

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

2006



FITZWILLIAM COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2006

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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* (appointed 01/10/05)
 Professor B F G Johnson (retired 30/09/05)
 Bursar: Mr C L Pratt*
 Senior Tutor: Dr D M Scott*

Other Members:

Dr D M Thompson	Dr P J Tregear (resigned 31/12/05)
Professor J R Willis	Professor R P Haining
Dr P G Dickens*	Dr E Mastorakos
Dr J R A Cleaver	Dr E Perreau-Saussine
Professor D J Fray	Dr D A Coomes
Dr G G Pooley	Professor M J Millett*
Professor N K H Slater	Dr R D Camina
Dr E A Marseglia (retired 30/09/05)	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	Professor B S Turner (resigned 30/09/05)
Dr M D Potter*	Miss E J Coghill (resigned 30/09/05)
Professor R J A Hooley	Mr B Streumer (resigned 30/09/05)
Mrs N M Padfield*	Dr R Folli (resigned 18/09/05)
Professor M N A Bockmuehl	Dr A M E Morris
Dr D J Cole*	Dr A E H Wheatley
Professor D A Cardwell	Dr A James*
Dr R E Horrox*	Dr D M Vyleta
Dr J D Leigh	Dr K Saeb-Parsy
Professor K M Brindle	Dr J I Alcantara
Dr K W Platts	Dr P Lio
Dr D Keown	Professor D M Glover
Dr D C Nicholls*	Ms A C Goymour
Dr J A Everard	Dr M O McCullagh
Dr M J S Holly*	Mr L A W Robinson
Dr B Vira	Dr E A Guse
Professor G N Stanton	Dr M J Arends
Professor R S Langley	Dr S S Owen
Dr R E Ansoorge	Dr A S Tavernor (appointed 01/10/05)
Dr T W Warke	Mr T H Smith (appointed 01/10/05)
Dr A Zsak	Mr J M Adams (appointed 01/10/05)
Dr I Moller	Dr P J Rentfrow (appointed 01/10/05)

*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 £1.87 million (2005: £1.69 million) and academic expenditure to £2.10 million (2005: 2.03 million). The deficit of £0.24 million (2005: £0.34 million) in respect of academic activity was met from endowment and other income and, as expected, there was a small surplus overall, following a deficit in 2005.

Donations

Donations of £813,973 were received during the year (2005: £619,062), including £288,200 from the Colleges' Fund (2005: £282,200), for which the College is extremely grateful. Grants from the Colleges' Fund are added to permanent capital, as is required by the terms of grant. £415,844 of other donations was for specific purposes (2005: £364,569).

Financial Review

There was a surplus for the year of £65,250 (2005: deficit of £124,980), after depreciation of £ 679,429 (2005: £658,601). Income from fees, from student rents and from conferences was higher by 10.2%, 3.9% and 12.3% respectively than in the preceding year. Unrestricted funds rose by 5.3% from £34.71 million to £36.55 million and Restricted funds by 9.9% from £9.08 million to £9.97 million. Within the net assets total of £46.53 million (2005: £43.78 million), cash reserves rose to £2.74 million (2005: £1.81 million). The total return on investments was 12.51% (2005: 21.7%). The College expects to maintain a small surplus in 2007.

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 2006

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
YEAR ENDED 31 JULY 2006

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 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 (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 (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 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 2006 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 2006 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: 24 November 2006

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2006

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 2006. 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 2006

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 2006

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 2006

	Note	2006 £000	2005 £000
INCOME			
Academic fees and charges	1	1,865	1,694
Residences, catering and conferences	2	3,088	2,899
Endowment and investment income	3	851	694
Other income	4	149	128
Total income		5,953	5,415
EXPENDITURE			
Education	5	2,105	2,034
Residences, catering and conferences	6	3,531	3,292
Other expenditure	7	120	117
Total expenditure		5,756	5,443
Operating surplus/(deficit)		197	(28)
University Contribution under Statute G,II	29	0	0
		197	(28)
Transfer to restricted funds		(132)	(97)
NET SURPLUS/(DEFICIT)		65	(125)

