

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**2007**



**FITZWILLIAM COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2007**

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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 R D Lethbridge\*  
Bursar: Mr C L Pratt\*  
Senior Tutor: Dr D M Scott\* (resigned 30/09/06)  
Dr A S Tavernor\* (appointed 01/10/06)

### Other Members:

Dr M D Potter*	Dr I Moller
Professor D M Thompson*	Professor R P Haining
Professor J R Willis	Dr E Mastorakos
Dr P G Dickens (retired 30/09/06)	Dr E Perreau-Saussine
Dr J R A Cleaver	Dr D A Coomes
Professor D J Fray	Professor M J Millett
Dr G G Pooley*	Dr R D Camina
Professor N K H Slater*	Dr A G Kovalev
Professor G I Davies	Dr S Mukherji
Dr W Allison	Dr D R E Abayasekara
Dr A Clark*	Dr J A Elliott*
Professor Sir A Bottoms (retired 30/09/06)	Dr A M E Morris
Professor R J A Hooley	Dr A E H Wheatley
Mrs N M Padfield*	Dr A James*(resigned 31/12/06)
Professor M N A Bockmuehl (resigned 30/09/06)	Dr D M Vyleta (resigned 30/09/06)
Dr D J Cole*	Dr K Saeb-Parsy
Professor D A Cardwell	Dr J I Alcantara*
Dr R E Horrox*	Dr P Lio
Dr J D Leigh	Professor D M Glover
Professor K M Brindle	Ms A C Goymour (resigned 31/08/06)
Dr K W Platts	Dr M O McCullagh
Dr D Keown	Mr L A W Robinson
Dr D C Nicholls (retired 30/09/06)	Dr E A Guse
Dr J A Everard (resigned 30/09/06)	Dr M J Arends
Dr M J S Holly*	Dr S S Owen
Dr B Vira	Mr T H Smith
Professor G N Stanton	Mr J M Adams
Professor R S Langley	Dr P J Rentfrow
Dr R E Ansgore	Dr S Westenhoff (appointed 02/10/06)
Dr T W Warke	Dr W Seabrooke (appointed 02/10/06)
Dr A Zsak (resigned 31/08/06)	Dr D P Nally (appointed 02/10/06)

\*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 £2.01 million (2006: £1.87 million) and academic expenditure to £2.22 million (2006: £2.10 million). The deficit of £0.21 million (2006: £0.24 million) in respect of academic activity was met from endowment and other income and, as expected, a modest overall surplus was achieved.

### Donations

Donations of £1,837,804 were received during the year (2006: £813,973), including £327,400 from the Colleges' Fund (2006: £288,200), 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. £1,356,674 of donations was for specific purposes (2006: £415,844).

### Financial Review

There was a surplus for the year of £337,811 (2006: £65,250), after depreciation of £ 701,034 (2006: £679,429). Income from fees, from student rents and from conferences was higher by 9.8%, 6% and 15.1% respectively than in the preceding year. Unrestricted funds rose by 8.8% to £39.76 million (2006: £36.55 million) and Restricted funds by 5.9% to £10.56 million (2006: £9.97 million). Within the net assets total of £50.32 million (2006: £46.53 million), cash reserves rose to £3.41 million (2006: £2.74 million). The total return on investments was 11.85% (2006: 12.51%). The College expects to maintain a modest surplus in 2008.

### 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 and its Finance Sub-Committee, which also review 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.

C L Pratt

Bursar

Date: 22 November 2007

## STATEMENT OF RESPONSIBILITIES OF THE GOVERNING BODY

The Governing Body is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

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

## **INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF FITZWILLIAM COLLEGE**

We have audited the financial statements of the Fitzwilliam College for the year ended 31 July 2007 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 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 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 (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 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 International Standards on Auditing (UK and Ireland) 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 arising on non-compliance with 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 year ended 31 July 2007 and it is therefore not possible to quantify the effect of this departure.

