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QUEENS' COLLEGE, CAMBRIDGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

QUEENS' COLLEGE, CAMBRIDGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

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QUEENS' COLLEGE, CAMBRIDGE

GOVERNANCE OF THE COLLEGE

FOR THE YEAR ENDED 30 JUNE 2005

The College has the following aims:

- to support a community of Fellows and students
- to achieve excellence in education at both undergraduate and postgraduate levels
- to promote academic research of the highest quality by Fellows and postgraduate students
- to maintain and enhance the endowments and benefactions, historic buildings and grounds of the College for the benefit of future generations.

Remaining an independent foundation, forming part of a collegiate university, is fundamental to the College's long-term strategy.

The College is a corporate body consisting of the President, the Fellows and the Scholars. It is an exempt charity, with its registered office at Silver Street, Cambridge, CB3 9ET. The Governing Body, which consists of the President and the Fellows with four student members, holds at least six meetings each year. The President, Professorial Fellows and Official Fellows are the voting members of the Governing Body. The Bursarial Committee, consisting of the President, the Bursars, the Senior Tutor and four Fellows oversees the financial management of the College in accordance with the College Statutes, under the overall direction of the Governing Body.

In accordance with the College Statutes, the Senior Bursar, advised by the Bursarial Committee is responsible for the financial management of the College, subject to the overall control of the Governing Body.

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

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

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

The Governing Body is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis. The Governing Body has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud. Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

QUEENS' COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISORS

FOR THE YEAR ENDED 30 JUNE 2005

The names of the members of the Governing Body were as follows. Only the President, Professorial Fellows and Official Fellows are voting members in most circumstances.

President

Lord Eatwell

Life Fellows

Revd H St J Hart³

Mr D Parmée

Prof. Sir Derek Bowett

Prof. A C Spearing

Prof. Sir James Beament⁴

Dr J M Prentis

Dr B A Callingham

Prof. J E Carroll

Prof. P G Stein

Revd Canon B L Hebblethwaite

Prof. I R Wright

Dr J T Green

Dr T H Coaker

Dr W A Phillips

Revd Dr B I Bradshaw

Prof. P Spufford

Prof. Lord Oxburgh

Revd Canon J C Polkinghorne

Prof. J E Baldwin

Prof. A N Hayhurst²

Professorial Fellows

Prof. A Singh

Prof. J Diggle

Prof. J Tiley

Prof. R R Weber

Prof. A N Hayhurst¹

Prof. D A King

Prof. A N Lasenby

Prof. D.K. Menon

Official Fellows

Dr R D H Walker

Dr A D Cosh

Prof. J A Jackson

Dr C J Pountain¹

Mr R G Fentiman

Revd Dr J M Holmes

Prof. P H Haynes

Dr D Cebon

Dr H J Field

Dr N J Leask¹

Dr K Johnstone¹

Dr S O Sage

Prof E A H Hall

Dr R W Prager

Prof R L Jones

Dr K F Priestley

Dr C N Pitelis

Dr E G Kahrs

Dr A H Gee

Prof D R Ward

Prof J L Scott

Revd Dr F N Watts

Mr L A Bollom

Dr J W F Allison

Dr B J Glover

Dr A D Oliver¹

Dr M J Milgate

Dr R A W Rex

Prof T J Lu

Dr A M W Glass

Dr I K Patterson

Dr C E Bryant

Dr M P V Crowley

Dr J C Muldrew

Dr C S Watkins¹

Dr H R N Jones

Mr M J Dixon

Dr N F J Inglis

Dr J R Gog²

Dr L Rajamani

Dr A A Seshia

Prof E M Terentjev

Dr D M Henderson²

Dr I Sitaridou (from 1/11/04)

Bye-Fellows

Mr S N Bridge

Dr P N Benton

Dr J W P Campbell

Dr A D Challinor

Dr D R Spring

Dr G H Treece

Dr C A Wilson (until 30/9/04)

Dr K Gill (from 1/10/04)