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 2006

	Note	Restricted funds		Unrestricted funds		2006 Total	2005 Total
		Collegiate purposes	Non- collegiate purposes	Designated funds	Undesignated funds		
		£000	£000	£000	£000	£000	£000
Surplus on continuing operations		0	0	(38)	103	65	(125)
Appreciation of investment assets	11	478	9	21	1,472	1,980	3,318
Unspent restricted fund income retained by funds		129	3	0	0	132	97
Benefactions and donations		415	0	1	0	416	372
Transfer donations to income and expenditure account		(115)	0	0	0	(115)	(113)
Capital grant received from Colleges Fund		0	0	0	288	288	282
Capital grant to Junior Members Association		(25)	0	0	0	(25)	(31)
Transfers between funds		0	0	186	(186)	0	0
Total recognised gains for the year		<u>882</u>	<u>12</u>	<u>170</u>	<u>1,677</u>	<u>2,741</u>	<u>3,800</u>
Reconciliation							
Balance at 1 August 2005		8,975	102	1,733	32,974	43,784	39,984
Total recognised gains for the year		<u>882</u>	<u>12</u>	<u>170</u>	<u>1,677</u>	<u>2,741</u>	<u>3,800</u>
Balance at 31 July 2006		<u>9,857</u>	<u>114</u>	<u>1,903</u>	<u>34,651</u>	<u>46,525</u>	<u>43,784</u>

BALANCE SHEETS

As at 31 July 2006

	Note	Group		College	
		2006 £000	2005 £000	2006 £000	2005 £000
FIXED ASSETS					
Tangible assets	10	22,823	23,048	22,821	23,045
Investments	11	23,532	20,464	23,532	20,464
		<u>46,355</u>	<u>43,512</u>	<u>46,353</u>	<u>43,509</u>
CURRENT ASSETS					
Stocks		54	58	54	58
Debtors	12	1,180	1,190	1,540	1,544
Cash	13	11	21	1	1
		<u>1,245</u>	<u>1,269</u>	<u>1,595</u>	<u>1,603</u>
CREDITORS					
Amounts falling due within one year	14	1,075	997	1,423	1,328
		<u>170</u>	<u>272</u>	<u>172</u>	<u>275</u>
Net current assets/(liabilities)					
		<u>170</u>	<u>272</u>	<u>172</u>	<u>275</u>
NET ASSETS					
		<u>46,525</u>	<u>43,784</u>	<u>46,525</u>	<u>43,784</u>
CAPITAL AND RESERVES					
	15				
Restricted funds		9,971	9,077	9,971	9,077
Unrestricted funds		36,554	34,707	36,554	34,707
		<u>46,525</u>	<u>43,784</u>	<u>46,525</u>	<u>43,784</u>
TOTAL					
		<u>46,525</u>	<u>43,784</u>	<u>46,525</u>	<u>43,784</u>

Approved on behalf of the Governing Body on 23 November 2006.

C L Pratt
BursarR D Lethbridge
Master

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2006

	Note	2006 £000	2005 £000
Cash flow from operating activities	19	376	111
Returns on investment and servicing of finance	20	527	435
Capital transactions	21	24	831
Net cash inflow before management of liquid resources		<u>927</u>	<u>1,377</u>
Management of liquid resources	22	(894)	(1,345)
Increase in cash	23	<u>33</u>	<u>32</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

1. ACADEMIC FEES AND CHARGES

	2006	2005
	£000	£000
COLLEGE FEES		
Fee income received on behalf of undergraduates eligible for student support (per capita fee £3,236)	1,340	1,222
Other undergraduate fee income (per capita fee £3,549)	196	160
Graduate fee income (per capita fee £2,001)	329	312
	<u>1,865</u>	<u>1,694</u>
	<u><u>1,865</u></u>	<u><u>1,694</u></u>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2006	2005
	£000	£000
Accommodation		
College members	1,548	1,465
Conferences	434	409
Catering		
College members	665	655
Conferences	441	370
	<u>3,088</u>	<u>2,899</u>
	<u><u>3,088</u></u>	<u><u>2,899</u></u>

3. ENDOWMENT AND INVESTMENT INCOME

	Income from restricted funds	Income from unrestricted funds	2006 Total	2005 Total
	£000	£000	£000	£000
Income from:				
Freehold land and buildings	0	92	92	114
Quoted securities – equities	134	219	353	275
Quoted securities – fixed interest	34	56	90	112
Cash balances	36	58	94	44
Donations and benefactions	115	107	222	149
	<u>319</u>	<u>532</u>	<u>851</u>	<u>694</u>
	<u><u>319</u></u>	<u><u>532</u></u>	<u><u>851</u></u>	<u><u>694</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