Except for the effect of not complying with FRS 17, in our opinion the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the College's affairs as at 31 July 2007 and of the surplus of the group 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: 26 November 2007**



## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2007

### **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 2007. 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 assets of the scheme are held in a separate trustee-administered fund. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2007

### 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.

### 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 2007

### 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 2007

	Note	<b>2007</b> £000	<b>2006</b> £000
<b>INCOME</b>			
Academic fees and charges	1	2,013	1,865
Residences, catering and conferences	2	3,316	3,088
Endowment and investment income	3	1,050	851
Other income	4	155	149
<b>Total income</b>		<b>6,534</b>	<b>5,953</b>
<b>EXPENDITURE</b>			
Education	5	2,222	2,105
Residences, catering and conferences	6	3,699	3,531
Other expenditure	7	118	120
<b>Total expenditure</b>		<b>6,039</b>	<b>5,756</b>
<b>Operating surplus</b>		<b>495</b>	<b>197</b>
University Contribution under Statute G,II	29	0	0
		<b>495</b>	<b>197</b>
Transfer to restricted funds		(157)	(132)
<b>NET SURPLUS</b>		<b>338</b>	<b>65</b>

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 2007

	Note	Restricted funds		Unrestricted funds		2007 Total	2006 Total
		Collegiate purposes	Non- collegiate purposes	Designated funds	Undesignated funds		
		£000	£000	£000	£000	£000	£000
Surplus on continuing operations		0	0	(7)	345	338	65
Appreciation of investment assets	11	521	10	24	1,513	2,068	1,980
Unspent restricted fund income retained by funds		153	4	0	0	157	132
Benefactions and donations		354	0	1,003	0	1,357	416
Transfer donations to income and expenditure account		(134)	0	0	0	(134)	(115)
Capital grant received from Colleges Fund		0	0	0	327	327	288
Capital grant to Junior Members Association		(316)	0	0	0	(316)	(25)
Transfers between funds		0	0	219	(219)	0	0
Total recognised gains for the year		<u>578</u>	<u>14</u>	<u>1,239</u>	<u>1,966</u>	<u>3,797</u>	<u>2,741</u>
<b>Reconciliation</b>							
Balance at 1 August 2006		9,857	114	1,903	34,651	46,525	43,784
Total recognised gains for the year		<u>578</u>	<u>14</u>	<u>1,239</u>	<u>1,966</u>	<u>3,797</u>	<u>2,741</u>
Balance at 31 July 2007		<u>10,435</u>	<u>128</u>	<u>3,142</u>	<u>36,617</u>	<u>50,322</u>	<u>46,525</u>

**BALANCE SHEETS**

As at 31 July 2007

	Note	Group		College	
		2007 £000	2006 £000	2007 £000	2006 £000
<b>FIXED ASSETS</b>					
Tangible assets	10	23,520	22,823	23,518	22,821
Investments	11	26,957	23,532	26,957	23,532
		<u>50,477</u>	<u>46,355</u>	<u>50,475</u>	<u>46,353</u>
<b>CURRENT ASSETS</b>					
Stocks		51	54	51	54
Debtors	12	1,372	1,180	1,796	1,540
Cash	13	16	11	1	1
		<u>1,439</u>	<u>1,245</u>	<u>1,848</u>	<u>1,595</u>
<b>CREDITORS</b>					
Amounts falling due within one year	14	1,594	1,075	2,001	1,423
		<u>(155)</u>	<u>170</u>	<u>(153)</u>	<u>172</u>
<b>Net current (liabilities)/assets</b>					
		<u>50,322</u>	<u>46,525</u>	<u>50,322</u>	<u>46,525</u>
<b>NET ASSETS</b>					
		<u>50,322</u>	<u>46,525</u>	<u>50,322</u>	<u>46,525</u>
<b>CAPITAL AND RESERVES</b>	15				
Restricted funds		10,563	9,971	10,563	9,971
Unrestricted funds		39,759	36,554	39,759	36,554
		<u>50,322</u>	<u>46,525</u>	<u>50,322</u>	<u>46,525</u>
<b>TOTAL</b>		<u>50,322</u>	<u>46,525</u>	<u>50,322</u>	<u>46,525</u>

Approved on behalf of the Governing Body on 22 November 2007.

