

QUEENS' COLLEGE, CAMBRIDGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

QUEENS' COLLEGE, CAMBRIDGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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QUEENS' COLLEGE, CAMBRIDGE

GOVERNANCE OF THE COLLEGE

FOR THE YEAR ENDED 30 JUNE 2007

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 2007

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 B A Callingham
Prof. J E Carroll
Prof. P G Stein
Revd Dr B L Hebblethwaite
Dr J T Green
Dr T H Coaker
Dr W A Phillips
Revd Dr B I Bradshaw
Prof. A N Hayhurst
Prof. P Spufford
Dr C J Pountain
Prof. Lord Oxburgh
Revd Canon J C Polkinghorne
Prof. J E Baldwin

Professorial Fellows

Prof. A Singh
Prof. J Diggle
Prof. J Tiley
Prof. P H Haynes
Prof. E A H Hall
Prof. D A King
Prof. A N Lasenby
Prof. D.K. Menon

Official Fellows

Dr R D H Walker

Dr A D Cosh
Prof. R R Weber
Prof. J A Jackson
Mr R G Fentiman
Revd Dr J M Holmes
Prof. D Cebon
Dr H J Field
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
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
Dr H R N Jones
Dr M J Dixon
Dr A C Thompson
Dr J R Gog
Dr A A Seshia
Prof E M Terentjev
Dr D M Henderson

Dr I Sitaridou
Dr A Zurcher
Mr J Spence¹
Dr J Russell¹
Dr M Petraglia¹
Prof. A M Gamble²

Bye-Fellows

Mr S N Bridge
Dr A D Challinor
Dr G H Treece
Dr K Gill
Dr R J Smith
Dr A M C Odhams¹
Dr C Smith¹
Dr I R McDaniel¹
The Very Revd. C G Whittall³

Research Fellows

Dr J Lovell
Dr C G Wilkins
Dr J C Wilmott
Dr S Crangle
Dr T T Berger¹
Ms A M Rossi¹
Ms F Brittan¹

¹ From 1st October 2006

² From 1st January 2007

³ From 1st April 2007

QUEENS' COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISORS - continued

FOR THE YEAR ENDED 30 JUNE 2007

Bursarial Committee

Lord Eatwell, President
Professor R Weber, Vice President
Mr J Spence, Senior Bursar
Dr R D H Walker, Junior Bursar
Dr M J Milgate, Senior Tutor
Mr L A Bollom, Steward
Dr C N Pitelis
Dr H J Field

Auditors

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

Bankers

National Westminster Bank plc
23 Market Street
Cambridge
CB2 3PA

Investment Fund Managers

Lazard Asset Management Limited
50 Berkeley Street
London, W1J 8HA

QUEENS' COLLEGE, CAMBRIDGE

PRESIDENT'S REVIEW

FOR THE YEAR ENDED 30 JUNE 2007

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.

The College achieved an operating surplus, before transfers of £367,954, as set out in the Income & Expenditure Account on page 12. After transfers to income within restricted funds of £202,715 and an unusually high contribution to the Colleges' Fund of £105,282, due to a one-off change in accounting practice, our net surplus is £59,958, which is much lower than we would like. Our actual contribution to the Colleges' Fund for this year is £41,731, although it seems wrong in principle that an acknowledged "poorer" College, such as Queens', should make any contribution at all to this Fund. Our net assets have grown to £70.286 million, of which £58.368 million is represented by our investment assets, principally quoted investments, and £11.564 million are tangible assets. The growth in tangible assets in the last year reflects the expenditure on the new floor for the Cripps Building.

As mentioned above, this year has been dominated by the construction of the new floor of the Cripps Building, which was completed shortly after the period under review. A major project, such as this, inevitably affected the business of the College, particularly our conference and banqueting revenues, but I am sure the end product, in the form of the Stephen G. Thomas Teaching and Research Centre, with its purpose built teaching rooms and additional student accommodation, more than justifies the short term challenges. The College is very grateful to the benefactors who supported this project and especially Mrs Catherine Thomas and Mr Edward Cripps.

