million (2003: 1.79 million). The deficit of £0.22 million in respect of academic activity was met from endowment and other income and there was a small surplus overall.

Donations

Donations of £971,750 were received during the year (2003: £1,750,126), including £246,900 from the Colleges' Fund (2003: £258,200), for which the College is extremely grateful. Grants from the Colleges' Fund are added to permanent capital, as is required by the terms of grant. £415,988 of other donations was for specific purposes (2003: £1,435,050).

Financial Review

These Accounts, for the year ending 31 July 2004, are the first to be published in the RCCA (Recommended Cambridge College Accounts) format. The increased transparency is to be welcomed.

There was a surplus for the year of £201,732 (2003: £231,235), after depreciation of £572,726 (2003: £469,638). Income from student rents and from conferences were each some 15% higher than in the preceding year, the principal causes for which were, respectively, the addition of 40 new rooms in Gatehouse Court and a recovery from a three-year fall induced by world events. Fee income in respect of home and EU undergraduates is being reduced by Government by 2% per annum in real terms for ten years, five such reductions having now been made. The effect in the year was an income reduction of approximately £125,000. The progressive withdrawal by Government of Advance Corporation Tax relief on dividend income was also completed in 2004. The income reduction for the College, compared with the pre-1999 situation, was approximately £57,000.

Over a three-year period, £8.70 million has been expended on new buildings and cash reserves have fallen from £5.38 million to £0.5 million. There were rises in Restricted Funds of 9.6% to £8.02 million, in Unrestricted Funds of 3.1% to £31.97 million and in the market value of investments (excluding cash) of 5.1% to £15.71 million.

Since the year-end, a triennial valuation of the Assistant Staff Pension Fund has been received. This disclosed a deficit in 2004 in respect of members' past service benefits amounting to £1.2 million. The College is eliminating this deficit by payments at the rate of £170,000 per annum. The Fund has been closed from 1 October 2004 and future service benefits are being purchased in the Universities Superannuation Scheme.

Risk Management

The College has a strong system of financial and management controls. Monthly management accounts, incorporating profiled budget comparisons and forecasts are prepared and are scrutinised by the College Committee, which also reviews five-year projections. There is an internal Audit Committee, reporting directly to the Governing Body and a comprehensive risk assessment programme across departments. In view of the relatively small endowment of the College, a highly prudential approach is taken towards investment and borrowing is abjured.

C L Pratt

Bursar

Date: 24 November 2004

STATEMENT OF RESPONSIBILITIES OF THE GOVERNING BODY

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

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.

In causing the financial statements to be prepared, the Governing Body 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 Governing Body 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 Governing Body 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 FITZWILLIAM COLLEGE

YEAR ENDED 31 JULY 2004

We have audited the financial statements which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the College balance sheet, the consolidated cash flow statement and related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

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

Respective Responsibilities of the College's Governing Body and Auditors

The Governing Body's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Governing Body. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 College's Statutes and the Statutes of the University of Cambridge. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Officers' remuneration and transactions with the College (and other members of the group) is not disclosed.

We are not required to consider whether the statement in the Report of the Governing Body concerning the major risks to which the College is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the College's risk management and control procedures.

We read other information contained in the Report of the Governing Body and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

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 by the Governing Body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 the information in the financial statements.

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

YEAR ENDED 31 JULY 2004

Qualified Opinion on Opening Balances, Comparatives and FRS17

The College has prepared its financial statements in accordance with the Statutes and Ordinances of the University of Cambridge (RCCA), for the first time in respect of the year ended 31 July 2004. The corresponding figures shown in the year ended 31 July 2003 and the balances brought forward at 1 August 2003 have not been audited. Any adjustments for these figures would have a consequent effect on the surplus for the year.

Financial Reporting Standard 17 'Retirement Benefits' (FRS 17) requires disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities. As explained in note 27 the College has not obtained and disclosed the necessary information for the year ended 31 July 2004 and it is therefore not possible to quantify the effect of this departure.

Except for the effects of any misstatement of the opening balances and comparative figures which have not been audited and the departure from FRS 17, in our opinion the financial statements give a true and fair view of the state of the group's and the College's affairs as at 31 July 2004 and of the consolidated surplus of the College for the year then ended and have been properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge.

In our opinion the contribution due from the College to the University has been correctly computed in accordance with the provisions of Statute G,II of the University of Cambridge.

PETERS ELWORTHY & MOORE
Chartered Accountants and
Registered Auditor

CAMBRIDGE

Date: 29 November 2004

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2004

Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable Accounting Standards.