C L Pratt  
BursarR D Lethbridge  
Master

**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 July 2007

	Note	<b>2007</b> £000	<b>2006</b> £000
<b>Cash flow from operating activities</b>	19	<b>111</b>	<b>376</b>
Returns on investment and servicing of finance	20	653	527
Capital transactions	21	(88)	24
Net cash inflow before management of liquid resources		<u>676</u>	<u>927</u>
Management of liquid resources	22	(1,062)	(894)
<b>Decrease/(Increase) in cash</b>	23	<b><u>(386)</u></b>	<b><u>33</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

**1. ACADEMIC FEES AND CHARGES**

	<b>2007</b>	<b>2006</b>
	£000	£000
<b>COLLEGE FEES</b>		
Fee income received on behalf of undergraduates eligible for student support (per capita fee £3,390)	1,376	1,340
Other undergraduate fee income (per capita fee £3,990)	284	196
Graduate fee income (per capita fee £2,043)	353	329
	<u>2,013</u>	<u>1,865</u>
	<u><u>2,013</u></u>	<u><u>1,865</u></u>

**2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES**

	<b>2007</b>	<b>2006</b>
	£000	£000
<b>Accommodation</b>		
College members	1,640	1,548
Conferences	525	434
<b>Catering</b>		
College members	669	665
Conferences	482	441
	<u>3,316</u>	<u>3,088</u>
	<u><u>3,316</u></u>	<u><u>3,088</u></u>

**3. ENDOWMENT AND INVESTMENT INCOME**

	<b>Income from restricted funds</b>	<b>Income from unrestricted funds</b>	<b>2007 Total</b>	<b>2006 Total</b>
	£000	£000	£000	£000
Income from:				
Freehold land and buildings	0	99	99	92
Quoted securities – equities	150	276	426	353
Quoted securities – fixed interest	23	42	65	90
Cash balances	56	103	159	94
Donations and benefactions	134	167	301	222
	<u>363</u>	<u>687</u>	<u>1,050</u>	<u>851</u>
	<u><u>363</u></u>	<u><u>687</u></u>	<u><u>1,050</u></u>	<u><u>851</u></u>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

**4. OTHER INCOME**

	<b>2007</b>	<b>2006</b>
	£000	£000
Miscellaneous charges to members and other income	75	83
Hire of net work and laser printing income	64	50
Launderette income	16	16
	<u>155</u>	<u>149</u>
	<u><u>155</u></u>	<u><u>149</u></u>

**5. EDUCATION EXPENDITURE**

	<b>2007</b>	<b>2006</b>
	£000	£000
Teaching	1,376	1,306
Tutorial	374	345
Admissions	99	84
Research	198	208
Scholarships and awards	43	39
Other educational facilities	132	123
	<u>2,222</u>	<u>2,105</u>
	<u><u>2,222</u></u>	<u><u>2,105</u></u>

**6. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE**

	<b>2007</b>	<b>2006</b>
	£000	£000
Accommodation		
College members	1,863	1,771
Conferences	431	390
Catering		
College members	1,040	1,034
Conferences	365	336
	<u>3,699</u>	<u>3,531</u>
	<u><u>3,699</u></u>	<u><u>3,531</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

**7. OTHER EXPENDITURE**

	<b>2007</b>	<b>2006</b>
	£000	£000
Restricted funds expenditure	43	44
Administration	56	60
Other	19	16
	<u>118</u>	<u>120</u>
	<u><u>118</u></u>	<u><u>120</u></u>

**8. ANALYSIS OF EXPENDITURE BY ACTIVITY**

<b>2006/07</b>	Staff costs (note 24) £000	Other operating expenses £000	Deprecia- -tion £000	Total £000
Education (note 5)	1,018	1,035	169	2,222
Residences, catering and conferences (note 6)	1,852	1,318	529	3,699
Other (note 7)	46	69	3	118
	<u>2,916</u>	<u>2,422</u>	<u>701</u>	<u>6,039</u>
	<u><u>2,916</u></u>	<u><u>2,422</u></u>	<u><u>701</u></u>	<u><u>6,039</u></u>

