

QUEENS' COLLEGE, CAMBRIDGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

QUEENS' COLLEGE, CAMBRIDGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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QUEENS' COLLEGE, CAMBRIDGE

GOVERNANCE OF THE COLLEGE

FOR THE YEAR ENDED 30 JUNE 2006

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 2006

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

Mr D Parmée

Prof. Sir Derek Bowett

Prof. A C Spearing

Dr J M Prentis¹

Dr B A Callingham

Prof. J E Carroll

Prof. P G Stein

Revd Dr 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 Hayhurst

Professorial Fellows

Prof. A Singh

Prof. J Diggle

Prof. J Tiley

Prof. R R Weber

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

Mr R G Fentiman

Revd Dr J M Holmes

Prof. P H Haynes

Dr D Cebon

Dr H J Field

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 M J Milgate

Dr R A W Rex

Prof T J Lu (until 31/03/06)

Dr A M W Glass

Dr I K Patterson

Dr C E Bryant

Dr M P V Crowley

Dr J C Muldrew

Dr J W P Campbell (from 1/10/05)

Dr H R N Jones

Dr M J Dixon

Dr N F J Inglis (until 31/12/05)

Dr A C Thompson (from 1/10/05)

Dr J R Gog

Dr L Rajamani

Dr A A Seshia

Prof E M Terentjev

Dr D M Henderson

Dr I Sitaridou

Dr A Zurcher

Bye-Fellows

Mr S N Bridge

Dr P N Benton

Dr J W P Campbell (until 30/09/05)

Dr A D Challinor

Dr D R Spring (until 30/09/05)

Dr G H Treece

Dr K Gill

Dr H Green

Dr R J Smith²

Dr T Stace

Research Fellows

Dr C J Conneller (left 30/09/05)

Dr H L J Dawson (left 31/12/05)

Dr J Lovell

Dr A C Thompson (until 30/09/05)

Dr L P Turner

Dr C G Wilkins

Dr J C Wilmott

¹ Died 15 January 2006

² From 1 October 2005

QUEENS' COLLEGE, CAMBRIDGE
GOVERNING BODY AND ADVISORS
FOR THE YEAR ENDED 30 JUNE 2006

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 M P V Crowley
Dr H J Field
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 2006

These accounts once again 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. As I noted last year, if in the future, we are to sustain the leading role of Queens' in the University, new investments will be necessary in the fabric of the College, as well as in our people.

A major activity over the past year has been planning the new floor of the Cripps Building. Construction began at the end of June 2006, and will take about a year. This is the first of three major capital projects that the College hopes to undertake over the next several years – so long as we can secure the funding. We have been remarkably fortunate to secure financial support for the 'Fourth Floor', and we are making progress on fund-raising for a renewed Round. Owlstone Croft is still a gleam in the President's eye!

The purpose of all three projects is to enhance the facilities for all members of the College – Fellows, undergraduates and graduate students, and Members. The Fourth Floor will provide purpose-built teaching rooms, equipped with modern teaching aids, together with some new student accommodation. Taking Fellows out of rooms designed for undergraduate occupation and providing them with modern offices will benefit everyone.

The Round is an eyesore at the centre of our College. It is hoped to refurbish the entire area, providing an attractive central area (and, of course, a suitable environment for the Bridge), and at the same time constructing a new Porters' Lodge, a visitors' office for Old Members, together with the customary pressing needs of office space and accommodation. Just how extensive this project ultimately becomes depends on the funding raised and on negotiations with the planning authorities. But we are determined to replace the puddle-strewn car park with a Round of which the College can be proud.

Owlstone Croft, purchased by the College in the late 1980s, occupies nearly three acres in Newnham. At present the old (refurbished) nurses' home is used to provide accommodation for around 85 graduate students. It could be transformed into a purpose built graduate hall, ensuring that the very best facilities are available to our growing graduate community (now in excess of 300; there are a little under 500 undergraduates). This is in line with our goal of being both a leading undergraduate college, and a leading graduate college. It's an ambitious project – Queens' is an ambitious college!

Another major task has been participating in the launch of the Cambridge University 800th Anniversary Fund-raising Campaign. The Campaign launch was held in Queens' in the Autumn. (Many such events are now held in Queens' as the College has the reputation of providing the best events management, and certainly the best catering, in Cambridge). As you will be aware, the 800th Anniversary Campaign is a campaign to raise endowment for 'collegiate Cambridge', i.e. for the University and for the colleges. Accordingly a gift to Queens' is a gift to the overall campaign.