4. OTHER INCOME

	2006	2005
	£000	£000
Miscellaneous charges to members and other income	83	71
Laser printing income	50	40
Launderette income	16	17
	<u>149</u>	<u>128</u>
	<u><u>149</u></u>	<u><u>128</u></u>

5. EDUCATION EXPENDITURE

	2006	2005
	£000	£000
Teaching	1,306	1,257
Tutorial	345	328
Admissions	84	77
Research	208	214
Scholarships and awards	39	40
Other educational facilities	123	118
	<u>2,105</u>	<u>2,034</u>
	<u><u>2,105</u></u>	<u><u>2,034</u></u>

6. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2006	2005
	£000	£000
Accommodation		
College members	1,771	1,661
Conferences	390	356
Catering		
College members	1,034	997
Conferences	336	278
	<u>3,531</u>	<u>3,292</u>
	<u><u>3,531</u></u>	<u><u>3,292</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

7. OTHER EXPENDITURE

	2006	2005
	£000	£000
Restricted funds expenditure	44	40
Administration	60	58
Other	16	19
	<u>120</u>	<u>117</u>
	<u><u>120</u></u>	<u><u>117</u></u>

8. ANALYSIS OF EXPENDITURE BY ACTIVITY

2005/06	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>

9. 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>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

10. TANGIBLE FIXED ASSETS**GROUP**

	Freehold land and buildings	Furniture, fittings and equipment	Library books	2006 Total
	£000	£000	£000	£000
Cost				
As at 1 August 2005	23,410	1,457	337	25,204
Additions at cost	228	208	20	456
Disposals	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2006	23,638	1,665	357	25,660
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
As at 1 August 2005	1,129	855	172	2,156
Charge for the year	471	188	22	681
Eliminated on disposals	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2006	1,600	1,043	194	2,837
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
As at 31 July 2006	22,038	622	163	22,823
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2005	22,281	602	165	23,048
	<hr/>	<hr/>	<hr/>	<hr/>

The insured replacement cost of freehold land and buildings as at 31 July 2006 was £75,316,000.

COLLEGE

	Freehold land and buildings	Furniture, fittings and equipment	Library books	2006 Total
	£000	£000	£000	£000
Cost				
As at 1 August 2005	23,410	1,438	337	25,185
Additions at cost	228	208	20	456
Disposals	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2006	23,638	1,646	357	25,641
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
As at 1 August 2005	1,129	839	172	2,140
Charge for the year	471	187	22	680
Eliminated on disposals	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2006	1,600	1,026	194	2,820
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
As at 31 July 2006	22,038	620	163	22,821
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 July 2005	22,281	599	165	23,045
	<hr/>	<hr/>	<hr/>	<hr/>

The insured replacement cost of freehold land and buildings as at 31 July 2006 was £75,316,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

11. INVESTMENT ASSETS

GROUP AND COLLEGE	2006 £000	2005 £000
Market value at 1 August 2005	20,464	16,206
Additions	2,904	225
Disposals	(2,710)	(630)
Appreciation on disposals/revaluation	1,980	3,318
Increase/(decrease) in cash balances	894	1,345
	<u>23,532</u>	<u>20,464</u>
Represented by:		
Freehold land and buildings	6,164	5,423
Quoted securities - equities	12,983	11,505
Quoted securities - fixed interest	1,646	1,691
Cash held for reinvestment	2,739	1,845
	<u>23,532</u>	<u>20,464</u>

Investments held by the College also include an additional £2 (2005: £2) in each of the subsidiary undertakings, Fitzwilliam College Services Limited and Kawakawa Bay Limited.

