

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

2005



FITZWILLIAM COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2005

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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	Dr A Zsak
Professor J R Willis	Dr I Moller
Dr P G Dickens*	Dr P J Tregear
Dr J R A Cleaver	Professor R P Haining*
Professor D J Fray	Dr E Mastorakos
Dr G G Pooley	Dr E Perreau-Saussine
Mr B Landy (retired 30/09/04)	Dr D A Coomes
Professor N K H Slater	Professor M J Millett*
Dr E A Marseglia	Dr R D Camina
Professor G I Davies	Dr L M Bendall (resigned 30/09/04)
Dr W Allison	Dr A G Kovalev
Dr A Clark*	Dr S Mukherji
Professor Sir A Bottoms	Dr D R E Abayasekara
Professor A G Cross (retired 30/09/04)	Dr J A Elliott
Dr M D Potter*	Professor B S Turner
Professor R J A Hooley	Miss E J Coghill
Mrs N M Padfield*	Mr B Streumer
Professor M N A Bockmuehl	Dr R Folli
Dr D J Cole*	Dr A M E Morris
Professor D A Cardwell	Dr G Yassin (resigned 31.01.05)
Dr R E Horrox*	Dr A E H Wheatley
Dr J D Leigh	Dr A James
Professor K M Brindle	Dr D M Vyleta
Dr K W Platts	Dr K Saeb-Parsy
Dr D Keown	Dr J I Alcantara
Dr D C Nicholls*	Dr P Lio
Dr J A Everard*	Professor D M Glover
Dr M J S Holly*	Ms A C Goymour (appointed 01/10/04)
Dr B Vira	Dr M O McCullagh (appointed 01/10/04)
Professor G N Stanton	Mr L A W Robinson (appointed 01/10/04)
Professor R S Langley	Dr E A Guse (appointed 01/10/04)
Mr D J Dernie (resigned 31/01/05)	Dr M J Arends (appointed 01/10/04)
Dr R E Ansoorge	Dr S S Owen (appointed 01/04/05)
Dr T W Warke*	

*Also served on 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 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 £1.69 million (2004: £1.71 million) and academic expenditure to £2.03 million (2004: 1.93 million). The deficit of £0.34 million (2004: £0.22 million) in respect of academic activity was met from endowment and other income and, as expected, there was a deficit overall, arising mainly from the first of an anticipated ten annual payments of £170,000 required on actuarial advice to eliminate a deficit in the staff pension fund. That fund was closed to future service from 1 October 2004, from which date its members joined the Universities Superannuation Scheme (USS).

Professor R D Lethbridge became Master of the College on 3 October 2005, on the retirement of Professor B F G Johnson.

Financial Review

There was a deficit for the year of £124,980 (2004: surplus of £201,732), after depreciation of £658,601 (2004: £572,726). Income from student rents and from conferences was higher by 7.8% and 12.1% respectively than in the preceding year. However, fee income fell by £15,138, due mainly to a small reduction in student numbers. Cash reserves rose from £0.5 million to £1.84 million. The total return on investments was 21.7% (2004: 7.2%). The College expects to return to a break-even position in 2006.

Donations

Donations of £619,062 were received during the year (2004: £971,750), including £282,200 from the Colleges' Fund (2004: £246,900), 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. £364,569 of other donations was for specific purposes (2004: £415,988). An annual fund appeal has been launched to combine a number of subject specific appeals already running and to complement a legacy appeal and other fund raising activities.

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 and by its Finance Sub-Committee. 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: 23 November 2005

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 2005

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.

Qualified Opinion on FRS17

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 years ended 31 July 2004 and 31 July 2005. However, it is not possible to quantify the effect of this departure from Financial Reporting Standards.

Except for 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 2005 and of the consolidated deficit 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: 5 December 2005

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2005

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).

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 2005. 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 permanent capital funds, short term deposits and the investment of unrestricted funds is credited to the income and expenditure account on a receivable basis.

Benefactions and donations accepted on condition that only the income may be spent are credited to the balance sheet as permanent capital funds. The income from a permanent capital fund is shown as income in the year that it is receivable. Income from a permanent capital fund that is not expended in the year in which it is receivable is, at the year-end, transferred from the income and expenditure account to a restricted or unrestricted expendable capital fund, as appropriate. When there is subsequent expenditure of accumulated income from a restricted capital fund, income is credited back to the income and expenditure account from the restricted expendable capital fund to match the expenditure. Unrestricted donations are allocated to capital or income at the discretion of the Governing Body 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.