In addition, the financial statements accord with the Statement of Recommended 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 Statutes and Ordinances of the University of Cambridge (RCCA). The provisions of the SORP require Endowments, Deferred Grants, and Revaluation Reserves to be disclosed on the face of the balance sheet, whereas RCCA requires that part of this information be disclosed in the notes to the financial statements (notes 15 to 18).

These financial statements are presented in this format for the first time and comparative figures have not been audited.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets.

Basis of consolidation

These financial statements consolidate the financial statements of the College and its two subsidiaries, Fitzwilliam College Services Limited and Kawakawa Bay Limited for the year ended 31 July 2004. Both companies are wholly owned subsidiaries of the College. Inclusion of the results of the subsidiaries does not materially change the view presented in the financial statements. The activities of student societies have not been consolidated.

Recognition of income

Income from the investment of restricted funds is included in the Income and Expenditure Account to the extent of the expenditure incurred during the year, together with any related contributions to overhead costs. All income from short-term deposits and the investment of unrestricted funds is credited to the Income and Expenditure Account on a receivable basis.

Restricted benefactions and donations that are used to fund capital projects are initially credited to a restricted expendable capital fund, and then released over the same estimated useful life that is used to determine the depreciation charge for the capital project.

The College Appeal Fund receives donations made to the College, both for general purposes and also those which have been made subject to restrictions specified by the donors. Unrestricted donations are allocated to capital or income at the discretion of the Governing Body. Those subject to restrictions are transferred to the relevant funds.

Pension schemes

The college pays contributions to two pension schemes which provide benefits to its members based on final pensionable salary. The assets of these schemes are held separately from those of the College.

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being 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 when contributions are paid.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2004

Pension schemes (continued)

Fitzwilliam College Assistant Staff Superannuation Fund

The College also contributes to the *Fitzwilliam College Assistant Staff Superannuation Fund*, which is a similar defined benefit pension scheme. Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are matched evenly, so far as possible, to the service lives of the employees concerned.

Due to a large deficit in the most recent full actuarial valuation carried out as at 1 August 2003, a decision has been made by the College to terminate the existing fund but not to wind it up, to pay off the fund deficit over 10 years at the rate of £170,000 per annum and to provide future services benefits for current and future members through membership of the University Superannuation Scheme with effect from 1 October 2004 or as soon as practicable thereafter (note 27).

Tangible fixed assets

a. Land and buildings

Freehold buildings within the College main site are stated at depreciated replacement cost ascertained as at 31 July 2003 plus subsequent additions at historical cost. External properties are stated at historical cost. All freehold buildings are depreciated on a straight line basis over their 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 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.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred during the year. They are not depreciated until they are brought into use.

b. Maintenance of premises

The cost of major refurbishment is capitalised and depreciated over the expected useful economic life of the asset concerned. The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred.

c. Furniture, fittings and equipment

Furniture, fittings and equipment are capitalised at cost. Depreciation is provided on a straight line basis over the expected useful life of the assets as follows:

Library books	15 years
Furniture, fittings and general equipment	10 years
Catering and conference equipment	5 years
Computer equipment	4 years

d. Rare books, silver, works of art and other assets not related to education

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

Leases

Payments under operating leases are charged to the Income and Expenditure Account equally over the lease term.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2004

Investments

Securities

Securities are shown at their market value. This is for listed investments the middle market quotation ruling at the close of business on 31 July, 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 on an accrual basis. Interest which forms part of the price of investments purchased or sold during the year is treated as revenue.

Properties

Investment properties are included at open market value. The Bursar carries out this valuation. The method adopted uses historical cost plus an annual revaluation adjustment reflecting specific market values as published by local financial institutions. These properties form part of the College's investments and therefore any surplus or deficit on revaluation is reflected as part of each fund's value as at 31 July. In accordance with SSAP19, no depreciation is charged.

Stocks

Stocks are valued 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.