12. DEBTORS

	Group		College	
	2006 £000	2005 £000	2006 £000	2005 £000
Members of the College	210	215	210	215
Amounts owed by subsidiary companies	0	0	373	356
Other debtors	970	975	957	973
	<u>1,180</u>	<u>1,190</u>	<u>1,540</u>	<u>1,544</u>

13. CASH

	Group		College	
	2006 £000	2005 £000	2006 £000	2005 £000
Current accounts	10	20	0	0
Cash in hand	1	1	1	1
	<u>11</u>	<u>21</u>	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		College	
	2006 £000	2005 £000	2006 £000	2005 £000
Bank overdraft	11	54	11	54
Amounts owed to subsidiary companies	0	0	502	477
Social security and other taxes	87	53	86	52
Members of the College	101	97	101	96
Other creditors	876	793	723	649
	<u>1,075</u>	<u>997</u>	<u>1,423</u>	<u>1,328</u>
	<u><u>1,075</u></u>	<u><u>997</u></u>	<u><u>1,423</u></u>	<u><u>1,328</u></u>

15. CAPITAL AND RESERVES**GROUP**

	Income/ expendable capital funds £000	Permanent capital funds £000	2006 Total £000	2005 Total £000
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Trust funds	1,199	5,003	6,202	5,245
Donations & benefactions	30	0	30	29
Deferred capital funds	3,625	0	3,625	3,701
	<u>4,854</u>	<u>5,003</u>	<u>9,857</u>	<u>8,975</u>
<u>Funds for non-collegiate purposes</u>				
Trust funds	99	15	114	102
Unrestricted funds:				
<u>Designated funds</u>				
Special funds	1,774	129	1,903	1,733
<u>Undesignated funds</u>				
Corporate capital	0	31,830	31,830	30,009
Revenue reserves	2,821	0	2,821	2,965
	<u>2,821</u>	<u>31,830</u>	<u>34,651</u>	<u>32,974</u>
	<u><u>9,548</u></u>	<u><u>36,977</u></u>	<u><u>46,525</u></u>	<u><u>43,784</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

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

	Income/ expendable capital funds £000	Permanent capital funds £000	2006 Total £000	2005 Total £000
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Trust funds	1,199	5,003	6,202	5,245
Donations & benefactions	30	0	30	29
Deferred capital funds	3,625	0	3,625	3,701
	<hr/>	<hr/>	<hr/>	<hr/>
	4,854	5,003	9,857	8,975
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Trust funds	99	15	114	102
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds:				
<u>Designated funds</u>				
Special funds	1,774	129	1,903	1,733
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Corporate capital	0	31,830	31,830	30,009
Revenue reserves	2,821	0	2,821	2,965
	<hr/>	<hr/>	<hr/>	<hr/>
	2,821	31,830	34,651	32,974
	<hr/>	<hr/>	<hr/>	<hr/>
	9,548	36,977	46,525	43,784
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

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

	Balance at 1 August 2005 £000	Movement in year		Balance at 31 July 2006 £000
		Increase £000	Decrease £000	
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	4,280	574	0	4,854
Permanent capital	4,695	308	0	5,003
	<hr/> 8,975	<hr/> 882	<hr/> 0	<hr/> 9,857
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	87	12	0	99
Permanent capital	15	0	0	15
	<hr/> 102	<hr/> 12	<hr/> 0	<hr/> 114
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	1,615	159	0	1,774
Permanent capital	118	11	0	129
	<hr/> 1,733	<hr/> 170	<hr/> 0	<hr/> 1,903
<u>Undesignated funds</u>				
Income/expendable capital	2,965	0	(144)	2,821
Permanent capital	30,009	1,821	0	31,830
	<hr/> 32,974	<hr/> 1,821	<hr/> (144)	<hr/> 34,651
	<hr/> 43,784	<hr/> 2,885	<hr/> (144)	<hr/> 46,525
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

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

	Balance at 1 August 2005 £000	Movement in year		Balance at 31 July 2006 £000
		Increase £000	Decrease £000	
Restricted funds:				
<u>Funds for collegiate purposes</u>				
Income/expendable capital	4,280	574	0	4,854
Permanent capital	4,695	308	0	5,003
	<u>8,975</u>	<u>882</u>	<u>0</u>	<u>9,857</u>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	87	12	0	99
Permanent capital	15	0	0	15
	<u>102</u>	<u>12</u>	<u>0</u>	<u>114</u>
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	1,615	159	0	1,774
Permanent capital	118	11	0	129
	<u>1,733</u>	<u>170</u>	<u>0</u>	<u>1,903</u>
<u>Undesignated funds</u>				
Income/expendable capital	2,965	0	(144)	2,821
Permanent capital	30,009	1,821	0	31,830
	<u>32,974</u>	<u>1,821</u>	<u>(144)</u>	<u>34,651</u>
	<u>43,784</u>	<u>2,885</u>	<u>(144)</u>	<u>46,525</u>