Dr H Green²

Dr T Stace²

Research Fellows

Dr C J Conneller¹

Dr H L J Dawson

Dr J Gog¹

Dr J Lovell

Dr A C Thompson

Dr L P Turner

Dr C G Wilkins²

Dr J C Wilmott²

¹ Until 30 September 2004

² From 1 October 2004

³ Died 30 October 2004

⁴ Died 11 March 2005

QUEENS' COLLEGE, CAMBRIDGE
GOVERNING BODY AND ADVISORS
FOR THE YEAR ENDED 30 JUNE 2005

Bursarial Committee

Lord Eatwell, President
Professor R Weber, Vice President
Dr A D Cosh, Senior Bursar
Dr R D H Walker, Junior Bursar
Dr M J Milgate, Senior Tutor
Mr L A Bollom, Steward
Dr D Cebon
Dr M P V Crowley
Dr H R N Jones

Auditors

Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge, CB1 2LA

Bankers

Nat West
23 Market Street
Cambridge
CB2 3PA

Investment Fund Managers

Lazard Asset Management
50 Berkeley Street
London, W1J 8HA

QUEENS' COLLEGE, CAMBRIDGE

PRESIDENT'S REVIEW

FOR THE YEAR ENDED 30 JUNE 2005

These accounts demonstrate that Queens' College continues to succeed in its goals of providing a first class educational and research environment to undergraduates, graduate students and fellows alike, whilst also, living within its means. For much of those means we are indebted to many generations of benefactors, large and small. If in the future, we are to sustain the leading role of Queens' in the University, then new investments will be necessary in our people as well as in the fabric of the College.

We live in interesting times. The increases in university fees (yielding benefits to the University and precious little to Queens') challenge us to ensure that no-one is deterred from applying to Queens' by their financial circumstances. The associated creation of the "Office for Fair Access" (headed by Queens' member, Sir Martin Harris) will result in a number of "benchmarks" being applied Cambridge's, and hence Queens', admissions. These benchmarks are typically expressed as the proportion of successful applicants from maintained schools, or from particular socio-economic groups. Queens' will tackle the issue by doing everything we can to widen the pool of applicants, whilst maintaining our policy of admitting on the basis of academic potential alone. Widening the pool will involve stepping up the College's outreach activities, particularly our "roadshows" in those areas where we maintain a special relationship with the Local Education Authority.

At the same time the University is changing, most notably with the increase in the proportion of graduate students in the student body. This is being driven by the growth of the professional schools (notably medicine and business), by the increase in the number of taught masters degrees (M.Phils), and by the expansion of "big science". It is a development that Queens' totally supports as evidenced by the growth of the graduate community in the College. It is both a crucial aspect of the growth of Cambridge as a world-leading research university, and the foundation of the academic success of Queens' at all levels. I hope that over the next few years we will be able to significantly improve the facilities we offer graduate students. It will be an important part of the task of Dr. Diana Henderson, our new Development Director, to ensure that we have the resources to meet this goal.

One of the great characteristics of life at Queens' is the wide range of activities that characterise the college – whether in sports, or drama, or music, or around the myriad of college societies. A notable activity this year was the Vigani Cabinet Concert. This was a presentation of new music, commissioned by Queens'. The first concert was on the 19th March 2005, and was both remarkable and a success! Further new commissions will be performed in 2006 and 2007. It's very exciting that, as a result of the generosity of a member of the College, we can make a positive contribution to the creation of new music, and give students at Queens' the opportunity both to compose, and to collaborate with professional composers. This programme of concerts is but another example of the tremendous creative drive that exists in all aspects of Queens' College life – something of which we can all be proud.

John Eatwell

QUEENS' COLLEGE, CAMBRIDGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 30 JUNE 2005

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

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

Respective Responsibilities of the Governing Body and Auditors

The Governing Body's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Governing Body. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge. We also report to you if, in our opinion, the Report of the Governance of the College 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 Governance of the College 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 Governance of the College 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.