The College is most grateful for the many donations and bequests from Queens' members and their families, from Founder Benefactors and other well-wishers, totalling £1,764,446 which includes donations for the Queens' College Boat Club and other separate trusts. In addition, in the year ended 30th June 2007 the College has been notified of new legacies in favour of Queens' from 16 members, which brings the total of notified legacies to 216. I cannot emphasise enough how important such donations are for the future of the College, both for maintaining and developing our academic excellence and for developing further and maintaining the College's facilities. In particular, we do need to raise funds for our core endowment to support our educational goals.

I have mentioned in my recent reports two remaining major capital projects, being the Round and Owlstone Croft. I am hopeful that we will make tangible progress on one of these during the next year, and we will also upgrade our existing buildings to meet the ever changing needs of the regulatory environment in which the College must operate.

These accounts indicate that Queens' manages its resources well during challenging times. I believe 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 2007

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 Governance of the College.

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 2007

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.

Qualified Opinion Arising from Disagreement about Accounting Treatment

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, 2006, and 2007. 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 2007 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.

Opinion

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

QUEENS' COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2007

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 2007

		2007	2006
		£	£
INCOME	Note		
Academic fees & charges	1	2,303,807	2,221,478
Residences, catering and conferences	2	3,362,886	3,788,065
Endowment income	3	1,856,626	1,744,537
Donations and Benefactions		117,826	117,800
Other income		70,225	108,225
		<hr/>	<hr/>
Total income		7,711,371	7,980,106
		<hr/>	<hr/>
EXPENDITURE			
Education	4	3,261,606	2,987,761
Residences, catering and conferences	5	3,632,219	3,331,933
Other expenditure		449,592	395,541
		<hr/>	<hr/>
Total expenditure		7,343,416	6,715,235
		<hr/>	<hr/>
OPERATING SURPLUS		367,954	1,264,871
Contribution to Colleges' Fund	6	105,282	15,553
		<hr/>	<hr/>
		262,672	1,249,318
		<hr/>	<hr/>
Transfer to income within restricted funds		202,715	125,790
		<hr/>	<hr/>
NET SURPLUS		59,958	1,123,528
		<hr/>	<hr/>

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 2007

	Restricted funds	Unrestricted funds		2007 Total	2006 Total
		Designated	Undesignated		
	£	£	£	£	£
Net surplus before transfers	-	161,272	(101,315)	59,958	1,123,528
Appreciation (depreciation) of investment assets (Note 9)	1,760,184	1,231,845	605,204	3,597,232	5,062,975
Donations and benefactions	11,425	1,753,021		1,764,446	1,830,313
Unspent income retained by restricted funds	202,715	-	-	202,715	125,790
Transfer to buildings renewals	-	253,901	(253,901)	-	-
Other transfers between Funds	-	(4,215,018)	4,215,018		
Total recognised gains/(losses) for the year	<u>1,974,323</u>	<u>(814,978)</u>	<u>4,465,006</u>	<u>5,624,351</u>	<u>8,142,607</u>
Balance at start 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>
Balance at end of year	<u>20,057,393</u>	<u>22,221,050</u>	<u>28,007,680</u>	<u>70,286,123</u>	<u>64,661,773</u>

QUEENS' COLLEGE, CAMBRIDGE
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

	Note		2007 £	2006 £
FIXED ASSETS				
Tangible assets	8		11,564,616	7,805,587
Investments	9		<u>58,368,532</u>	<u>56,544,300</u>
			<u>69,933,148</u>	<u>64,349,887</u>
CURRENT ASSETS				
Stocks			396,330	429,809
Debtors	10		1,592,619	1,074,248
Cash			<u>(416,736)</u>	<u>(151,747)</u>
			<u>1,572,214</u>	<u>1,352,310</u>
Creditors: amounts falling due within one year	11		<u>1,219,239</u>	<u>1,040,425</u>
NET CURRENT ASSETS			<u>352,975</u>	<u>311,886</u>
TOTAL NET ASSETS			<u>70,286,123</u>	<u>64,661,773</u>
CAPITAL AND RESERVES				
	12	Income/ Expendable capital funds	Permanent capital funds	As at 30 June 2007
Restricted funds held for collegiate purposes		6,524,803	13,532,590	20,057,393
Restricted funds held for non-collegiate purposes		0	0	0
Unrestricted funds (excluding pension asset/liability)		32,206,077	18,022,653	50,228,730
TOTAL FUNDS	13	<u>38,730,880</u>	<u>31,555,243</u>	<u>70,286,123</u>
				<u>64,661,773</u>