Foreign currencies

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

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 ICTA 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.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 2004

	Note	2004 £000	2003 £000
INCOME			
Academic fees and charges	1	1,709	1,661
Residences, catering and conferences	2	2,676	2,367
Endowment and investment income	3	601	562
Other income	4	129	135
Total income		5,115	4,725
EXPENDITURE			
Education	5	1,927	1,787
Residences, catering and conferences	6	2,881	2,611
Other expenditure	7	105	96
Total expenditure		4,913	4,494
Operating surplus		202	231
University Contribution under Statute G,II	29	0	0
NET SURPLUS		202	231

All of the activities of the College are classed as continuing.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 July 2004

	Note	Restricted funds		Unrestricted funds		2004 Total	2003 Total
		Collegiate purposes	Non- collegiate purposes	Designated funds	Undesignated funds		
		£000	£000	£000	£000		
Surplus on continuing operations		0	0	23	179	202	231
Appreciation of investment assets	11	134	3	56	402	595	759
Unspent restricted fund income retained by funds		91	3	0	0	94	120
Benefactions and donations		416	0	180	0	596	1,435
Transfer donations to income and expenditure account		(68)	0	0	0	(68)	(20)
Capital grant received from Colleges Fund		0	0	0	247	247	258
Transfers between funds		0	0	209	(209)	0	0
Total recognised gains for the year		<u>573</u>	<u>6</u>	<u>468</u>	<u>619</u>	<u>1,666</u>	<u>2,783</u>
Reconciliation							
Balance at 1 August 2003		7,234	78	3,036	27,970	38,318	35,535
Transfer of balances		125	0	(1,962)	1,837	0	0
Total recognised gains for the year		<u>573</u>	<u>6</u>	<u>468</u>	<u>619</u>	<u>1,666</u>	<u>2,783</u>
Balance at 31 July 2004		<u>7,932</u>	<u>84</u>	<u>1,542</u>	<u>30,426</u>	<u>39,984</u>	<u>38,318</u>

BALANCE SHEETS

As at 31 July 2004

	Note	Group		College	
		2004 £000	2003 £000	2004 £000	2003 £000
FIXED ASSETS					
Tangible assets	10	23,165	20,128	23,161	20,123
Investments	11	16,206	18,423	16,206	18,423
		<u>39,371</u>	<u>38,551</u>	<u>39,367</u>	<u>38,546</u>
CURRENT ASSETS					
Stocks		53	49	53	49
Debtors	12	1,714	1,464	1,714	1,464
Cash	13	3	12	1	1
		<u>1,770</u>	<u>1,525</u>	<u>1,768</u>	<u>1,514</u>
CREDITORS					
Amounts falling due within one year	14	1,157	1,758	1,021	1,652
		<u>613</u>	<u>(233)</u>	<u>747</u>	<u>(138)</u>
Net current assets/(liabilities)					
		<u>39,984</u>	<u>38,318</u>	<u>40,114</u>	<u>38,408</u>
NET ASSETS					
		<u>39,984</u>	<u>38,318</u>	<u>40,114</u>	<u>38,408</u>
CAPITAL AND RESERVES					
	15				
Restricted funds		8,016	7,312	8,016	7,312
Unrestricted funds		31,968	31,006	32,098	31,096
		<u>39,984</u>	<u>38,318</u>	<u>40,114</u>	<u>38,408</u>
TOTAL					
		<u>39,984</u>	<u>38,318</u>	<u>40,114</u>	<u>38,408</u>

Approved on behalf of the Governing Body on 24 November 2004.

C L Pratt
BursarB F G Johnson
Master

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2004

	Note	2004 £000	2003 £000
Cash flow from operating activities	19	485	124
Returns on investment and servicing of finance	20	429	546
Capital transactions	21	(3,837)	(3,635)
Net cash outflow before management of liquid resources		(2,923)	(2,965)
Management of liquid resources	22	2,976	3,436
Increase in cash	23	53	471

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

1. ACADEMIC FEES AND CHARGES

	2004	2003
	£000	£000
COLLEGE FEES		
Fee income received on behalf of undergraduates eligible for student support (per capita fee £2,832)	1,231	1,199
Other undergraduate fee income (per capita fee £3,210)	158	153
Graduate fee income (per capita fee £1,923)	320	309
	<u>1,709</u>	<u>1,661</u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2004	2003
	£000	£000
Accommodation		
College members	1,359	1,177
Conferences	365	328
Catering		
College members	622	586
Conferences	330	276
	<u>2,676</u>	<u>2,367</u>

3. ENDOWMENT AND INVESTMENT INCOME

	Income from restricted funds	Income from unrestricted funds	2004 Total	2003 Total
	£000	£000	£000	£000
Income from:				
Freehold land and buildings	0	76	76	69
Quoted securities – equities	36	149	185	226
Quoted securities – fixed interest	20	85	105	61
Cash balances	7	31	38	129
Donations and benefactions	68	129	197	77
	<u>131</u>	<u>470</u>	<u>601</u>	<u>562</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

4. OTHER INCOME

	2004	2003
	£000	£000
Miscellaneous charges to members and other income	73	84
Laser printing income	40	34
Launderette income	16	17
	<u>129</u>	<u>135</u>
	<u><u>129</u></u>	<u><u>135</u></u>