QUEENS' COLLEGE, CAMBRIDGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY (continued)
FOR THE YEAR ENDED 30 JUNE 2005

Basis of Audit Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the College's affairs as at 30 June 2005 and of the surplus of the College for the year then ended and have been properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge.

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

PETERS ELWORTHY & MOORE
Chartered Accountants and
Registered Auditor

CAMBRIDGE

Date: 17 November 2005

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2005

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets, and 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 comply 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 as set out in the relevant section of the 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 Notes to the Accounts.

All of the income and expenditure carried out by the College during this accounting period was for collegiate purposes.

Basis of consolidation

A separate balance sheet and related notes for the College are not included in the accounts because the College's subsidiary company is a conference and banqueting trading company which donates its profits to the College each year. The balance sheet for the College alone would not be materially different to the one included in the accounts.

Recognition of income

Income from the investment of restricted funds is included in the Income and Expenditure Account to the extent of the expenditure incurred during the year, together with any related contributions to overhead costs. All income from short-term deposits and the investment of unrestricted funds is credited to the Income and Expenditure Account on a receivable basis. Donations and benefactions are included in the Income and Expenditure Account only when they are not added to capital funds, but used for current expenditures.

Pension schemes

Pension costs are assessed on the latest actuarial valuation of the final salary scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services.

Tangible fixed assets

a. Land and buildings

Land and buildings held for operational purposes are stated at cost. Freehold buildings are depreciated on a straight-line basis over the expected useful economic life of 50 years. Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised as part of the cost of those assets.

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

b. Maintenance and Renewal of premises

Major refurbishments of buildings are treated as capital expenditures and are depreciated over a twenty-year period.

c. Furniture, fittings and equipment

Furniture, fittings and equipment are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% per annum
Motor vehicles and general equipment	20% per annum
Computer equipment	33 $\frac{1}{3}$ % per annum

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. Where such assets are acquired with the aid of specific bequests or donations they are capitalised as above. The related benefactions are credited to expendable capital.

The disposal of fixed assets is deemed to occur at the end of their expected useful life.

Investments

Quoted investments are included in the balance sheet at market value. Unquoted investments are based on Land and property valued by Bursar's estimate calculated on the basis of capitalised income.

Stocks

Stocks are valued at the lower of cost and net reliable 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 Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College received 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 GII 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.

Rounding adjustments

The figures appearing in these accounts are rounded to the nearest whole pound. At times this will give the appearance that a set of figures do not add up correctly, but this is not the case when the pence are taken into account.

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED INCOME & EXPENDITURE ACCOUNT

FOR YEAR ENDED 30 JUNE 2005

		2005	2004
		£	£
INCOME	Note		
Academic fees & charges	1	1,974,301	1,939,344
Residences, catering and conferences	2	3,320,814	3,245,368
Endowment income	3	1,411,868	1,303,372
Donations and Benefactions		115,650	104,500
Other income		<u>126,454</u>	<u>127,039</u>
Total income		<u>6,949,087</u>	<u>6,719,623</u>
EXPENDITURE			
Education	4	2,885,200	2,835,894
Residences, catering and conferences	5	3,160,789	3,231,397
Other expenditure		<u>357,005</u>	<u>245,767</u>
Total expenditure		<u>6,402,994</u>	<u>6,313,058</u>
OPERATING SURPLUS		546,093	406,565
Contribution to Colleges' Fund	6	<u>11,338</u>	<u>18,317</u>
		534,756	388,248
Transfer to income within restricted funds		57,022	74,622
NET SURPLUS		<u>477,734</u>	<u>313,626</u>