College fee income is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors.

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 2005

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 was made by the College to terminate the existing fund as at 30 September 2004 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. (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 2005

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 2005

	Note	2005 £000	2004 £000
INCOME			
Academic fees and charges	1	1,694	1,709
Residences, catering and conferences	2	2,899	2,676
Endowment and investment income	3	694	695
Other income	4	128	129
Total income		5,415	5,209
EXPENDITURE			
Education	5	2,034	1,927
Residences, catering and conferences	6	3,292	2,881
Other expenditure	7	117	105
Total expenditure		5,443	4,913
Operating surplus/(deficit)		(28)	296
University Contribution under Statute G,II	29	0	0
		(28)	296
Transfer to restricted funds		(97)	(94)
NET SURPLUS/(DEFICIT)		(125)	202

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 2005

	Note	Restricted funds		Unrestricted funds		2005 Total	2004 Total
		Collegiate purposes	Non- collegiate purposes	Designated funds	Undesignated funds		
		£000	£000	£000	£000	£000	£000
Surplus on continuing operations		0	0	(35)	(90)	(125)	202
Appreciation of investment assets	11	728	15	33	2,542	3,318	595
Unspent restricted fund income retained by funds		94	3	0	0	97	94
Benefactions and donations		365	0	7	0	372	596
Transfer donations to income and expenditure account		(113)	0	0	0	(113)	(68)
Capital grant received from Colleges Fund		0	0	0	282	282	247
Capital grant to Junior Members Association		(31)	0	0	0	(31)	0
Transfers between funds		0	0	186	(186)	0	0
Total recognised gains for the year		<u>1,043</u>	<u>18</u>	<u>191</u>	<u>2,548</u>	<u>3,800</u>	<u>1,666</u>
Reconciliation							
Balance at 1 August 2004		7,932	84	1,542	30,426	39,984	38,318
Total recognised gains for the year		<u>1,043</u>	<u>18</u>	<u>191</u>	<u>2,548</u>	<u>3,800</u>	<u>1,666</u>
Balance at 31 July 2005		<u>8,975</u>	<u>102</u>	<u>1,733</u>	<u>32,974</u>	<u>43,784</u>	<u>39,984</u>

BALANCE SHEETS

As at 31 July 2005

	Note	Group		College	
		2005 £000	2004 £000	2005 £000	2004 £000
FIXED ASSETS					
Tangible assets	10	23,048	23,165	23,045	23,161
Investments	11	20,464	16,206	20,464	16,206
		<u>43,512</u>	<u>39,371</u>	<u>43,509</u>	<u>39,367</u>
CURRENT ASSETS					
Stocks		58	53	58	53
Debtors	12	1,190	1,714	1,544	2,034
Cash	13	21	3	1	1
		<u>1,269</u>	<u>1,770</u>	<u>1,603</u>	<u>2,088</u>
CREDITORS					
Amounts falling due within one year	14	997	1,157	1,328	1,471
		<u>272</u>	<u>613</u>	<u>275</u>	<u>617</u>
Net current assets/(liabilities)					
		<u>272</u>	<u>613</u>	<u>275</u>	<u>617</u>
NET ASSETS					
		<u>43,784</u>	<u>39,984</u>	<u>43,784</u>	<u>39,984</u>
CAPITAL AND RESERVES					
	15				
Restricted funds		9,077	8,016	9,077	8,016
Unrestricted funds		34,707	31,968	34,707	31,968
		<u>43,784</u>	<u>39,984</u>	<u>43,784</u>	<u>39,984</u>
TOTAL					
		<u>43,784</u>	<u>39,984</u>	<u>43,784</u>	<u>39,984</u>

Approved on behalf of the Governing Body on 23 November 2005.

C L Pratt
BursarR D Lethbridge
Master

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2005

	Note	2005 £000	2004 £000
Cash flow from operating activities	19	111	485
Returns on investment and servicing of finance	20	435	429
Capital transactions	21	831	(3,837)
Net cash inflow before management of liquid resources		<u>1,377</u>	<u>(2,923)</u>
Management of liquid resources	22	(1,345)	2,976
Increase in cash	23	<u>32</u>	<u>53</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