These accounts indicate that Queens' manages its resources well. Members can support the College with confidence.

John Eatwell

QUEENS' COLLEGE, CAMBRIDGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 30 JUNE 2006

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 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 Report of the Governance of the College and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Governing Body.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Officers' remuneration and transactions with the College is not disclosed.

We 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.

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.

QUEENS' COLLEGE, CAMBRIDGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY (continued)
FOR THE YEAR ENDED 30 JUNE 2006

We planned and performed our audit so as to obtain all the 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.

Opinions

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 21 the College has not obtained and disclosed the necessary information for the years ended 30 June 2005 and 2006. However, it is not possible to quantify the effect of this departure from Financial Reporting Standards.

Except for the departure from FRS 17, in our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 30 June 2006 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
18 October 2006

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2006

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.

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 based on land and property are valued by Bursar's estimate calculated on the basis of capitalised income. Other unquoted investments are valued on the basis of the net invested sum.

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. No material sums were recorded this 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 2006

		2006	2005
		£	£
INCOME	Note		
Academic fees & charges	1	2,221,478	1,974,301
Residences, catering and conferences	2	3,788,065	3,320,814
Endowment income	3	1,744,537	1,411,868
Donations and Benefactions		117,800	115,650
Other income		<u>108,225</u>	<u>126,454</u>
Total income		<u>7,980,106</u>	<u>6,949,087</u>
EXPENDITURE			
Education	4	2,987,761	2,885,200
Residences, catering and conferences	5	3,331,933	3,160,789
Other expenditure		<u>395,541</u>	<u>357,005</u>
Total expenditure		<u>6,715,235</u>	<u>6,402,994</u>
OPERATING SURPLUS		1,264,871	546,093
Contribution to Colleges' Fund	6	<u>15,553</u>	<u>11,338</u>
		1,249,318	534,756
Transfer to income within restricted funds		125,790	57,022
NET SURPLUS		<u>1,123,528</u>	<u>477,734</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 2006**

	Restricted funds	Unrestricted funds		2006 Total	2005 Total
	£	Designated £	Undesignated £	£	£
Net surplus before transfers	-	152,131	971,397	1,123,528	477,734
Appreciation (depreciation) of investment assets (Note 9)	2,207,379	1,559,077	1,296,518	5,062,975	3,576,588
Donations and benefactions	283,062	1,547,251		1,830,313	2,054,255
Unspent income retained by restricted funds	125,790	-	-	125,790	57,022
Transfer to buildings renewals	-	956,394	(956,394)	-	-
Other transfers between Funds		<u>(165,945)</u>	<u>165,945</u>		-
Total recognised gains/(losses) for the year	<u>2,616,232</u>	<u>4,048,908</u>	<u>1,477,467</u>	<u>8,142,607</u>	<u>6,165,599</u>
Balance at start 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>
Balance at end of year	<u>18,083,071</u>	<u>23,036,028</u>	<u>23,542,674</u>	<u>64,661,773</u>	<u>56,519,166</u>

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	8	7,805,587	7,766,383
Investments	9	<u>56,544,300</u>	<u>49,544,127</u>
		<u>64,349,887</u>	<u>57,310,511</u>
CURRENT ASSETS			
Stocks		429,809	423,921
Debtors	10	1,074,248	593,029
Cash		<u>(151,747)</u>	<u>(159,372)</u>
		<u>1,352,310</u>	<u>857,578</u>
Creditors: amounts falling due within one year	11	<u>1,040,425</u>	<u>1,648,922</u>
NET CURRENT ASSETS		<u>311,886</u>	<u>(791,345)</u>
TOTAL NET ASSETS		<u>64,661,773</u>	<u>56,519,166</u>
CAPITAL AND RESERVES	12		
Restricted funds		18,083,071	15,466,839
Unrestricted funds		<u>46,578,702</u>	<u>41,052,327</u>
TOTAL FUNDS	13	<u>64,661,773</u>	<u>56,519,166</u>

These accounts and financial statements were approved by the Governing Body on 12 October 2006,
and signed on their behalf by:

Lord Eatwell
President

Jonathan Spence
Senior Bursar

QUEENS' COLLEGE, CAMBRIDGE

CONSOLIDATED CASH FLOW STATEMENT

FOR YEAR ENDED 30 JUNE 2006

	Note	2006 £	2005 £
OPERATING ACTIVITIES			
Operating surplus		1,264,871	546,093
Less: Investment income and donations		<u>(1,862,337)</u>	<u>(1,527,518)</u>
Adjusted deficit		(597,466)	(981,425)
Depreciation	8	597,716	569,602
(Increase)/decrease in stocks		(5,889)	(15,836)
(Increase)/decrease in debtors	10	(481,219)	565,083
Increase/(decrease) in creditors	11	<u>(608,498)</u>	<u>902,901</u>
Net cash inflow/(outflow) from operating activities		<u>(1,095,355)</u>	<u>1,040,325</u>
RETURNS ON INVESTMENTS			
Freehold land and buildings	3	267,024	266,054
Dividends and interest	3	1,477,513	1,145,814
Profit on sale of investments	3	-	-
Net cash inflow/(outflow) from returns on investment		<u>1,744,537</u>	<u>1,411,868</u>
CONTRIBUTION TO COLLEGES' FUND	6	(15,553)	(11,338)
CAPITAL TRANSACTIONS			
Receipts from sales of investment assets	9	14,910,722	5,614,914
Donations and benefactions		<u>1,948,113</u>	<u>2,169,905</u>
Total capital receipts		16,858,835	7,784,819
Payments to acquire tangible fixed assets	8	(636,920)	(666,265)
Payments to acquire investment assets	9	<u>(16,847,920)</u>	<u>(9,530,715)</u>
Total capital expenditure		(17,484,840)	(10,196,980)
Net cash inflow/(outflow) from capital transactions		<u>(626,005)</u>	<u>(2,412,161)</u>
NET CASH INFLOW/(OUTFLOW)		7,625	28,694
Net liquid funds at start of year		<u>(159,372)</u>	<u>(188,066)</u>
Net liquid funds at end of year		<u>(151,747)</u>	<u>(159,372)</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2006

1 ACADEMIC FEES AND CHARGES

	2006	2005
Publicly funded	£	£
Undergraduates	1,447,172	1,326,689
Postgraduates	154,546	119,940
Graduates	73,593	67,392
Not publicly funded		
Undergraduates	98,112	81,176
Postgraduates	54,896	23,352
Graduates	<u>393,159</u>	<u>355,752</u>
Total	<u>2,221,478</u>	<u>1,974,301</u>

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES

Accommodation: College members	1,551,517	1,469,948
Conferences and banquets	570,597	456,460
Catering: College members	668,981	627,445
Conferences and banquets	<u>996,971</u>	<u>766,961</u>
Total	<u>3,788,065</u>	<u>3,320,814</u>

3 ENDOWMENT INCOME

	Income from restricted funds	Income from unrestricted funds	2006	2005
	£	£	Total	Total
			£	£
Income from:				
Freehold land and buildings	-	267,024	267,024	266,054
Dividends and interest	<u>502,351</u>	<u>975,162</u>	<u>1,477,513</u>	<u>1,145,814</u>
Total	<u>502,351</u>	<u>1,242,186</u>	<u>1,744,537</u>	<u>1,411,868</u>
Endowment income liable to Contribution (Note 6)			1,380,564	1,071,050
Endowment income not liable to Contribution			<u>363,974</u>	<u>340,818</u>
			<u>1,744,537</u>	<u>1,411,868</u>

4 EDUCATION EXPENDITURE

	2006	2005
	£	£
Teaching	1,479,936	1,411,885
Tutorial	611,517	592,746
Admissions	243,874	228,798
Research	186,524	193,264
Scholarships and awards	124,522	127,575
Other educational facilities	<u>341,387</u>	<u>330,932</u>
Total	<u>2,987,761</u>	<u>2,885,200</u>

5 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

Accommodation: College members	1,244,624	1,250,905
Conferences and banquets	637,806	540,579
Catering: College members	566,229	657,842
Conferences and banquets	<u>883,275</u>	<u>711,463</u>
Total	<u>3,331,933</u>	<u>3,160,789</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2006

	2006	2005
	£	£
6 CONTRIBUTION TO COLLEGES' FUND		
External Revenue income subject to contribution:		
Property income	267,024	266,054
Interest and dividends	<u>251,615</u>	<u>189,177</u>
	518,639	455,231
Income from Trust and Other funds subject to contribution	<u>861,925</u>	<u>615,819</u>
ASSESSABLE INCOME	<u>1,380,564</u>	<u>1,071,050</u>
Less: Deductible items		
Half sums paid to scholars, exhibitioners, research students	17,910	23,236
Prizes	9,156	9,094
Half of Chapel maintenance	6,528	5,923
Net expenditure on the Library	87,316	100,233
College Teaching Officers	110,462	148,913
Research Fellows	117,417	124,345
Sinking fund payments G II 4 iv	-	78,268
Building Fund G II 4 vii (Note 19)	216,000	216,000
Other deductible items	-	-
NET ASSESSABLE INCOME	815,774	365,038
Assessment:		
£250,000 @ 2% (3% in 2005)	5,000	7,500
£250,000 @ 7%	17,500	8,053
£315,774 @ 13% (14% in 2005)	41,051	-
Contribution payable	63,551	15,553