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

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR YEAR ENDED 30 JUNE 2005

	Restricted funds	Unrestricted funds		2005	2004
		Designated	Undesignated	Total	Total
	£	£	£	£	£
Net surplus before transfers	-	121,028	356,706	477,734	313,626
Appreciation (depreciation) of investment assets (Note 9)	1,400,705	1,035,237	1,140,646	3,576,588	3,994,094
Donations and benefactions	688,638	1,353,740	11,877	2,054,255	354,960
Unspent income retained by restricted funds	57,022	-	-	57,022	74,622
Transfer to buildings renewals	-	537,897	(537,897)	-	-
Other transfers between Funds		<u>(485,020)</u>	<u>485,020</u>	0	=
Total recognised gains/(losses) for the year	2,146,364	2,562,883	1,456,352	6,165,599	4,737,302
Balance at start of year	<u>13,320,474</u>	<u>16,424,237</u>	<u>20,608,856</u>	<u>50,353,567</u>	<u>45,616,265</u>
Balance at end of year	<u>15,466,839</u>	<u>18,987,120</u>	<u>22,065,208</u>	<u>56,519,166</u>	<u>50,353,567</u>

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	8	7,766,383	7,669,719
Investments	9	<u>49,544,127</u>	<u>42,051,738</u>
		<u>57,310,511</u>	<u>49,721,458</u>
CURRENT ASSETS			
Stocks		423,921	408,084
Debtors	10	593,029	1,158,112
Cash		<u>(159,372)</u>	<u>(188,066)</u>
		<u>857,578</u>	<u>1,378,131</u>
Creditors: amounts falling due within one year	11	<u>1,648,922</u>	<u>746,021</u>
NET CURRENT ASSETS		<u>(791,345)</u>	<u>632,110</u>
TOTAL NET ASSETS		<u>56,519,166</u>	<u>50,353,567</u>
CAPITAL AND RESERVES	12		
Restricted funds		15,466,839	13,320,474
Unrestricted funds		<u>41,052,327</u>	<u>37,033,093</u>
TOTAL FUNDS	13	<u>56,519,166</u>	<u>50,353,567</u>

These accounts and financial statements were approved by the Governing Body on 9 November 2005, and signed on their behalf by:

Lord Eatwell
President

Dr A D Cosh
Senior Bursar

QUEENS' COLLEGE, CAMBRIDGE**CONSOLIDATED CASH FLOW STATEMENT****YEAR ENDED 30 JUNE 2005**

	Note	2005 £	2004 £
OPERATING ACTIVITIES			
Operating surplus		546,093	406,565
Less: Investment income and donations		<u>(1,527,518)</u>	<u>(1,407,872)</u>
Adjusted deficit		(981,425)	(1,001,307)
Depreciation	8	569,602	497,033
(Increase)/decrease in stocks		(15,836)	(9,681)
(Increase)/decrease in debtors	10	565,083	(391,221)
Increase/(decrease) in creditors	11	<u>902,901</u>	<u>(294,940)</u>
Net cash inflow/(outflow) from operating activities		<u>1,040,325</u>	<u>(1,200,117)</u>
RETURNS ON INVESTMENTS			
Freehold land and buildings	3	266,054	265,708
Dividends and interest	3	1,145,814	1,037,664
Profit on sale of investments	3	-	=
Net cash inflow from returns on investment		<u>1,411,868</u>	<u>1,303,372</u>
CONTRIBUTION TO COLLEGES' FUND	6	(11,338)	(18,317)
CAPITAL TRANSACTIONS			
Receipts from sales of investment assets	9	5,614,914	14,930,745
Donations and benefactions		<u>2,169,905</u>	<u>459,460</u>
Total capital receipts		7,784,819	15,390,205
Payments to acquire tangible fixed assets	8	(666,265)	(1,356,653)
Payments to acquire investment assets	9	<u>(9,530,715)</u>	<u>(14,170,661)</u>
Total capital expenditure		(10,196,980)	(15,527,313)
Net cash inflow/(outflow) from capital transactions		<u>(2,412,161)</u>	<u>(137,109)</u>
NET CASH INFLOW/(OUTFLOW)		28,694	(52,171)
Net liquid funds at start of year		<u>(188,066)</u>	<u>(135,896)</u>
Net liquid funds at end of year		<u>(159,372)</u>	<u>(188,066)</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2005