These accounts were approved by the Governing Body on 30 October 2007 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 2007

	Note	2007 £	2006 £
OPERATING ACTIVITIES			
Operating surplus		367,954	1,264,871
Less: Investment income and donations		<u>(1,974,452)</u>	<u>(1,862,337)</u>
Adjusted deficit		(1,606,498)	(597,466)
Depreciation	8	696,003	597,716
(Increase)/decrease in stocks		33,479	(5,889)
(Increase)/decrease in debtors	10	(518,371)	(481,219)
Increase/(decrease) in creditors	11	<u>178,814</u>	<u>(608,498)</u>
Net cash inflow/(outflow) from operating activities		<u>(1,216,573)</u>	<u>(1,095,355)</u>
RETURNS ON INVESTMENTS			
Freehold land and buildings	3	266,880	267,024
Dividends and interest	3	1,589,747	1,477,513
Profit on sale of investments	3	0	0
Net cash inflow/(outflow) from returns on investment		<u>1,856,626</u>	<u>1,744,537</u>
CONTRIBUTION TO COLLEGES' FUND	6	(105,282)	(15,553)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Receipts from sales of investment assets	9	24,717,027	14,910,722
Donations and benefactions		<u>1,882,272</u>	<u>1,948,113</u>
Total capital receipts		26,599,299	16,858,835
Payments to acquire tangible fixed assets	8	(4,455,032)	(636,920)
Payments to acquire investment assets	9	<u>(22,944,027)</u>	<u>(16,847,920)</u>
Total capital expenditure		(27,399,059)	(17,484,840)
Net cash inflow/(outflow) from investing activities		<u>(799,760)</u>	<u>(626,005)</u>
NET CASH INFLOW/(OUTFLOW)		(264,988)	7,625
Net liquid funds at start of year		<u>(151,747)</u>	<u>(159,372)</u>
Net liquid funds at end of year		<u>(416,736)</u>	<u>(151,747)</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2007

1 ACADEMIC FEES AND CHARGES		2007	2006
Publicly funded		£	£
Undergraduates		1,484,526	1,447,172
Postgraduates		137,289	154,546
Graduates		73,902	73,593
Not publicly funded			
Undergraduates		157,901	98,112
Postgraduates		40,268	54,896
Graduates		<u>409,920</u>	<u>393,159</u>
Total		<u>2,303,807</u>	<u>2,221,478</u>
2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES			
Accommodation: College members		1,727,710	1,551,517
Conferences and banquets		367,687	570,597
Catering: College members		511,063	668,981
Conferences and banquets		<u>756,426</u>	<u>996,971</u>
Total		<u>3,362,886</u>	<u>3,788,065</u>
3 ENDOWMENT INCOME		2007	2006
	Income from restricted funds	Income from unrestricted funds	
	£	£	Total
			£
Income from:			Total
Freehold land and buildings	-	266,880	266,880
Dividends and interest	<u>571,323</u>	<u>1,018,424</u>	<u>1,589,747</u>
Total	<u>571,323</u>	<u>1,285,304</u>	<u>1,856,626</u>
Endowment income liable to Contribution (Note 6)		1,389,132	1,380,564
Endowment income not liable to Contribution		<u>467,494</u>	<u>363,974</u>
		<u>1,856,626</u>	<u>1,744,537</u>
4 EDUCATION EXPENDITURE		2007	2006
		£	£
Teaching		1,637,099	1,479,936
Tutorial		672,465	611,517
Admissions		259,362	243,874
Research		219,564	186,524
Scholarships and awards		96,653	124,522
Other educational facilities		<u>376,463</u>	<u>341,387</u>
Total		<u>3,261,606</u>	<u>2,987,761</u>
5 RESIDENCES, CATERING AND CONFERENCES EXPENDITURE			
Accommodation:	College members	1,438,340	1,244,624
	Conferences and banquets	733,168	637,806
Catering:	College members	729,107	566,229
	Conferences and banquets	<u>731,603</u>	<u>883,275</u>
Total		<u>3,632,219</u>	<u>3,331,933</u>