5. EDUCATION EXPENDITURE

	2004	2003
	£000	£000
Teaching	1,192	1,108
Tutorial	319	279
Admissions	73	67
Research	188	189
Scholarships and awards	36	31
Other educational facilities	119	113
	<u>1,927</u>	<u>1,787</u>
	<u><u>1,927</u></u>	<u><u>1,787</u></u>

6. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2004	2003
	£000	£000
Accommodation		
College members	1,454	1,252
Conferences	257	245
Catering		
College members	919	890
Conferences	251	224
	<u>2,881</u>	<u>2,611</u>
	<u><u>2,881</u></u>	<u><u>2,611</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

7. OTHER EXPENDITURE

	2004	2003
	£000	£000
Restricted funds expenditure	25	31
Administration	51	45
Other	29	20
	<u>105</u>	<u>96</u>
	<u><u>105</u></u>	<u><u>96</u></u>

8. ANALYSIS OF EXPENDITURE BY ACTIVITY

2003/04	Staff costs (note 24) £000	Other operating expenses £000	Deprecia- -tion £000	Total £000
Education (note 5)	929	853	145	1,927
Residences, catering and conferences (note 6)	1,384	1,073	424	2,881
Other (note 7)	40	62	3	105
	<u>2,353</u>	<u>1,988</u>	<u>572</u>	<u>4,913</u>
	<u><u>2,353</u></u>	<u><u>1,988</u></u>	<u><u>572</u></u>	<u><u>4,913</u></u>

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

2002/03	Staff costs (note 24) £000	Other operating expenses £000	Deprecia- -tion £000	Total £000
Education (note 5)	848	820	119	1,787
Residences, catering and conferences (note 6)	1,294	970	347	2,611
Other (note 7)	39	53	4	96
	<u>2,181</u>	<u>1,843</u>	<u>470</u>	<u>4,494</u>
	<u><u>2,181</u></u>	<u><u>1,843</u></u>	<u><u>470</u></u>	<u><u>4,494</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

10. TANGIBLE FIXED ASSETS**GROUP**

	Freehold land and buildings	Furniture, fittings and equipment	Library books	2004 Total
	£000	£000	£000	£000
Cost				
As at 1 August 2003	19,844	924	283	21,051
Additions at cost	3,286	295	29	3,610
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2004	23,130	1,219	312	24,661
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
As at 1 August 2003	279	514	130	923
Charge for the year	384	168	21	573
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2004	663	682	151	1,496
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
As at 31 July 2004	22,467	537	161	23,165
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2003	19,565	410	153	20,128
	<hr/>	<hr/>	<hr/>	<hr/>

The insured replacement cost of freehold land and buildings as at 31 July 2004 was £54,966,000.

COLLEGE

	Freehold land and buildings	Furniture, fittings and equipment	Library books	2004 Total
	£000	£000	£000	£000
Cost				
As at 1 August 2003	19,844	905	283	21,032
Additions at cost	3,286	295	29	3,610
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2004	23,130	1,200	312	24,642
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
As at 1 August 2003	279	500	130	909
Charge for the year	384	167	21	572
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2004	663	667	151	1,481
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
As at 31 July 2004	22,467	533	161	23,161
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2003	19,565	405	153	20,123
	<hr/>	<hr/>	<hr/>	<hr/>

The insured replacement cost of freehold land and buildings as at 31 July 2004 was £54,966,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

11. INVESTMENT ASSETS

	2004	2003
GROUP AND COLLEGE	£000	£000
Market value at 1 August 2003	18,423	20,896
Additions	697	1,428
Disposals	(533)	(1,224)
Appreciation on disposals/revaluation	595	759
Decrease in cash balances	(2,976)	(3,436)
	<hr/>	<hr/>
Market value at 31 July 2004	16,206	18,423
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Freehold land and buildings	4,318	4,091
Quoted securities - equities	9,270	8,656
Quoted securities - fixed interest	2,118	2,200
Cash held for reinvestment	500	3,476
	<hr/>	<hr/>
	16,206	18,423
	<hr/> <hr/>	<hr/> <hr/>

Investments held by the College also include an additional £2 (2003: £2) in each of the subsidiary undertakings, Fitzwilliam College Services Limited and Kawakawa Bay Limited.