1 ACADEMIC FEES AND CHARGES

	2005	2004
Publicly funded	£	£
Undergraduates (per capita fee £2,879)	1,326,689	1,309,138
Postgraduates (per capita fee £2,879)	119,940	100,954
Graduates	67,392	76,080
Not publicly funded		
Undergraduates	81,176	92,133
Postgraduates	23,352	37,075
Graduates	<u>355,752</u>	<u>323,964</u>
Total	<u>1,974,301</u>	<u>1,939,344</u>

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

Accommodation: College members	1,469,948	1,402,144
Conferences and banquets	456,460	422,349
Catering: College members	627,445	628,798
Conferences and banquets	<u>766,961</u>	<u>792,078</u>
Total	<u>3,320,814</u>	<u>3,245,368</u>

3 ENDOWMENT INCOME

	Income from restricted funds	Income from unrestricted funds	2005	2004
	£	£	Total	Total
			£	£
Income from:				
Freehold land and buildings	-	266,054	266,054	265,708
Dividends and interest	<u>398,003</u>	<u>747,811</u>	<u>1,145,814</u>	<u>1,037,664</u>
Total	<u>398,003</u>	<u>1,013,864</u>	<u>1,411,868</u>	<u>1,303,372</u>
Endowment income liable to Contribution (Note 6)			1,071,050	974,387
Endowment income not liable to Contribution			<u>340,818</u>	<u>328,985</u>
			<u>1,411,868</u>	<u>1,303,372</u>

4 EDUCATION EXPENDITURE

	2005	2004
	£	£
Teaching	1,411,885	1,401,353
Tutorial	592,746	547,733
Admissions	228,798	222,686
Research	193,264	190,977
Scholarships and awards	127,575	145,523
Other educational facilities	<u>330,932</u>	<u>327,621</u>
Total	<u>2,885,200</u>	<u>2,835,894</u>

5 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

Accommodation:	College members	1,250,905	1,239,331
	Conferences and banquets	540,579	538,031
Catering:	College members	657,842	766,650
	Conferences and banquets	<u>711,463</u>	<u>687,386</u>
Total		<u>3,160,789</u>	<u>3,231,397</u>

**QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2005**

	2005	2004
	£	£
6 CONTRIBUTION TO COLLEGES' FUND		
External Revenue income subject to contribution:		
Property income	266,054	265,708
Interest and dividends	<u>189,177</u>	<u>140,021</u>
	455,231	405,729
Income from Trust and Other funds subject to contribution	<u>615,819</u>	<u>568,658</u>
ASSESSABLE INCOME	<u>1,071,050</u>	<u>974,387</u>
Less: Deductible items		
Half sums paid to scholars, exhibitors, research students	23,236	26,247
Prizes	9,094	9,939
Half of Chapel maintenance	5,923	6,617
Net expenditure on the Library	100,233	81,229
College Teaching Officers	148,913	140,078
Research Fellows	124,345	122,466
Sinking fund payments G II 4 iv	78,268	75,841
Building Fund G II 4 vii (Note 18)	216,000	214,000
Other deductible items	-	-
NET ASSESSABLE INCOME	365,038	297,970
Assessment:		
£250,000 @ 3%	7,500	7,500
£250,000 @ 7% (8% in 2004)	8,053	3,838
	-	-
Contribution payable	15,553	11,338

7 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs note 16)	Other expenses	Depreciation	2005 Total	2004 Total
	£	£	£	£	£
Education (note 4)	1,568,397	1,073,940	242,863	2,885,200	2,835,894
Residences, catering and conferences (note 5)	1,466,722	1,367,329	326,738	3,160,789	3,231,397
Other	<u>55,787</u>	<u>301,217</u>	<u>0</u>	<u>357,005</u>	<u>245,767</u>
	<u>3,090,906</u>	<u>2,742,486</u>	<u>569,602</u>	<u>6,402,994</u>	<u>6,313,058</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2005