QUEENS' COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2007

	2007	2006			
	£	£			
6 CONTRIBUTION TO COLLEGES' FUND					
External Revenue income subject to contribution:					
Property income	266,880	267,024			
Interest and dividends	<u>211,442</u>	<u>251,615</u>			
	478,322	518,639			
Income from Trust and Other funds subject to contribution	<u>910,811</u>	<u>861,925</u>			
ASSESSABLE INCOME	<u>1,389,132</u>	<u>1,380,564</u>			
Less: Deductible items					
Half sums paid to scholars, exhibitioners, research students	20,959	17,910			
Prizes	8,752	9,156			
Half of Chapel maintenance	8,730	6,528			
Net expenditure on the Library	106,105	87,316			
College Teaching Officers	147,231	110,462			
Research Fellows	133,597	117,417			
Building Fund G II 4 vii (Note 19)	216,000	216,000			
Other deductible items	-	-			
NET ASSESSABLE INCOME	747,759	815,774			
Assessment:					
£300,000 @ 2% (£250,000 @ 2% in 2006)	6,000	5,000			
£300,000 @ 6% (£250,000 @ 7% in 2006)	18,000	17,500			
£147,759 @ 12% (£315,774 @ 13% in 2006)	17,731	41,051			
Contribution payable	41,731	63,551			
7 ANALYSIS OF EXPENDITURE BY ACTIVITY					
	2007	2006			
	Total	Total			
	£	£			
	Staff costs (note 16) £	Other expenses £	Depreciation £		
Education (note 4)	1,775,380	1,206,096	280,130	3,261,606	2,987,761
Residences, catering and conferences (note 5)	1,690,011	1,526,335	415,873	3,632,219	3,331,933
Other	<u>174,556</u>	<u>275,036</u>	<u>0</u>	<u>449,592</u>	<u>395,541</u>
	<u>3,639,947</u>	<u>3,007,466</u>	<u>696,003</u>	<u>7,343,416</u>	<u>6,715,235</u>
Cost of the Alumni and Development Office (including fundraising and Alumni relations)	270,736			270,736	231,909

8 TANGIBLE FIXED ASSETS

			2007	2006
	Freehold land and buildings	Furniture, fittings and equipment	Total	Total
	£	£	£	£
COST				
As at 1 July 2006	13,307,876	883,960	14,191,837	13,667,128
Disposals at cost	-	57,262	57,262	112,211
Additions at cost	<u>4,250,177</u>	<u>204,855</u>	<u>4,455,032</u>	<u>636,920</u>
Cost as at 30 June 2007	<u>17,558,053</u>	<u>1,031,553</u>	<u>18,589,607</u>	<u>14,191,837</u>
DEPRECIATION				
As at 1 July 2006	6,010,654	375,596	6,386,250	5,900,745
Eliminated on disposal	-	57,262	57,262	112,211
Charge for the year	<u>528,489</u>	<u>167,514</u>	<u>696,003</u>	<u>597,716</u>
Depreciation as at 30 June 2007	<u>6,539,143</u>	<u>485,848</u>	<u>7,024,990</u>	<u>6,386,250</u>
NET BOOK VALUE				
as at 30 June 2007	11,018,910	545,706	11,564,616	7,805,587
as at 30 June 2006	<u>7,297,222</u>	<u>508,364</u>	<u>7,805,587</u>	<u>7,805,587</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 2007 was £110m (2006: £104m).