17. ANALYSIS OF RESTRICTED AND UNRESTRICTED DESIGNATED FUNDS

	Restricted funds £000	Designated funds £000	2006 Total £000	2005 Total £000
Fellowship and Research	2,091	0	2,091	1,873
Scholarships	998	124	1,122	1,001
Prizes	294	0	294	265
Chapel	360	0	360	296
Travel	155	0	155	133
Hardship	1,454	0	1,454	1,293
Building	4,435	1,587	6,022	5,666
Other	184	192	376	283
	<u>9,971</u>	<u>1,903</u>	<u>11,874</u>	<u>10,810</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

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	3,696	1,158	0	4,854
Permanent capital	0	5,003	0	5,003
	<hr/>	<hr/>	<hr/>	<hr/>
	3,696	6,161	0	9,857
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	0	99	0	99
Permanent capital	0	15	0	15
	<hr/>	<hr/>	<hr/>	<hr/>
	0	114	0	114
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	1,587	187	0	1,774
Permanent capital	0	129	0	129
	<hr/>	<hr/>	<hr/>	<hr/>
	1,587	316	0	1,903
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Income/expendable capital	5,726	0	(2,905)	2,821
Permanent capital	11,814	16,941	3,075	31,830
	<hr/>	<hr/>	<hr/>	<hr/>
	17,540	16,941	170	34,651
	<hr/>	<hr/>	<hr/>	<hr/>
	22,823	23,532	170	46,525
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

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	3,696	1,158	0	4,854
Permanent capital	0	5,003	0	5,003
	<hr/>	<hr/>	<hr/>	<hr/>
	3,696	6,161	0	9,857
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Funds for non-collegiate purposes</u>				
Income/expendable capital	0	99	0	99
Permanent capital	0	15	0	15
	<hr/>	<hr/>	<hr/>	<hr/>
	0	114	0	114
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds:				
<u>Designated funds</u>				
Income/expendable capital	1,587	187	0	1,774
Permanent capital	0	129	0	129
	<hr/>	<hr/>	<hr/>	<hr/>
	1,587	316	0	1,903
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Undesignated funds</u>				
Income/expendable capital	5,724	0	(2,903)	2,821
Permanent capital	11,814	16,941	3,075	31,830
	<hr/>	<hr/>	<hr/>	<hr/>
	17,538	16,941	172	34,651
	<hr/>	<hr/>	<hr/>	<hr/>
	22,821	23,532	172	46,525
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

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

	2006	2005
	£000	£000
Surplus on continuing operations	197	(28)
Interest and dividends receivable	(537)	(432)
Depreciation	679	659
Decrease in stocks	4	(6)
Increase in debtors	(64)	(54)
Increase in creditors	175	50
Release of deferred capital funds	(78)	(78)
	<hr/>	<hr/>
Net cash inflow from operating activities	376	111
	<hr/> <hr/>	<hr/> <hr/>

20. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2006	2005
	£000	£000
Interest received	154	131
Dividends received	373	304
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	527	435
	<hr/> <hr/>	<hr/> <hr/>

21. CAPITAL TRANSACTIONS

	2006	2005
	£000	£000
Receipts from sales of tangible fixed assets	2	4
Receipts from sales of investment assets	2,710	630
Donations and benefactions	391	320
Capital grant received from colleges fund	288	282
	<hr/>	<hr/>
Total capital receipts	3,391	1,236
	<hr/>	<hr/>
Payments to acquire tangible fixed assets	(439)	(153)
Payments to acquire investment assets	(2,903)	(221)
Capital Grant to Junior Members Association	(25)	(31)
	<hr/>	<hr/>
Total capital expenditure	(3,367)	(405)
	<hr/>	<hr/>
Net cash inflow from capital transactions	24	831
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

22. MANAGEMENT OF LIQUID RESOURCES

	2006	2005
	£000	£000
Placing/(withdrawal) from deposits	894	1,345
	<u> </u>	<u> </u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2005	Cash flows	At 31 July 2006
	£000	£000	£000
Cash at bank and in hand	21	(10)	11
Bank overdraft	(54)	43	(11)
	<u> </u>	<u> </u>	<u> </u>
	(33)	33	0
Cash held at fund managers and on deposit	1,845	894	2,739
	<u> </u>	<u> </u>	<u> </u>
	1,812	927	2,739
	<u> </u>	<u> </u>	<u> </u>