8 TANGIBLE FIXED ASSETS

			2005	2004
	Freehold land and buildings	Furniture, fittings and equipment	Total	Total
	£	£	£	£
COST				
As at 1 July 2004	12,407,266	734,071	13,141,338	11,963,142
Disposals at cost	-	140,475	140,475	178,457
Additions at cost	<u>533,182</u>	<u>133,083</u>	<u>666,265</u>	<u>1,356,653</u>
Cost as at 30 June 2005	<u>12,940,448</u>	<u>726,680</u>	<u>13,667,128</u>	<u>13,141,338</u>
DEPRECIATION				
As at 1 July 2004	5,135,388	336,231	5,471,618	5,153,043
Eliminated on disposal	-	140,475	140,475	178,457
Charge for the year	<u>432,613</u>	<u>136,989</u>	<u>569,602</u>	<u>497,033</u>
Depreciation as at 30 June 2005	<u>5,568,000</u>	<u>332,744</u>	<u>5,900,745</u>	<u>5,471,618</u>
NET BOOK VALUE				
as at 30 June 2005	<u>7,372,448</u>	<u>393,935</u>	<u>7,766,383</u>	<u>7,669,719</u>
as at 30 June 2004	<u>7,271,879</u>	<u>397,841</u>	<u>7,669,719</u>	<u>6,810,099</u>

Certain historic buildings and other inalienable assets are stated at nil value.

The insured value of all the College's operational buildings as at 30 June 2005 was £96m (2004: £80m).

9 INVESTMENT ASSETS

	2005	2004
	£	£
Market value at start of year	42,051,738	38,817,729
Less: disposals proceeds	5,614,914	14,930,745
Add: acquisitions at cost	9,530,715	14,170,661
Add (Less): net gain (loss) on revaluation	<u>3,576,588</u>	<u>3,994,094</u>
Market value at end of year	<u>49,544,127</u>	<u>42,051,738</u>
Represented by:		
Land, buildings and other property	5,051,810	5,051,810
Quoted securities – equities	28,220,298	25,251,598
Quoted securities - fixed interest	6,209,833	5,546,731
Unquoted securities – equities	1,583,791	1,314,813
Cash held for reinvestment	<u>8,478,396</u>	<u>4,886,786</u>
Total	<u>49,544,127</u>	<u>42,051,738</u>

**QUEENS' COLLEGE, CAMBRIDGE
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10 DEBTORS

	£	£
Catering & conference debtors	76,443	220,567
Other debtors	<u>516,586</u>	<u>937,545</u>
	<u>593,029</u>	<u>1,158,112</u>

**11 CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	2005	2004
	£	£
Caution monies	144,880	139,005
Other creditors	<u>1,504,042</u>	<u>607,016</u>
	<u>1,648,922</u>	<u>746,021</u>

12 CAPITAL AND RESERVES

	Expendable capital funds	Permanent capital funds	Total	Total
			2005	2004
	£	£	£	£
<u>Restricted funds</u>				
Trust funds	4,859,110	10,607,728	15,466,839	13,320,474
<u>Unrestricted funds</u>				
Designated funds	18,842,031	145,089	18,987,120	16,424,237
Undesignated funds:	1,811,799	13,979,738	15,791,536	14,972,307
General capital	<u>6,273,671</u>	<u>0</u>	<u>6,273,671</u>	<u>5,636,549</u>
	<u>31,786,611</u>	<u>24,732,555</u>	<u>56,519,166</u>	<u>50,353,567</u>

Definition of Terms

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

Unrestricted funds – funds, the income of which may be used for any purpose

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

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

General capital - capital which can be used for revenue purposes.