12. DEBTORS

	Group		College	
	2004	2003	2004	2003
	£000	£000	£000	£000
Members of the College	202	165	202	165
Other debtors	1,512	1,299	1,512	1,299
	<hr/>	<hr/>	<hr/>	<hr/>
	1,714	1,464	1,714	1,464
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13. CASH

	Group		College	
	2004	2003	2004	2003
	£000	£000	£000	£000
Current accounts	2	11	0	0
Cash in hand	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	3	12	1	1
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		College	
	2004	2003	2004	2003
	£000	£000	£000	£000
Bank Overdraft	68	130	68	130
Social security and other taxes	52	0	52	0
Members of the College	97	95	97	95
Other creditors	940	1,533	804	1,427
	<u>1,157</u>	<u>1,758</u>	<u>1,021</u>	<u>1,652</u>
	<u><u>1,157</u></u>	<u><u>1,758</u></u>	<u><u>1,021</u></u>	<u><u>1,652</u></u>

15. CAPITAL AND RESERVES**GROUP**

	Income/ expendable capital funds	Permanent capital funds	2004 Total	2003 Total
	£000	£000	£000	£000
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Trust funds	244	3,883	4,127	3,586
Donations & benefactions	28	0	28	20
Deferred capital funds	3,777	0	3,777	3,628
	<u>4,049</u>	<u>3,883</u>	<u>7,932</u>	<u>7,234</u>
<u>Funds for non-collegiate purposes</u>				
Trust funds	72	12	84	78
	<u>72</u>	<u>12</u>	<u>84</u>	<u>78</u>
Unrestricted funds:				
<u>Designated funds</u>				
Special funds	1,438	104	1,542	3,036
	<u>1,438</u>	<u>104</u>	<u>1,542</u>	<u>3,036</u>
<u>Undesignated funds</u>				
Corporate capital	0	27,260	27,260	26,529
Revenue reserves	3,166	0	3,166	1,441
	<u>3,166</u>	<u>27,260</u>	<u>30,426</u>	<u>27,970</u>
	<u>8,725</u>	<u>31,259</u>	<u>39,984</u>	<u>38,318</u>
	<u><u>8,725</u></u>	<u><u>31,259</u></u>	<u><u>39,984</u></u>	<u><u>38,318</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

15. CAPITAL AND RESERVES (continued)

COLLEGE

	Income/ expendable capital funds £000	Permanent capital funds £000	2004 Total £000	2003 Total £000
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Trust funds	244	3,883	4,127	3,586
Donations & benefactions	28	0	28	20
Deferred capital funds	3,777	0	3,777	3,628
	<hr/>	<hr/>	<hr/>	<hr/>
	4,049	3,883	7,932	7,234
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Trust funds	72	12	84	78
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds:				
<u>Designated funds</u>				
Special funds	1,438	104	1,542	3,036
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Corporate capital	0	27,260	27,260	26,529
Revenue reserves	3,296	0	3,296	1,531
	<hr/>	<hr/>	<hr/>	<hr/>
	3,296	27,260	30,556	28,060
	<hr/>	<hr/>	<hr/>	<hr/>
	8,855	31,259	40,114	38,408
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

16. MOVEMENT IN CAPITAL AND RESERVES**GROUP**

	Balance at 1 August 2003 £000	Movement in year Increase £000	Decrease £000	Balance at 31 July 2004 £000
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	3,792	257		4,049
Permanent capital	3,442	441		3,883
	<hr/>	<hr/>	<hr/>	<hr/>
	7,234	698	0	7,932
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	67	5		72
Permanent capital	11	1		12
	<hr/>	<hr/>	<hr/>	<hr/>
	78	6	0	84
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	2,935		(1,496)	1,439
Permanent capital	101	2		103
	<hr/>	<hr/>	<hr/>	<hr/>
	3,036	2	(1,496)	1,542
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Income/expendable capital	1,441	1,725		3,166
Permanent capital	26,529	731		27,260
	<hr/>	<hr/>	<hr/>	<hr/>
	27,970	2,456	0	30,426
	<hr/>	<hr/>	<hr/>	<hr/>
	38,318	3,162	(1,496)	39,984
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

16. MOVEMENT IN CAPITAL AND RESERVES (continued)**COLLEGE**

	Balance at 1 August 2003 £000	Movement in year		Balance at 31 July 2004 £000
		Increase £000	Decrease £000	
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	3,792	257		4,049
Permanent capital	3,442	441		3,883
	<u>7,234</u>	<u>698</u>	<u>0</u>	<u>7,932</u>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	67	5		72
Permanent capital	11	1		12
	<u>78</u>	<u>6</u>	<u>0</u>	<u>84</u>
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	2,935		(1,496)	1,439
Permanent capital	101	2		103
	<u>3,036</u>	<u>2</u>	<u>(1,496)</u>	<u>1,542</u>
<u>Undesignated funds</u>				
Income/expendable capital	1,531	1,765		3,296
Permanent capital	26,529	731		27,260
	<u>28,060</u>	<u>2,496</u>	<u>0</u>	<u>30,556</u>
	<u>38,408</u>	<u>3,202</u>	<u>(1,496)</u>	<u>40,114</u>