24. STAFF

	College fellows	Non- academic	2006 Total	2005 Total
	£000	£000	£000	£000
<i>Staff costs:</i>				
Emoluments	438	1,791	2,229	2,147
Social security costs	49	126	175	169
Other pension costs	48	319	367	342
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	535	2,236	2,771	2,658
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	No	No	No	No
<i>Average staff numbers:</i>				
Academic	51	0	51	52
Non-academic	0	98	98	93
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	51	98	149	145
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There are 64 Fellows in the Governing Body of which the 51 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 2006

25. CAPITAL COMMITMENTS

At 31 July 2006 future capital expenditure authorised and committed amounted to £nil (2005 - £nil).

26. FINANCIAL COMMITMENTS

At 31 July 2006 the College had annual commitments under non-cancellable operating leases as follows:

	2006	2005
	£000	£000
<i>Land and buildings:</i>		
Expiring within one year	0	21
Expiring between two and five years' time	0	2
Expiring in over five years	0	0
	<u>0</u>	<u>23</u>
	<u><u>0</u></u>	<u><u>23</u></u>

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 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.

The latest actuarial valuation of the scheme was at 31 March 2005. 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 in line with 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. The valuation was carried out using the projected unit method.

At the valuation date, the market 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 were therefore sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at the valuation date and under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

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. An additional factor which could impact on the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of 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 rates will be reviewed as part of each valuation.

The total pension cost for the College was £199,348 (2005: £171,986). 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 2006

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 £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 2006

29. CONTRIBUTION ASSESSMENT

29.a ASSESSABLE INCOME	£	2006 £	£	2005 £
External Revenue:				
College Estates let at rack rent	92,201		113,538	
Dividends and Interest gross	319,786		251,276	
	<hr/>	411,987	<hr/>	364,814
Less:				
Insurance of College Buildings	32,350		40,945	
Agency, Management charges	80,376		81,441	
Sinking Fund payments under Statute GII,4(iv)	137,437		133,954	
	<hr/>	250,163	<hr/>	256,340
		<hr/>		
Trust & Other Funds Subject to Contribution		161,824		108,474
		214,559		177,474
		<hr/>		
ASSESSABLE INCOME		376,383		285,948
		<hr/> <hr/>		<hr/> <hr/>
Trust & Other Funds Not Subject to Contribution:				
Billygoats Society		3,193		2,774
		<hr/> <hr/>		<hr/> <hr/>
DEDUCTIBLE ITEMS				
Half sums paid to Scholars, Exhibitioners and Research Students		12,325		13,150
Prizes		10,800		10,218
Half maintenance of Chapel expenditure		547		969
Net expenditure on College Library		59,226		57,651
College Teaching Officers		142,132		144,200
College Research Fellows		67,561		77,525
College Building Fund (under Statute GII,4vii)		186,000		185,750
Donations for University Purposes:				
University Counselling Service	9,492		8,689	
Sports Injury Clinic	0		633	
	<hr/>	9,492	<hr/>	9,322
Other sums approved under Statute GII,4(xxiii)		3,596		4,480
		<hr/>		
		491,679		503,265
		<hr/> <hr/>		<hr/> <hr/>
NET ASSESSABLE INCOME		nil		nil
		<hr/> <hr/>		<hr/> <hr/>
Excess of deductible items carried forward from:				
	2005/06	115,296	2004/05	217,317
	2004/05	217,317	2003/04	167,032
		<hr/>		<hr/>
		332,613		384,349
		<hr/> <hr/>		<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2006

29. CONTRIBUTION ASSESSMENT (continued)

		2006		2005
29.b BUILDING FUND UNDER STATUTE GII,4(vii)	£	£	£	£
Balance at 1 August 2005		0		0
Transfer for 2005/06 approved under GII,4(vii)	186,000		185,750	
Investment income	0		0	
	<u>186,000</u>		<u>185,750</u>	
Less: expenditure incurred		<u>(135,344)</u>		<u>(185,750)</u>
Balance at 31 July 2006		<u>50,656</u>		<u>0</u>