**9. ANALYSIS OF EXPENDITURE BY ACTIVITY**

<b>2005/06</b>	Staff costs (note 24) £000	Other operating expenses £000	Deprecia- -tion £000	Total £000
Education (note 5)	1,015	932	158	2,105
Residences, catering and conferences (note 6)	1,710	1,303	518	3,531
Other (note 7)	46	71	3	120
	<u>2,771</u>	<u>2,306</u>	<u>679</u>	<u>5,756</u>
	<u><u>2,771</u></u>	<u><u>2,306</u></u>	<u><u>679</u></u>	<u><u>5,756</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

**10. TANGIBLE FIXED ASSETS****GROUP**

	<b>Freehold land and buildings</b>	<b>Furniture, fittings and equipment</b>	<b>Library books</b>	<b>2007 Total</b>
	£000	£000	£000	£000
<b>Cost</b>				
As at 1 August 2006	23,638	1,665	357	25,660
Additions at cost	1,099	275	24	1,398
Disposals	0	0	0	0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As at 31 July 2007	24,737	1,940	381	27,058
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>				
As at 1 August 2006	1,600	1,043	194	2,837
Charge for the year	476	203	22	701
Eliminated on disposals	0	0	0	0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As at 31 July 2007	2,076	1,246	216	3,538
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>				
As at 31 July 2007	22,661	694	165	23,520
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As at 31 July 2006	22,038	622	163	22,823
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The insured replacement cost of freehold land and buildings as at 31 July 2007 was £79,048,000.

**COLLEGE**

	<b>Freehold land and buildings</b>	<b>Furniture, fittings and equipment</b>	<b>Library books</b>	<b>2007 Total</b>
	£000	£000	£000	£000
<b>Cost</b>				
As at 1 August 2006	23,638	1,646	357	25,641
Additions at cost	1,099	275	24	1,398
Disposals	0	0	0	0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As at 31 July 2007	24,737	1,921	381	27,039
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>				
As at 1 August 2006	1,600	1,026	194	2,820
Charge for the year	476	203	22	701
Eliminated on disposals	0	0	0	0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As at 31 July 2007	2,076	1,229	216	3,521
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>				
As at 31 July 2007	22,661	692	165	23,518
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As at 31 July 2006	22,038	620	163	22,821
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The insured replacement cost of freehold land and buildings as at 31 July 2007 was £79,048,000.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

**11. INVESTMENT ASSETS**

<b>GROUP AND COLLEGE</b>	<b>2007</b>	<b>2006</b>
	£000	£000
Market value at 1 August 2006	23,532	20,464
Additions	1,300	2,904
Disposals	(1,005)	(2,710)
Appreciation on disposals/revaluation	2,068	1,980
Increase/(decrease) in cash balances	1,062	894
	<u>26,957</u>	<u>23,532</u>
Represented by:		
Freehold land and buildings	6,751	6,164
Quoted securities - equities	15,141	12,983
Quoted securities - fixed interest	1,265	1,647
Cash held for reinvestment	3,800	2,738
	<u>26,957</u>	<u>23,532</u>

Investments held by the College also include an additional £2 (2006: £2) in each of the subsidiary undertakings, Fitzwilliam College Services Limited and Kawakawa Bay Limited.

**12. DEBTORS**

	<b>Group</b>		<b>College</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	£000	£000	£000	£000
Members of the College	206	210	206	210
Amounts owed by subsidiary companies	0	0	442	373
Other debtors	1,166	970	1,148	957
	<u>1,372</u>	<u>1,180</u>	<u>1,796</u>	<u>1,540</u>

**13. CASH**

	<b>Group</b>		<b>College</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	£000	£000	£000	£000
Current accounts	15	10	0	0
Cash in hand	1	1	1	1
	<u>16</u>	<u>11</u>	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>College</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	£000	£000	£000	£000
Bank overdraft	402	11	402	11
Amounts owed to subsidiary companies	0	0	600	502
Social security and other taxes	11	87	11	86
Members of the College	129	101	129	101
Other creditors	1,052	876	859	723
	<u>1,594</u>	<u>1,075</u>	<u>2,001</u>	<u>1,423</u>
	<u><u>1,594</u></u>	<u><u>1,075</u></u>	<u><u>2,001</u></u>	<u><u>1,423</u></u>