1. ACADEMIC FEES AND CHARGES

	2005	2004
	£000	£000
COLLEGE FEES		
Fee income received on behalf of undergraduates eligible for student support (per capita fee £2,898)	1,222	1,231
Other undergraduate fee income (per capita fee £3,360)	160	158
Graduate fee income (per capita fee £1,959)	312	320
	<u>1,694</u>	<u>1,709</u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2005	2004
	£000	£000
Accommodation		
College members	1,465	1,359
Conferences	409	365
Catering		
College members	655	622
Conferences	370	330
	<u>2,899</u>	<u>2,676</u>

3. ENDOWMENT AND INVESTMENT INCOME

	Income from restricted funds	Income from unrestricted funds	2005 Total	2004 Total
	£000	£000	£000	£000
Income from:				
Freehold land and buildings	0	114	114	76
Quoted securities – equities	107	168	275	239
Quoted securities – fixed interest	44	68	112	135
Cash balances	17	27	44	48
Donations and benefactions	113	36	149	197
	<u>281</u>	<u>413</u>	<u>694</u>	<u>695</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

4. OTHER INCOME

	2005	2004
	£000	£000
Miscellaneous charges to members and other income	71	73
Laser printing income	40	40
Launderette income	17	16
	<u>128</u>	<u>129</u>
	<u><u>128</u></u>	<u><u>129</u></u>

5. EDUCATION EXPENDITURE

	2005	2004
	£000	£000
Teaching	1,257	1,192
Tutorial	328	319
Admissions	77	73
Research	214	188
Scholarships and awards	40	36
Other educational facilities	118	119
	<u>2,034</u>	<u>1,927</u>
	<u><u>2,034</u></u>	<u><u>1,927</u></u>

6. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2005	2004
	£000	£000
Accommodation		
College members	1,661	1,454
Conferences	356	257
Catering		
College members	997	919
Conferences	278	251
	<u>3,292</u>	<u>2,881</u>
	<u><u>3,292</u></u>	<u><u>2,881</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

7. OTHER EXPENDITURE

	2005	2004
	£000	£000
Restricted funds expenditure	40	25
Administration	58	51
Other	19	29
	<u>117</u>	<u>105</u>
	<u><u>117</u></u>	<u><u>105</u></u>

8. ANALYSIS OF EXPENDITURE BY ACTIVITY

2004/05	Staff costs (note 24) £000	Other operating expenses £000	Deprecia- -tion £000	Total £000
Education (note 5)	1,008	882	144	2,034
Residences, catering and conferences (note 6)	1,603	1,177	512	3,292
Other (note 7)	46	68	3	117
	<u>2,657</u>	<u>2,127</u>	<u>659</u>	<u>5,443</u>
	<u><u>2,657</u></u>	<u><u>2,127</u></u>	<u><u>659</u></u>	<u><u>5,443</u></u>

9. 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>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

10. TANGIBLE FIXED ASSETS**GROUP**

	Freehold land and buildings	Furniture, fittings and equipment	Library books	2005 Total
	£000	£000	£000	£000
Cost				
As at 1 August 2004	23,130	1,219	312	24,661
Additions at cost	282	238	25	545
Disposals	(2)	0	0	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2005	23,410	1,457	337	25,204
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
As at 1 August 2004	663	682	151	1,496
Charge for the year	467	173	21	661
Eliminated on disposals	(1)	0	0	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2005	1,129	855	172	2,156
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
As at 31 July 2005	22,281	602	165	23,048
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 31 July 2004	22,467	537	161	23,165
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The insured replacement cost of freehold land and buildings as at 31 July 2005 was £71,735,000.

COLLEGE

	Freehold land and buildings	Furniture, fittings and equipment	Library books	2005 Total
	£000	£000	£000	£000
Cost				
As at 1 August 2004	23,130	1,200	312	24,642
Additions at cost	282	238	25	545
Disposals	(2)	0	0	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2005	23,410	1,438	337	25,185
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
As at 1 August 2004	663	667	151	1,481
Charge for the year	467	172	21	660
Eliminated on disposals	(1)	0	0	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2005	1,129	839	172	2,140
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
As at 31 July 2005	22,281	599	165	23,045
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 31 July 2004	22,467	533	161	23,161
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The insured replacement cost of freehold land and buildings as at 31 July 2005 was £71,735,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

11. INVESTMENT ASSETS

	2005	2004
GROUP AND COLLEGE	£000	£000
Market value at 1 August 2004	16,206	18,423
Additions	225	697
Disposals	(630)	(533)
Appreciation on disposals/revaluation	3,318	595
Increase/(decrease) in cash balances	1,345	(2,976)
	<u>20,464</u>	<u>16,206</u>
Represented by:		
Freehold land and buildings	5,423	4,318
Quoted securities - equities	11,505	9,270
Quoted securities - fixed interest	1,691	2,118
Cash held for reinvestment	1,845	500
	<u>20,464</u>	<u>16,206</u>

Investments held by the College also include an additional £2 (2004: £2) in each of the subsidiary undertakings, Fitzwilliam College Services Limited and Kawakawa Bay Limited.