7 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs note 16)	Other expenses	Depreciation	2006 Total	2005 Total
	£	£	£	£	£
Education (note 4)	1,608,234	1,134,029	245,498	2,987,761	2,885,200
Residences, catering and conferences (note 5)	1,577,742	1,401,973	352,218	3,331,933	3,160,789
Other	<u>140,039</u>	<u>255,502</u>	<u>0</u>	<u>395,541</u>	<u>357,005</u>
	<u>3,326,015</u>	<u>2,791,503</u>	<u>597,716</u>	<u>6,715,235</u>	<u>6,402,994</u>
Cost of the Alumni and Development Office (including fundraising and Alumni relations)				231,909	187,039

8 TANGIBLE FIXED ASSETS

			2006	2005
	Freehold land and buildings	Furniture, fittings and equipment	Total	Total
	£	£	£	£
COST				
As at 1 July 2005	12,940,448	726,680	13,667,128	13,141,338
Disposals at cost	-	112,211	112,211	140,475
Additions at cost	<u>367,428</u>	<u>269,492</u>	<u>636,920</u>	<u>666,265</u>
Cost as at 30 June 2006	<u>13,307,876</u>	<u>883,960</u>	<u>14,191,837</u>	<u>13,667,128</u>
DEPRECIATION				
As at 1 July 2005	5,568,000	332,744	5,900,745	5,471,618
Eliminated on disposal	-	112,211	112,211	140,475
Charge for the year	<u>442,653</u>	<u>155,063</u>	<u>597,716</u>	<u>569,602</u>
Depreciation as at 30 June 2006	<u>6,010,654</u>	<u>375,596</u>	<u>6,386,250</u>	<u>5,900,745</u>
NET BOOK VALUE				
as at 30 June 2006	<u>7,297,222</u>	<u>508,364</u>	<u>7,805,587</u>	<u>7,766,383</u>
as at 30 June 2005	<u>7,372,448</u>	<u>393,935</u>	<u>7,766,383</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 2006 was £104m (2005: £96m).

9 INVESTMENT ASSETS

	2006	2005
	£	£
Market value at start of year	49,544,127	42,051,738
Less: disposals proceeds	14,910,722	5,614,914
Add: acquisitions at cost	16,847,920	9,530,715
Add (Less): net gain (loss) on revaluation	<u>5,062,975</u>	<u>3,576,588</u>
Market value at end of year	<u>56,544,300</u>	<u>49,544,127</u>
Represented by:		
Land, buildings and other property	5,051,810	5,051,810
Quoted securities – equities	30,837,716	28,220,298
Quoted securities - fixed interest	8,719,504	6,209,833
Unquoted securities – equities	3,653,886	1,583,791
Cash held for reinvestment	<u>8,281,384</u>	<u>8,478,396</u>
Total	<u>56,544,300</u>	<u>49,544,127</u>

10 DEBTORS	2006	2005
	£	£
Catering & conference debtors	112,515	76,443
Other debtors	<u>961,733</u>	<u>516,586</u>
	<u>1,074,248</u>	<u>593,029</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2006	2005
	£	£
Caution monies	151,048	144,880
Other creditors	<u>889,377</u>	<u>1,504,042</u>
	<u>1,040,425</u>	<u>1,648,922</u>

12 CAPITAL AND RESERVES

	Expendable capital funds	Permanent capital funds	Total	Total
	£	£	£	£
			2006	2005
<u>Restricted funds</u>				
Trust funds	5,872,435	12,210,636	18,083,071	15,466,839
<u>Unrestricted funds</u>				
Designated funds	22,870,081	165,947	23,036,028	18,987,120
Undesignated funds:	2,123,643	14,243,458	16,367,101	15,791,536
General capital	<u>7,175,573</u>	<u>0</u>	<u>7,175,573</u>	<u>6,273,671</u>
	<u>38,041,732</u>	<u>26,620,041</u>	<u>64,661,773</u>	<u>56,519,166</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.