17. ANALYSIS OF RESTRICTED AND UNRESTRICTED DESIGNATED FUNDS

	Restricted funds £000	Designated funds £000	2004 Total £000	2003 Total £000
Fellowship and Research	1,551	0	1,551	1,452
Scholarships	738	104	842	801
Prizes	220	0	220	205
Chapel	245	0	245	107
Travel	107	0	107	88
Hardship	1,070	2	1,072	972
Building	3,965	1,329	5,294	4,676
Other	120	107	227	2,047
	<u>8,016</u>	<u>1,542</u>	<u>9,558</u>	<u>10,348</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

18. CAPITAL ALLOCATION

Capital is invested in the following categories of assets:

GROUP	Tangible fixed assets £000	Investment assets £000	Net current assets £000	Total £000
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	3,852	197	0	4,049
Permanent capital	0	3,883	0	3,883
	<hr/>	<hr/>	<hr/>	<hr/>
	3,852	4,080	0	7,932
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	0	72	0	72
Permanent capital	0	12	0	12
	<hr/>	<hr/>	<hr/>	<hr/>
	0	84	0	84
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	1,329	109	0	1,438
Permanent capital	0	104	0	104
	<hr/>	<hr/>	<hr/>	<hr/>
	1,329	213	0	1,542
<u>Undesignated funds</u>				
Income/expendable capital	5,667	0	(2,501)	3,166
Permanent capital	12,317	11,829	3,114	27,260
	<hr/>	<hr/>	<hr/>	<hr/>
	17,984	11,829	613	30,426
	<hr/>	<hr/>	<hr/>	<hr/>
	23,165	16,206	613	39,984
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

18. CAPITAL ALLOCATION (continued)**Capital is invested in the following categories of assets:**

COLLEGE	Tangible fixed assets £000	Investment assets £000	Net current assets £000	Total £000
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	3,852	197	0	4,049
Permanent capital	0	3,883	0	3,883
	<hr/>	<hr/>	<hr/>	<hr/>
	3,852	4,080	0	7,932
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	0	72	0	72
Permanent capital	0	12	0	12
	<hr/>	<hr/>	<hr/>	<hr/>
	0	84	0	84
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	1,329	109	0	1,438
Permanent capital	0	104	0	104
	<hr/>	<hr/>	<hr/>	<hr/>
	1,329	213	0	1,542
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Income/expendable capital	5,663	0	(2,367)	3,296
Permanent capital	12,317	11,829	3,114	27,260
	<hr/>	<hr/>	<hr/>	<hr/>
	17,980	11,829	747	30,556
	<hr/>	<hr/>	<hr/>	<hr/>
	23,161	16,206	747	40,114
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

19. RECONCILIATION OF SURPLUS ON CONTINUING OPERATIONS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004	2003
	£000	£000
Surplus on continuing operations	202	231
Interest and dividends receivable	(328)	(416)
Depreciation	573	470
(Increase)/decrease in stocks	(4)	3
Increase in debtors	(30)	(143)
Increase/(decrease) in creditors	116	(21)
Release of deferred capital funds	(44)	0
	<hr/>	<hr/>
Net cash inflow from operating activities	485	124
	<hr/> <hr/>	<hr/> <hr/>

20. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2004	2003
	£000	£000
Interest received	153	267
Dividends received	276	279
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	429	546
	<hr/> <hr/>	<hr/> <hr/>

21. CAPITAL TRANSACTIONS

	2004	2003
	£000	£000
Receipts from sales of investment assets	533	1,571
Donations and benefactions	570	1,429
Capital grant received from colleges fund	247	258
	<hr/>	<hr/>
Total capital receipts	1,350	3,258
	<hr/>	<hr/>
Payments to acquire tangible fixed assets	(4,486)	(5,109)
Payments to acquire investment assets	(701)	(1,784)
	<hr/>	<hr/>
Total capital expenditure	(5,187)	(6,893)
	<hr/>	<hr/>
Net cash outflow from capital transactions	(3,837)	(3,635)
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