12. DEBTORS

	Group		College	
	2005	2004	2005	2004
	£000	£000	£000	£000
Members of the College	215	202	215	202
Amounts owed by subsidiary companies	0	0	356	320
Other debtors	975	1,512	973	1,512
	<u>1,190</u>	<u>1,714</u>	<u>1,544</u>	<u>2,034</u>

13. CASH

	Group		College	
	2005	2004	2005	2004
	£000	£000	£000	£000
Current accounts	20	2	0	0
Cash in hand	1	1	1	1
	<u>21</u>	<u>3</u>	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		College	
	2005	2004	2005	2004
	£000	£000	£000	£000
Bank overdraft	54	68	54	68
Amounts owed to subsidiary companies	0	0	477	450
Social security and other taxes	53	52	52	52
Members of the College	97	97	96	97
Other creditors	793	940	649	804
	<u>997</u>	<u>1,157</u>	<u>1,328</u>	<u>1,471</u>
	<u><u>997</u></u>	<u><u>1,157</u></u>	<u><u>1,328</u></u>	<u><u>1,471</u></u>

15. CAPITAL AND RESERVES**GROUP**

	Income/ expendable capital funds	Permanent capital funds	2005 Total	2004 Total
	£000	£000	£000	£000
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Trust funds	550	4,695	5,245	4,127
Donations & benefactions	29	0	29	28
Deferred capital funds	3,701	0	3,701	3,777
	<u>4,280</u>	<u>4,695</u>	<u>8,975</u>	<u>7,932</u>
<u>Funds for non-collegiate purposes</u>				
Trust funds	87	15	102	84
Unrestricted funds:				
<u>Designated funds</u>				
Special funds	1,615	118	1,733	1,542
<u>Undesignated funds</u>				
Corporate capital	0	30,009	30,009	27,260
Revenue reserves	2,965	0	2,965	3,166
	<u>2,965</u>	<u>30,009</u>	<u>32,974</u>	<u>30,426</u>
	<u><u>8,947</u></u>	<u><u>34,837</u></u>	<u><u>43,784</u></u>	<u><u>39,984</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

15. CAPITAL AND RESERVES (continued)**COLLEGE**

	Income/ expendable capital funds £000	Permanent capital funds £000	2005 Total £000	2004 Total £000
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Trust funds	550	4,695	5,245	4,127
Donations & benefactions	29	0	29	28
Deferred capital funds	3,701	0	3,701	3,777
	<hr/>	<hr/>	<hr/>	<hr/>
	4,280	4,695	8,975	7,932
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Trust funds	87	15	102	84
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds:				
<u>Designated funds</u>				
Special funds	1,615	118	1,733	1,542
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Corporate capital	0	30,009	30,009	27,260
Revenue reserves	2,965	0	2,965	3,166
	<hr/>	<hr/>	<hr/>	<hr/>
	2,965	30,009	32,974	30,426
	<hr/>	<hr/>	<hr/>	<hr/>
	8,947	34,837	43,784	39,984
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

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

	Balance at 1 August 2004 £000	Movement in year		Balance at 31 July 2005 £000
		Increase £000	Decrease £000	
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	4,049	231	0	4,280
Permanent capital	3,883	812	0	4,695
	<hr/>	<hr/>	<hr/>	<hr/>
	7,932	1,043	0	8,975
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	71	16	0	87
Permanent capital	13	2	0	15
	<hr/>	<hr/>	<hr/>	<hr/>
	84	18	0	102
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	1,439	176	0	1,615
Permanent capital	103	15	0	118
	<hr/>	<hr/>	<hr/>	<hr/>
	1,542	191	0	1,733
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Income/expendable capital	3,166	0	(201)	2,965
Permanent capital	27,260	2,749	0	30,009
	<hr/>	<hr/>	<hr/>	<hr/>
	30,426	2,749	(201)	32,974
	<hr/>	<hr/>	<hr/>	<hr/>
	39,984	4,001	(201)	43,784
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