**15. CAPITAL AND RESERVES****GROUP**

	<b>Income/ expendable capital funds</b>	<b>Permanent capital funds</b>	<b>2007 Total</b>	<b>2006 Total</b>
	£000	£000	£000	£000
<b>Restricted funds:</b>				
<u>Funds for collegiate purposes</u>				
Trust funds	1,232	5,572	6,804	6,202
Donations & benefactions	9	0	9	30
Deferred capital funds	3,622	0	3,622	3,625
	<u>4,863</u>	<u>5,572</u>	<u>10,435</u>	<u>9,857</u>
<u>Funds for non-collegiate purposes</u>				
Trust funds	111	17	128	114
	<u>111</u>	<u>17</u>	<u>128</u>	<u>114</u>
<b>Unrestricted funds:</b>				
<u>Designated funds</u>				
Special funds	3,003	139	3,142	1,903
	<u>3,003</u>	<u>139</u>	<u>3,142</u>	<u>1,903</u>
<u>Undesignated funds</u>				
Corporate capital	0	33,085	33,085	31,830
Revenue reserves	3,532	0	3,532	2,821
	<u>3,532</u>	<u>33,085</u>	<u>36,617</u>	<u>34,651</u>
	<u><u>11,509</u></u>	<u><u>38,813</u></u>	<u><u>50,322</u></u>	<u><u>46,525</u></u>
	<u><u>11,509</u></u>	<u><u>38,813</u></u>	<u><u>50,322</u></u>	<u><u>46,525</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

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

	Income/ expendable capital funds £000	Permanent capital funds £000	2007 Total £000	2006 Total £000
<b>Restricted funds:</b>				
<u>Funds for collegiate purposes</u>				
Trust funds	1,232	5,572	6,804	6,202
Donations & benefactions	9	0	9	30
Deferred capital funds	3,622	0	3,622	3,625
	<u>4,863</u>	<u>5,572</u>	<u>10,435</u>	<u>9,857</u>
<u>Funds for non-collegiate purposes</u>				
Trust funds	111	17	128	114
	<u>111</u>	<u>17</u>	<u>128</u>	<u>114</u>
<b>Unrestricted funds:</b>				
<u>Designated funds</u>				
Special funds	3,003	139	3,142	1,903
	<u>3,003</u>	<u>139</u>	<u>3,142</u>	<u>1,903</u>
<u>Undesignated funds</u>				
Corporate capital	0	33,085	33,085	31,830
Revenue reserves	3,532	0	3,532	2,821
	<u>3,532</u>	<u>33,085</u>	<u>36,617</u>	<u>34,651</u>
	<u>11,509</u>	<u>38,813</u>	<u>50,322</u>	<u>46,525</u>
	<u><u>11,509</u></u>	<u><u>38,813</u></u>	<u><u>50,322</u></u>	<u><u>46,525</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

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

	Balance at 1 August 2006 £000	Movement in year		Balance at 31 July 2007 £000
		Increase £000	Decrease £000	
<b>Restricted funds:</b>				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	4,854	9	0	4,863
Permanent capital	5,003	569	0	5,572
	<hr/> 9,857	<hr/> 578	<hr/> 0	<hr/> 10,435
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	99	12	0	111
Permanent capital	15	2	0	17
	<hr/> 114	<hr/> 14	<hr/> 0	<hr/> 128
<b>Unrestricted funds:</b>				
<u>Designated funds</u>				
Income/expendable capital	1,774	1,229	0	3,003
Permanent capital	129	10	0	139
	<hr/> 1,903	<hr/> 1,239	<hr/> 0	<hr/> 3,142
<u>Undesignated funds</u>				
Income/expendable capital	2,821	711	0	3,532
Permanent capital	31,830	1,255	0	33,085
	<hr/> 34,651	<hr/> 1,966	<hr/> 0	<hr/> 36,617
	<hr/> <hr/> 46,525	<hr/> <hr/> 3,797	<hr/> <hr/> 0	<hr/> <hr/> 50,322