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

Expendable capital - a fund which the Governing Body of the College has no obligation to retain as capital and the whole of which may therefore be expended

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

QUEENS' COLLEGE, CAMBRIDGE
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13 MOVEMENTS IN CAPITAL AND RESERVES

	Balance at the start of the year £	Increase or (Decrease) in the year £	Balance at the end of the year £
<u>Restricted funds</u>			
Expendable capital	3,788,042	1,071,068	4,859,110
Permanent capital	9,532,433	1,075,296	10,607,728
<u>Unrestricted funds</u>			
Designated, expendable capital	16,293,899	2,548,132	18,842,031
Undesignated, expendable capital	7,251,470	833,999	8,085,470
Designated permanent capital	130,338	14,751	145,089
Undesignated permanent capital	<u>13,357,385</u>	<u>622,353</u>	<u>13,979,738</u>
	<u>50,353,567</u>	<u>6,165,599</u>	<u>56,519,166</u>

14 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Undesignated £	Designated Restricted £	Designated Unrestricted £	Total 2005 £	Total 2004 £
Fellowships Funds	0	8,106,706	2,181,768	10,288,473	9,248,968
Scholarships and Prizes Funds	0	2,279,650	5,492	2,285,142	1,489,848
Bursary Funds	0	2,629,794	746,744	3,376,538	3,038,111
Other Funds	<u>22,065,208</u>	<u>2,450,689</u>	<u>16,053,116</u>	<u>40,569,013</u>	<u>36,576,641</u>
Total	<u>22,065,208</u>	<u>15,466,839</u>	<u>18,987,120</u>	<u>56,519,166</u>	<u>50,353,567</u>

15 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:	Fixed assets £	Investment assets £	Net current assets £	Total 2005 £	Total 2004 £
<u>Restricted funds</u>					
Expendable capital		4,784,173	-	4,859,110	3,788,042
	74,938				
Permanent capital		10,607,728	-	10,607,728	9,532,433
	-				
<u>Unrestricted funds</u>					
Designated, expendable capital		18,670,339	(541,788)	18,842,031	16,293,899
	713,480				
Expendable capital		8,085,470	-	8,085,470	7,251,470
	-				
Permanent capital	<u>6,977,966</u>	<u>7,396,417</u>	<u>(249,557)</u>	<u>14,124,827</u>	<u>13,487,724</u>
Total at end of year	<u>7,766,383</u>	<u>49,544,127</u>	<u>(791,345)</u>	<u>56,519,166</u>	<u>50,353,567</u>
Total at start of year	<u>7,669,719</u>	<u>42,051,739</u>	<u>632,110</u>	<u>50,353,567</u>	<u>45,616,265</u>

QUEENS' COLLEGE, CAMBRIDGE
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16 STAFF COSTS

	College Fellows	Other academic	Non- academic	Total 2005	Total 2004
	£	£	£	£	£
Full employment cost	804,004	164,173	2,122,729	3,090,906	3,030,787
of which:					
Emoluments	658,790	164,173	1,742,725	2,565,688	2,519,664
Social security	48,340	0	137,038	185,378	176,814
Pension	96,873	0	242,966	339,839	334,309
Average staff numbers (full-time equivalents)	18.2	n.a.	105.3	123.5	123.2
Number of Fellows (Mich Term, FTEs)					
President and Professors				11	11
University Teaching Officers				30	33
College Teaching Officers				3	4
Bye Fellows				9	7
Research Fellows				6	7
College Administrative Officers				2	2

No employee earned over £70,000 in this year.

17 CAPITAL COMMITMENTS

At 30 June 2005 future capital expenditure authorised and committed amounted to £nil (2004 - £533,000)

18 RELATED PARTIES

The College maintains a Register of Interest for all Fellows and College employees with spending authority. It is updated every six months and during the year to 30th June 2005 it reveals that no material events occurred.