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

	Balance at 1 August 2004 £000	Movement in year		Balance at 31 July 2005 £000
		Increase £000	Decrease £000	
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	4,049	231	0	4,280
Permanent capital	3,883	812	0	4,695
	<u>7,932</u>	<u>1,043</u>	<u>0</u>	<u>8,975</u>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	71	16	0	87
Permanent capital	13	2	0	15
	<u>84</u>	<u>18</u>	<u>0</u>	<u>102</u>
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	1,439	176	0	1,615
Permanent capital	103	15	0	118
	<u>1,542</u>	<u>191</u>	<u>0</u>	<u>1,733</u>
<u>Undesignated funds</u>				
Income/expendable capital	3,166	0	(201)	2,965
Permanent capital	27,260	2,749	0	30,009
	<u>30,426</u>	<u>2,749</u>	<u>(201)</u>	<u>32,974</u>
	<u>39,984</u>	<u>4,001</u>	<u>(201)</u>	<u>43,784</u>

17. ANALYSIS OF RESTRICTED AND UNRESTRICTED DESIGNATED FUNDS

	Restricted funds £000	Designated funds £000	2005 Total £000	2004 Total £000
Fellowship and Research	1,873	0	1,873	1,551
Scholarships	883	118	1,001	842
Prizes	265	0	265	220
Chapel	296	0	296	245
Travel	133	0	133	107
Hardship	1,293	0	1,293	1,072
Building	4,181	1,485	5,666	5,294
Other	153	130	283	227
	<u>9,077</u>	<u>1,733</u>	<u>10,810</u>	<u>9,558</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

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	3,774	506	0	4,280
Permanent capital	0	4,695	0	4,695
	<hr/>	<hr/>	<hr/>	<hr/>
	3,774	5,201	0	8,975
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	0	87	0	87
Permanent capital	0	15	0	15
	<hr/>	<hr/>	<hr/>	<hr/>
	0	102	0	102
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	1,485	130	0	1,615
Permanent capital	0	118	0	118
	<hr/>	<hr/>	<hr/>	<hr/>
	1,485	248	0	1,733
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Income/expendable capital	5,724	0	(2,759)	2,965
Permanent capital	12,065	14,913	3,031	30,009
	<hr/>	<hr/>	<hr/>	<hr/>
	17,789	14,913	272	32,974
	<hr/>	<hr/>	<hr/>	<hr/>
	23,048	20,464	272	43,784
	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

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	3,774	506	0	4,280
Permanent capital	0	4,695	0	4,695
	<hr/>	<hr/>	<hr/>	<hr/>
	3,774	5,201	0	8,975
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	0	87	0	87
Permanent capital	0	15	0	15
	<hr/>	<hr/>	<hr/>	<hr/>
	0	102	0	102
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	1,485	130	0	1,615
Permanent capital	0	118	0	118
	<hr/>	<hr/>	<hr/>	<hr/>
	1,485	248	0	1,733
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Income/expendable capital	5,720	0	(2,755)	2,965
Permanent capital	12,066	14,913	3,030	30,009
	<hr/>	<hr/>	<hr/>	<hr/>
	17,786	14,913	275	32,974
	<hr/>	<hr/>	<hr/>	<hr/>
	23,045	20,464	275	43,784
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

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

	2005	2004
	£000	£000
Deficit on continuing operations	(28)	202
Interest and dividends receivable	(432)	(328)
Depreciation	659	573
Increase in stocks	(6)	(4)
Increase in debtors	(54)	(30)
Increase in creditors	50	116
Release of deferred capital funds	(78)	(44)
	<hr/>	<hr/>
Net cash inflow from operating activities	111	485
	<hr/> <hr/>	<hr/> <hr/>

20. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2005	2004
	£000	£000
Interest received	131	153
Dividends received	304	276
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	435	429
	<hr/> <hr/>	<hr/> <hr/>

21. CAPITAL TRANSACTIONS

	2005	2004
	£000	£000
Receipts from sales of tangible fixed assets	4	0
Receipts from sales of investment assets	630	533
Donations and benefactions	320	570
Capital grant received from colleges fund	282	247
	<hr/>	<hr/>
Total capital receipts	1,236	1,350
	<hr/>	<hr/>
Payments to acquire tangible fixed assets	(153)	(4,486)
Payments to acquire investment assets	(221)	(701)
Capital Grant to Junior Members Association	(31)	0
	<hr/>	<hr/>
Total capital expenditure	(405)	(5,187)
	<hr/>	<hr/>
Net cash inflow from capital transactions	831	(3,837)
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