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

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

	Balance at 1 August 2006 £000	Movement in year		Balance at 31 July 2007 £000
		Increase £000	Decrease £000	
<b>Restricted funds:</b>				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	4,854	9	0	4,863
Permanent capital	5,003	569	0	5,572
	<u>9,857</u>	<u>578</u>	<u>0</u>	<u>10,435</u>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	99	12	0	111
Permanent capital	15	2	0	17
	<u>114</u>	<u>14</u>	<u>0</u>	<u>128</u>
<b>Unrestricted funds:</b>				
<u>Designated funds</u>				
Income/expendable capital	1,774	1,229	0	3,003
Permanent capital	129	10	0	139
	<u>1,903</u>	<u>1,239</u>	<u>0</u>	<u>3,142</u>
<u>Undesignated funds</u>				
Income/expendable capital	2,821	711	0	3,532
Permanent capital	31,830	1,255	0	33,085
	<u>34,651</u>	<u>1,966</u>	<u>0</u>	<u>36,617</u>
	<u>46,525</u>	<u>3,797</u>	<u>0</u>	<u>50,322</u>

**17. ANALYSIS OF RESTRICTED AND UNRESTRICTED DESIGNATED FUNDS**

	Restricted funds £000	Designated funds £000	2007 Total £000	2006 Total £000
Fellowship and Research	2,333	0	2,333	2,091
Scholarships and Prizes	1,467	132	1,599	1,416
Chapel	409	0	409	360
Travel	199	0	199	155
Hardship	1,615	0	1,615	1,454
Building	4,327	2,864	7,191	6,022
Other	213	146	359	376
	<u>10,563</u>	<u>3,142</u>	<u>13,705</u>	<u>11,874</u>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

**18. CAPITAL ALLOCATION**

Capital is invested in the following categories of assets:

<b>GROUP</b>	<b>Tangible fixed assets £000</b>	<b>Investment assets £000</b>	<b>Net current assets £000</b>	<b>Total £000</b>
<b>Restricted funds:</b>				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	3,731	1,132	0	4,863
Permanent capital	0	5,572	0	5,572
	<hr/>	<hr/>	<hr/>	<hr/>
	3,731	6,704	0	10,435
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	0	111	0	111
Permanent capital	0	17	0	17
	<hr/>	<hr/>	<hr/>	<hr/>
	0	128	0	128
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Unrestricted funds:</b>				
<u>Designated funds</u>				
Income/expendable capital	1,768	1,235	0	3,003
Permanent capital	0	139	0	139
	<hr/>	<hr/>	<hr/>	<hr/>
	1,768	1,374	0	3,142
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Income/expendable capital	6,458	0	(2,926)	3,532
Permanent capital	11,563	18,751	2,771	33,085
	<hr/>	<hr/>	<hr/>	<hr/>
	18,021	18,751	(155)	36,617
	<hr/>	<hr/>	<hr/>	<hr/>
	23,520	26,957	(155)	50,322
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

**18. CAPITAL ALLOCATION (continued)**

Capital is invested in the following categories of assets:

<b>COLLEGE</b>	<b>Tangible fixed assets</b>	<b>Investment assets</b>	<b>Net current assets</b>	<b>Total</b>
	£000	£000	£000	£000
<b>Restricted funds:</b>				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	3,731	1,132	0	4,863
Permanent capital	0	5,572	0	5,572
	<hr/>	<hr/>	<hr/>	<hr/>
	3,731	6,704	0	10,435
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	0	111	0	111
Permanent capital	0	17	0	17
	<hr/>	<hr/>	<hr/>	<hr/>
	0	128	0	128
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Unrestricted funds:</b>				
<u>Designated funds</u>				
Income/expendable capital	1,768	1,235	0	3,003
Permanent capital	0	139	0	139
	<hr/>	<hr/>	<hr/>	<hr/>
	1,768	1,374	0	3,142
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Income/expendable capital	6,456	0	(2,924)	3,532
Permanent capital	11,563	18,751	2,771	33,085
	<hr/>	<hr/>	<hr/>	<hr/>
	18,019	18,751	(153)	36,617
	<hr/>	<hr/>	<hr/>	<hr/>
	23,518	26,957	(153)	50,322
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