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	4,859,110	1,013,324	5,872,435
Permanent capital	10,607,728	1,602,908	12,210,636
<u>Unrestricted funds</u>			
Designated, expendable capital	18,842,031	4,028,050	22,870,081
Undesignated, expendable capital	8,085,470	1,213,747	9,299,216
Designated permanent capital	145,089	20,858	165,947
Undesignated permanent capital	<u>13,979,738</u>	<u>263,720</u>	<u>14,243,458</u>
	<u>56,519,166</u>	<u>8,142,607</u>	<u>64,661,773</u>

14 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Undesignated	Designated Restricted	Designated Unrestricted	Total 2006 £	Total 2005 £
	£	£	£	£	£
Fellowships Funds	0	9,313,039	2,495,693	11,808,732	10,288,473
Scholarships and Prizes Funds	0	2,829,079	6,272	2,835,351	2,285,142
Bursary Funds	0	3,104,757	863,685	3,968,442	3,376,538
Other Funds	<u>23,542,674</u>	<u>2,836,196</u>	<u>19,670,378</u>	<u>46,049,247</u>	<u>40,569,013</u>
Total	<u>23,542,674</u>	<u>18,083,071</u>	<u>23,036,028</u>	<u>64,661,773</u>	<u>56,519,166</u>

15 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:	Fixed assets	Investment assets	Net current assets	Total 2006 £	Total 2005 £
<u>Restricted funds</u>					
Expendable capital	£ 50,698	£ 5,821,737	£ -	5,872,435	4,859,110
Permanent capital	-	12,210,636	-	12,210,636	10,607,728
<u>Unrestricted funds</u>					
Designated, expendable capital	776,399	21,817,387	276,295	22,870,081	18,842,031
Expendable capital	-	9,297,443	1,774	9,299,216	8,085,470
Permanent capital	<u>6,978,490</u>	<u>7,397,097</u>	<u>33,817</u>	<u>14,409,405</u>	<u>14,124,827</u>
Total at end of year	<u>7,805,587</u>	<u>56,544,300</u>	<u>311,886</u>	<u>64,661,773</u>	<u>56,519,166</u>
Total at start of year	<u>7,669,719</u>	<u>49,640,792</u>	<u>-791,345</u>	<u>56,519,166</u>	<u>50,353,567</u>

16 STAFF COSTS

	College Fellows	Other academic	Non- academic	Total 2006	Total 2005
	£	£	£	£	£
Full employment cost	840,142	167,228	2,318,645	3,326,015	3,090,906
of which:					
Emoluments	686,080	167,228	1,879,597	2,732,905	2,565,688
Social security	52,647	0	153,933	206,580	185,378
Pension	101,415	0	285,115	386,530	339,839
Average staff numbers (full-time equivalents)	17.9	n.a.	103.0	120.9	123.5
Number of Fellows (Michaelmas Term, FTEs)					
President and Professors				16	11
University Teaching Officers				27	30
College Teaching Officers				4	3
Bye Fellows				8	9
Research Fellows				7	6
College Administrative Officers				3	2

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

17 CAPITAL COMMITMENTS

At 30 June 2006 future capital expenditure authorised and committed amounted to £6m (2005 - £nil)

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 2006 it reveals that no material events occurred.

19 BUILDING FUND UNDER STATUTE GII, 4(vii)	2006	2005
	£	£
Balance at start of the year	3,552,911	3,177,780
Transfer	216,000	216,000
Investment income	80,466	32,140
Capital appreciation	264,359	126,991
- Expenditure	<u>0</u>	<u>0</u>
Balance at end of the year	<u>4,113,736</u>	<u>3,552,911</u>

20 ESTATES REPAIRS AND IMPROVEMENTS FUND	2006	2005
	£	£
Balance at start of the year	891,345	847,111
Transfer	50,724	50,819
- Expenditure	<u>(189)</u>	<u>(6,585)</u>
Balance at end of the year	<u>941,880</u>	<u>891,345</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2006

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

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

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 institution's future contribution commitment. An additional factor which could impact 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 the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise

be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

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

The total pension cost for the College for the year ended 30 June 2006 was £ 105,832 (2005: £ 101,088). The contribution rate payable by the institution was 14% of pensionable salaries.

CCFPS

- 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 date of the most recent full actuarial valuation, on which the amounts in the financial statements are based, was as at 31 March 2005. The Annual Report for the year ended 30 June 2005 presented the FRS17 valuation results.
- c) The College has a long-term commitment to this pension scheme. In order to save unnecessary expense, the next FRS valuation results will be presented following the next triennial valuation.
- d) The contribution made by the College in respect of the year ended 31 March 2006 was £246,344 (2005, £197,931), excluding PHI premiums.