22. MANAGEMENT OF LIQUID RESOURCES

	2005	2004
	£000	£000
Placing/(withdrawal) from deposits	1,345	(2,976)
	<u> </u>	<u> </u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2004	Cash flows	At 31 July 2005
	£000	£000	£000
Cash at bank and in hand	3	18	21
Bank overdraft	(68)	14	(54)
	<u> </u>	<u> </u>	<u> </u>
	(65)	32	(33)
Cash held at fund managers and on deposit	500	1,345	1,845
	<u> </u>	<u> </u>	<u> </u>
	435	1,377	1,812
	<u> </u>	<u> </u>	<u> </u>

24. STAFF

	College fellows	Non- academic	2005 Total	2004 Total
	£000	£000	£000	£000
<i>Staff costs:</i>				
Emoluments	452	1,695	2,147	2,045
Social security costs	50	119	169	159
Other pension costs	54	288	342	149
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	556	2,102	2,658	2,353
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Average staff numbers:</i>				
	No	No	No	No
Academic	52	0	52	50
Non-academic	0	93	93	92
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	52	93	145	142
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There are 65 Fellows in the Governing Body of which the 52 declared above are stipendiary.

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 2005

25. CAPITAL COMMITMENTS

At 31 July 2005 future capital expenditure authorised and committed amounted to £nil (2004 - £nil).

26. FINANCIAL COMMITMENTS

At 31 July 2005 the College had annual commitments under non-cancellable operating leases as follows:

	2005	2004
	£000	£000
<i>Land and buildings:</i>		
Expiring within one year	21	17
Expiring between two and five years' time	2	0
Expiring in over five years	0	0
	<hr/>	<hr/>
	23	17
	<hr/> <hr/>	<hr/> <hr/>

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 2005

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 £171,986 (2004: £49,850). 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 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	<u>£1,258,000</u>
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 2005

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 taken the following action:

- To terminate the existing fund at 30 September 2004 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.
- 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 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 £169,745.

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 2005

29. CONTRIBUTION ASSESSMENT

29.a ASSESSABLE INCOME	£	2005 £	£	2004 £
External Revenue:				
College Estates let at rack rent	113,538		76,192	
Dividends and Interest gross	251,276		196,359	
	<hr/>	364,814	<hr/>	272,551
Less:				
Insurance of College Buildings	40,945		36,700	
Agency, Management charges	81,441		74,475	
Transfer to Estates Repairs & Improvements Fund	0		(83,202)	
Sinking Fund payments under Statute GII,4(iv)	133,954		129,801	
	<hr/>	256,340	<hr/>	157,774
		<hr/>		<hr/>
		108,474		114,777
Trust & Other Funds Subject to Contribution		177,474		214,330
		<hr/>		<hr/>
ASSESSABLE INCOME		285,948		329,107
		<hr/>		<hr/>
Trust & Other Funds Not Subject to Contribution:				
Billygoats Society		2,774		2,589
		<hr/>		<hr/>
DEDUCTIBLE ITEMS				
Half sums paid to Scholars, Exhibitioners and Research Students		13,150		10,138
Prizes		10,218		11,881
Half maintenance of Chapel expenditure		969		798
Net expenditure on College Library		57,651		53,567
College Teaching Officers		144,200		125,817
College Research Fellows		77,525		74,996
College Building Fund (under Statute GII,4vii)		185,750		209,000
Donations for University Purposes:				
University Counselling Service	8,689		9,224	
Sports Injury Clinic	633		650	
	<hr/>	9,322	<hr/>	9,874
Other sums approved under Statute GII,4(xxiii)		4,480		68
		<hr/>		<hr/>
		503,265		496,139
		<hr/>		<hr/>
NET ASSESSABLE INCOME		nil		nil
		<hr/>		<hr/>
Excess of deductible items carried forward from:				
	2004/05	217,317	2003/04	167,032
	2003/04	167,032	2002/03	193,700
		<hr/>		<hr/>
		384,349		360,732
		<hr/>		<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2005

29. CONTRIBUTION ASSESSMENT (continued)

29.b BUILDING FUND UNDER STATUTE GII,4(vii)	£	2005 £	£	2004 £
Balance at 1 August 2004		0		0
Transfer for 2004/05 approved under GII,4(vii)	185,750		209,000	
Investment income	0		9,596	
	<u>185,750</u>	185,750	<u>218,596</u>	218,596
Less: expenditure incurred		(185,750)		(218,596)
Balance at 31 July 2005		<u>0</u>		<u>0</u>