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

	<b>2007</b>	<b>2006</b>
	£000	£000
Surplus on continuing operations	495	197
Interest and dividends receivable	(650)	(537)
Depreciation	701	679
Decrease in stocks	3	4
Increase in debtors	(186)	(64)
Decrease in creditors	(167)	175
Release of deferred capital funds	(85)	(78)
	<hr/>	<hr/>
Net cash inflow from operating activities	111	376
	<hr/> <hr/>	<hr/> <hr/>

**20. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	<b>2007</b>	<b>2006</b>
	£000	£000
Interest received	251	154
Dividends received	402	373
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	653	527
	<hr/> <hr/>	<hr/> <hr/>

**21. CAPITAL TRANSACTIONS**

	<b>2007</b>	<b>2006</b>
	£000	£000
Receipts from sales of tangible fixed assets	0	2
Receipts from sales of investment assets	1,005	2,710
Donations and benefactions	1,304	391
Capital grant received from colleges fund	327	288
	<hr/>	<hr/>
Total capital receipts	2,636	3,391
	<hr/>	<hr/>
Payments to acquire tangible fixed assets	(1,220)	(439)
Payments to acquire investment assets	(1,300)	(2,903)
Capital Grant to Junior Members Association	(204)	(25)
	<hr/>	<hr/>
Total capital expenditure	(2,724)	(3,367)
	<hr/>	<hr/>
Net cash outflow from capital transactions	(88)	24
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

**22. MANAGEMENT OF LIQUID RESOURCES**

	<b>2007</b>	<b>2006</b>
	£000	£000
Placing/(withdrawal) from deposits	1,062	894
	<u>          </u>	<u>          </u>

**23. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1 August 2006</b>	<b>Cash flows</b>	<b>At 31 July 2007</b>
	£000	£000	£000
Cash at bank and in hand	11	5	16
Bank overdraft	(11)	(391)	(402)
	<u>          </u>	<u>          </u>	<u>          </u>
	0	(386)	(386)
Cash held at fund managers and on deposit	2,738	1,062	3,800
	<u>          </u>	<u>          </u>	<u>          </u>
	2,738	676	3,414
	<u>          </u>	<u>          </u>	<u>          </u>

**24. STAFF**

	<b>College fellows</b>	<b>Non- academic</b>	<b>2007 Total</b>	<b>2006 Total</b>
	£000	£000	£000	£000
<i>Staff costs:</i>				
Emoluments	420	1,948	2,368	2,229
Social security costs	47	136	183	175
Other pension costs	33	332	365	367
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	500	2,416	2,916	2,771
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
<i>Average staff numbers:</i>				
Academic	48	0	48	51
Non-academic	0	91	91	98
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	48	91	139	149
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

There are 58 Fellows in the Governing Body of which the 48 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 2007

### 25. CAPITAL COMMITMENTS

At 31 July 2007 future capital expenditure authorised and committed amounted to £nil (2006 - £nil).

### 26. FINANCIAL COMMITMENTS

At 31 July 2007 and 31 July 2006 the College had no annual commitments under non-cancellable operating leases.

### 27. PENSION SCHEMES

#### 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 assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) 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 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other basis as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the financial security of the scheme has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 91% at 31 March 2007. This improvement in the scheme's financial security is due primarily to the investment return on the scheme's assets since 31 March 2005 being higher than allowed for in the funding assumptions. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2007 was above 109% and on a buy-out basis was approximately 84%.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2007

### 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 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment.

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

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the College was £197,729 (2006: £199,348). 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 assets of the Fund are principally invested in a Unitised With-Profits policy with Norwich Union.

The fund was valued by an independent actuary as at 1 August 2006. The valuation was carried out using the Defined Accrued Benefit method which is more appropriate for a Scheme which has ceased accrual.

The past service liability is calculated by estimating the future benefit payments from the Scheme based on pensionable service up to the date accrual ceased and final pensionable salaries projected to retirement. These are then discounted back to the valuation date at the valuation rate of interest. This gives the present value of the liabilities accrued up to the valuation date.