22. MANAGEMENT OF LIQUID RESOURCES

	2004	2003
	£000	£000
Withdrawal from deposits	(2,976)	(3,436)
	<u> </u>	<u> </u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2003	Cash flows	At 31 July 2004
	£000	£000	£000
Cash at bank and in hand	12	(9)	3
Bank overdraft	(130)	62	(68)
	<u> </u>	<u> </u>	<u> </u>
	(118)	53	(65)
Cash held at fund managers and on deposit	3,476	(2,976)	500
	<u> </u>	<u> </u>	<u> </u>
	3,358	(2,923)	435
	<u> </u>	<u> </u>	<u> </u>

24. STAFF

	College fellows	Non- academic	2004 Total	2003 Total
	£000	£000	£000	£000
<i>Staff costs:</i>				
Emoluments	419	1,626	2,045	1,899
Social security costs	46	113	159	133
Other pension costs	50	99	149	149
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	515	1,838	2,353	2,181
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	No	No	No	No
<i>Average staff numbers (full time equivalents):</i>				
Academic	24	0	24	23
Non-academic	0	92	92	90
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	24	92	116	113
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

No officer or employee of the College, including the Head of House, received emoluments of over £70,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

25. CAPITAL COMMITMENTS

At 31 July 2004 future capital expenditure authorised and committed amounted to £nil (2003 - £2,417,200).

26. FINANCIAL COMMITMENTS

At 31 July 2004 the College had annual commitments under non-cancellable operating leases as follows:

	2004	2003
	£000	£000
<i>Land and buildings:</i>		
	17	39
Expiring within one year	0	67
Expiring between two and five years' time	0	0
Expiring in over five years	<u>17</u>	<u>106</u>
	<u><u>17</u></u>	<u><u>106</u></u>

27. PENSION SCHEMES

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund.

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

The latest actuarial valuation of the scheme was at 31 March 2002. The assumptions and other data that have the most significant effect on the determination of the contribution levels are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary 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, including an additional investment return assumption of 1% 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 was £ 19,776 million leaving a surplus of assets of £162 million. The assets were therefore sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

27. PENSION SCHEMES (continued)

Universities Superannuation Scheme (continued)

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 will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current active members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5m (including the Supplementary Section) to be carried forward.

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

The total pension cost for the College was £49,850 (2003: £44,732). The contribution rate payable by the College was 14% of pensionable salaries.

Fitzwilliam College Assistant Staff Superannuation Fund

The Group also operates an insured pension fund for non- academic employees providing defined benefits to those employees based on their final pensionable salary. Contributions to the fund are based on the recommendation of professional advisors and with the agreement of the fund's actuary. The employer's rate of contribution to the scheme during the year was 11% of total pensionable salaries inclusive of the cost of insuring the death in service benefits.

The fund was valued by an independent actuary as at 1 August 2003. The valuation was carried out using the Projected Unit method for the liabilities and a Market-Based method for the assets.

The past service liability is calculated by estimating the future benefit payments from the scheme based on pensionable service up to the valuation date and final pensionable salaries projected to retirement (or assumed date of leaving). These are then discounted back to the valuation date at the valuation rate of interest (6.5% per annum). This gives the present value of the liabilities accrued up to the valuation date. The principal assumptions were as follows:

- A yield of 6.5% per annum compound applies until normal retirement age.
- A yield of 5% per annum compound is used in the calculation of immediate annuity rates for members retiring.
- Salaries increase at a rate of 4.5% per annum compound including an allowance for promotional increases.
- Limited Price Indexation (with a minimum of 3%) will be 3.25% per annum compound.
- All pensions that accrued before 6 April 1997 will increase in payment at the rate of 3% per annum compound. All pensions accrued from 6 April 1997 will increase in payment in line with the Retail Price Index, subject to a maximum of 5% per annum compound (this is known as Limited Price Indexation) and a minimum of 3% per annum compound.

Based on the valuation method and assumptions set out above the valuation results were as follows:

Market value of assets	£1,258,000
Past service liability	<u>£2,348,000</u>
Deficit	<u>£1,090,000</u>

The main reasons for this deficit since the last valuation related to changes in the assumptions previously made, mainly increase in life expectancy and reduction in yield after retirement as well as investment returns being less than assumed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

27. PENSION SCHEMES (continued)

Fitzwilliam College Assistant Staff Superannuation Fund (continued)

In order to rectify the deficit position and to protect the members interests the College as employer has decided to take the following action:

- To terminate the existing fund but not to wind it up;
- To pay off the Fund deficit over ten years at the rate of £170,000 per annum, as advised by the Fund Actuary and recommended by the Trustees,
- To provide future services benefits through membership of the Universities Superannuation Scheme with effect from 1 October 2004 or as soon as practicable thereafter.
- To implement a change in the rules, so that preserved pensions are provided as multiples of sixtieths of actual final salary, as if the fund remained live.
- To issue new contracts of employment as soon as possible to reflect the above changes.