19 BUILDING FUND UNDER STATUTE GII, 4(vii)	2005	2004
	£	£
Balance at 1 start of the year	3,177,780	1,746,645
Transfer	216,000	214,000
Investment income	32,140	30,867
Capital appreciation	126,991	1,186,268
- Expenditure	<u>0</u>	<u>0</u>
Balance at end of the year	<u>3,552,911</u>	<u>3,177,780</u>

20 ESTATES REPAIRS AND IMPROVEMENTS FUND	2005	2004
	£	£
Balance at 1 start of the year	847,111	800,483
Transfer	50,819	50,579
- Expenditure	<u>(6,585)</u>	<u>(3,951)</u>
Balance at end of the year	<u>891,345</u>	<u>847,111</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2005

21 PENSION SCHEMES

The College elected to prepare its financial statements in accordance with the RCCA for the first time in respect of the year ended 30 June 2005. For accounting periods prior to that, the accounts prepared in accordance with Statute GIII did not require compliance with accounting standards. This means that information that would be necessary in order to comply fully with the requirements of FRS 17 was not collated in those earlier years. Some of the requirements of FRS 17 have been implemented in these financial statements but it is not possible to fully comply for the reason stated. It is possible that, in order to keep audit costs down, the College will present FRS 17 statements every three years in association with the triennial actuarial valuation of the Cambridge Colleges Federated Pension Scheme.

USS

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded, mainly for academic employees. The scheme is contracted out of the State Earnings-Related Pension Scheme. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2002. The assumptions 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 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

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

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the (Supplementary Section) to be carried forward. Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed.

The total pension cost for the College was £101,088 (2004, £94,780). The contribution rate payable by the College was 14% of pensionable salaries.

CCFPS

About the Scheme

- a) The College is a member of a multi-employer defined benefit scheme, the Cambridge Colleges Federated Pension Scheme, in the United Kingdom. The Scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. It has been approved by the HM Revenue & Customs (previously the Inland Revenue Savings, Pensions & Share Schemes) under Chapter I of Part XIV of the Income & Corporation Taxes Act 1988. The College's employees covered by the Scheme are contracted-out of the State Second Pension (S2P).
- b) The College has elected to change benefits for service from 1 April 2004 for all members by:
 - capping service at 40 years (previously uncapped); and
 - paying unreduced pensions from age 65 (previously 60).

QUEENS' COLLEGE, CAMBRIDGE
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- c) The date of the most recent full actuarial valuation, on which the amounts in the financial statements are based, was as at 31 March 2005. That valuation is, at 6th September 2005, yet to be completed. These FRS17 valuation results use the same valuation data updated by an Actuary who is not an employee or officer of the College and/or its subsidiaries.
- d) The contribution made by the College in respect of the year ended 31 March 2005 was £197,931 (2004, £190,716), excluding PHI premiums.

The major assumptions used by the actuary were:

	<u>31 March 2005</u>
Discount rate	5.4%
Inflation assumption	3.0%
Rate of increase in salaries	3.75%
Rate of increase in pensions in deferment	
- GMP	3.75%
- Excess pension	3.0%
Rate of increase in pensions in payment	
- GMP accrued up to 5 April 1988	0.0%
- GMP accrued after 5 April 1988	2.25%
- Excess Pension over GMP and pension accrued after 5 April 1997	3.0%

In addition, standard actuarial mortality tables were used.

The assets in the Scheme and the expected rate of return were:

	Long-term rate of return expected at 31 March 2005	Value £
Equities	7.5% p.a.	2,875,774
Bonds (including cash and net current assets)	4.7% p.a.	1,336,562
Property	6.5% p.a.	121,942
		<hr style="border-top: 1px solid black; border-bottom: 1px solid black; height: 3px; width: 100%;"/>
		4,334,278

The Scheme accounts are not split by College. We have based the College assets on the full draft Scheme accounts and additional information provided by the Scheme administrators which enable us to split assets by College.

The 2005 assets are based upon draft accounts provided by the Scheme administrators. The 2005 asset split is based upon the split from these draft accounts.

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

	2005 £
Total market value of assets	4,334,278
Present value of Scheme liabilities	(5,482,722)
Surplus /(Deficit) in Scheme	(1,148,444)
Related deferred tax liability	0
Net pension liability	(1,148,444)