The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increase in salary and pensions. It was assumed that the yield up to retirement would be 5.75% per annum, salary increases would be 4.75% per annum and pensions would increase by 3.25% per annum.

At the valuation date, the value of the assets of the scheme was £1,930,000 and the value of the past service liabilities was £3,230,000 indicating a deficit of £1,300,000. The assets therefore were sufficient to cover 60% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The last full actuarial valuation showed a deficit of £1,090,000. The main reasons for the change between this deficit and the actual deficit produced now of £1,300,000 related mainly to changes in the assumptions previously made.

The actuary also valued the scheme on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date). On this basis the actuary estimated that the funding level would have been approximately 52%.

Due to the current deficit a recovery plan has been put in place to ensure the statutory funding objective is met within a stated period. To eliminate the funding deficit, the employer agreed to contribute £179,000 each year from 1 October 2007 to 31 July 2016.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

### **27. PENSION SCHEMES (continued)**

#### **Fitzwilliam College Assistant Staff Superannuation Fund (continued)**

The next formal triennial actuarial valuation is due as at 1 August 2009.

The net charge to the income and expenditure account during the year was £170,000.

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 2007

**29. CONTRIBUTION ASSESSMENT**

<b>29.a ASSESSABLE INCOME</b>	£	<b>2007</b> £	£	<b>2006</b> £
<b>External Revenue:</b>				
College Estates let at rack rent	98,457		92,201	
Dividends and Interest gross	378,049		319,786	
	<u>          </u>	476,506	<u>          </u>	411,987
Less:				
Insurance of College Buildings	31,038		32,350	
Agency, Management charges	78,442		80,376	
Sinking Fund - Statute GII,4(iv)	-		137,437	
	<u>          </u>	109,480	<u>          </u>	250,163
		<u>          </u>		<u>          </u>
		367,026		161,824
<b>Trust &amp; Other Funds Subject to Contribution</b>		238,418		214,559
		<u>          </u>		<u>          </u>
<b>ASSESSABLE INCOME</b>		605,444		376,383
		<u>          </u>		<u>          </u>
Trust & Other Funds Not Subject to Contribution:				
Billygoats Society		3,515		3,193
		<u>          </u>		<u>          </u>
<b>DEDUCTIBLE ITEMS</b>				
Half sums paid to Scholars, Exhibitioners and Research Students		13,553		12,325
Prizes		13,560		10,800
Half maintenance of Chapel expenditure		599		547
Net expenditure on College Library		66,324		59,226
College Teaching Officers		102,784		142,132
College Research Fellows		62,573		67,561
College Building Fund (under Statute GII,4(vii))		219,600		186,000
Donations for University Purposes:				
University Counselling Service		11,526		9,492
Other sums approved under Statute GII,4(xxiii)		3,514		3,596
		<u>          </u>		<u>          </u>
		494,033		491,679
Deductible items brought forward from: 2004/05		111,411		0
		<u>          </u>		<u>          </u>
		605,444		491,679
		<u>          </u>		<u>          </u>
<b>NET ASSESSABLE INCOME</b>		nil		nil
		<u>          </u>		<u>          </u>
Excess of deductible items carried forward from:				
	2006/07	0	2005/06	115,296
	2005/06	115,296	2004/05	217,317
		<u>          </u>		<u>          </u>
		115,296		332,613
		<u>          </u>		<u>          </u>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 July 2007

**29. CONTRIBUTION ASSESSMENT (continued)**

<b>29.b BUILDING FUND UNDER STATUTE GII,4(vii)</b>	£	<b>2007</b> £	£	<b>2006</b> £
Balance at 1 August 2006		50,656		0
Transfer for 2006/07 approved under GII,4(vii)	219,600		186,000	
Investment income	1,818		0	
	<u>          </u>	221,418	<u>          </u>	186,000
Less: expenditure incurred		(219,157)		(135,344)
Balance at 31 July 2007		<u>          </u> <u>          </u>		<u>          </u> <u>          </u>