The Actuary also carried out a Minimum Funding Requirement valuation as at 1 August 2003. The actuarial value of the assets as at that date was £1,258,000 and the MFR value of liabilities was £1,358,000 leaving a deficit of £100,000. The Actuary's opinion was that on the valuation date the assets of the scheme were sufficient to satisfy the liabilities of the Scheme in accordance with Section 73(3) of the Pensions Act 1995 to the following extent:

The contracted-out liabilities (including pension increases when in payment) and pensions currently in payment (including future pension increases) were fully secured. Other accrued rights were 81% secured. These liabilities excluded those in respect of any additional Voluntary Contributions.

The assets of the Fund will remain principally invested in a With-Profits Unitised policy With Norwich Union. The expected investment rate of return is 6.5%.

The net charge to the profit and loss account during the year was £98,993.

Financial Reporting Standard 17 requires disclosure in the financial statements of the fair value of the assets and liabilities arising from the group's retirement benefit obligations and any related funding at each balance sheet date. It also requires disclosure of key actuarial assumptions, the cost of providing retirement benefits, the related finance costs and any other changes in value of the assets and liabilities. The information shown is to be updated by the scheme's actuary at each balance sheet date. The Governing Body has concluded that it is not in its interest to incur the costs of an annual actuarial valuation. The above note therefore includes corresponding information from the most recent triennial valuation performed by the actuary for the pension scheme. It is not practicable to quantify the effect of this departure from accounting standards.

28. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

29. CONTRIBUTION ASSESSMENT

29.a ASSESSABLE INCOME	£	2004 £	£	2003 £
External Revenue:				
College Estates let at rack rent	76,192		69,195	
Dividends and Interest gross	196,359		250,799	
	<u> </u>	272,551	<u> </u>	319,994
Less:				
Insurance of College Buildings	36,700		31,643	
Agency, Management charges	74,475		67,067	
Transfer to Estates Repairs & Improvements Fund	(83,202)		17,299	
Sinking Fund payments under Statute GII,4(iv)	129,801		126,635	
	<u> </u>	157,774	<u> </u>	242,644
		<u> </u>		<u> </u>
		114,777		77,350
Trust & Other Funds Subject to Contribution		214,330		173,011
		<u> </u>		<u> </u>
ASSESSABLE INCOME		329,107		250,361
		<u> </u>		<u> </u>
Trust & Other Funds Not Subject to Contribution:				
Billygoats Society		2,589		2,330
		<u> </u>		<u> </u>
DEDUCTIBLE ITEMS				
Half sums paid to Scholars, Exhibitioners and Research Students		10,138		9,000
Prizes		11,881		10,465
Half maintenance of Chapel expenditure		798		762
Net expenditure on College Library		53,567		52,533
College Teaching Officers		125,817		105,270
College Research Fellows		74,996		63,761
College Building Fund (under Statute GII,4vii)		209,000		193,000
Donations for University Purposes:				
Subscription to Appointments Board	0		80	
University Counselling Service	9,224		8,609	
Sports Injury Clinic	650		528	
	<u> </u>	9,874	<u> </u>	9,217
Other sums approved under Statute GII,4(xxiii)		68		53
		<u> </u>		<u> </u>
		496,139		444,061
		<u> </u>		<u> </u>
NET ASSESSABLE INCOME		nil		nil
		<u> </u>		<u> </u>
Excess of deductible items carried forward from:				
	2003/04	167,032	2002/03	193,700
	2002/03	193,700	2001/02	67,212
		<u> </u>		<u> </u>
		360,732		260,912
		<u> </u>		<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

29. CONTRIBUTION ASSESSMENT (continued)

29.b BUILDING FUND UNDER STATUTE GII,4(vii)	£	2004 £	£	2003 £
Balance at 1 August 2003		0		2,188,225
Transfer for 2003/04 approved under GII,4(vii)	209,000		193,000	
Investment income	9,596		109,142	
Capital appreciation	0		72,476	
	<u> </u>	218,596	<u> </u>	374,618
Less: expenditure incurred		(218,596)		(2,562,843)
Balance at 31 July 2004		<u> </u> <u> </u>		<u> </u> <u> </u>