9 INVESTMENT ASSETS

	2007	2006
	£	£
Market value at start of year	56,544,300	49,544,127
Less: disposals proceeds	24,717,027	14,910,722
Add: acquisitions at cost	22,944,027	16,847,920
Add (Less): net gain (loss) on revaluation	4,013,232	5,062,975
Less: impairment on unquoted securities	<u>(416,000)</u>	<u>0</u>
Market value at end of year	<u>58,368,532</u>	<u>56,544,300</u>
Represented by:		
Land, buildings and other property	5,051,810	5,051,810
Quoted securities – equities	35,125,289	30,837,716
Quoted securities - fixed interest	9,024,090	8,719,504
Unquoted securities – equities	4,407,147	3,653,886
Cash held for reinvestment	<u>4,760,196</u>	<u>8,281,384</u>
Total	<u>58,368,532</u>	<u>56,544,300</u>

10 DEBTORS	2007	2006
	£	£
Catering & conference debtors	169,047	112,515
Other debtors	<u>1,423,572</u>	<u>961,733</u>
	<u>1,592,619</u>	<u>1,074,248</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2007	2006
	£	£
Caution monies	157,313	151,048
Student balances	30,710	28,602
Receipts in advance	260,517	36,289
Contribution to Colleges Fund	41,731	0
Other creditors	<u>728,967</u>	<u>824,486</u>
	<u>1,219,239</u>	<u>1,040,425</u>

12 CAPITAL AND RESERVES

	Expendable capital funds	Permanent capital funds	Total	Total
	£	£	£	£
<u>Restricted funds</u>				
Trust funds	6,524,803	13,532,590	20,057,393	18,083,071
<u>Unrestricted funds</u>				
Designated funds	22,038,887	182,163	22,221,050	23,036,028
Undesignated funds:	2,290,559	17,840,490	20,131,050	16,367,101
General capital	7,876,631	0	7,876,631	7,175,573
	<u>38,730,880</u>	<u>31,555,243</u>	<u>70,286,123</u>	<u>64,661,773</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 £
Restricted funds			
Expendable capital	5,872,435	652,369	6,524,803
Permanent capital	12,210,636	1,321,954	13,532,590
Unrestricted funds			
Designated, expendable capital	22,870,081	(831,194)	22,038,887
Undesignated, expendable capital	9,299,216	867,974	10,167,190
Designated permanent capital	165,947	16,216	182,163
Undesignated permanent capital	<u>14,243,458</u>	<u>3,597,033</u>	<u>17,840,490</u>
	<u>64,661,773</u>	<u>5,624,351</u>	<u>70,286,123</u>

14 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Undesignated £	Designated Restricted £	Designated Unrestricted £	Total 2007 £	Total 2006 £
Fellowships Funds	0	10,315,155	2,748,797	13,063,952	11,808,732
Scholarships and Prizes Funds	0	3,134,827	6,881	3,141,708	2,835,351
Bursary Funds	0	3,478,751	960,646	4,439,397	3,968,442
Other Funds	<u>28,249,896</u>	<u>3,128,660</u>	<u>18,262,509</u>	<u>49,641,066</u>	<u>46,049,247</u>
Total	<u>28,249,896</u>	<u>20,057,393</u>	<u>21,978,833</u>	<u>70,286,123</u>	<u>64,661,773</u>

15 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:	Fixed assets £	Investment assets £	Net current assets £	Total 2007 £	Total 2006 £
Restricted funds					
Expendable capital	32,518	6,492,286	-	6,524,803	5,872,435
Permanent capital	-	13,532,590	-	13,532,590	12,210,636
Unrestricted funds					
Designated, expendable capital	777,380	21,073,109	188,398	22,038,887	22,870,081
Expendable capital	-	10,163,552	3,637	10,167,190	9,299,216
Permanent capital	10,754,719	7,106,995	160,940	18,022,653	14,409,405
Total at end of year	<u>11,564,616</u>	<u>58,368,532</u>	<u>352,975</u>	<u>70,286,123</u>	<u>64,661,773</u>
Total at start 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>

16 STAFF COSTS

	College Fellows	Other academic	Non- academic	Total 2007	Total 2006
	£	£	£	£	£
Full employment cost	965,222	181,605	2,493,121	3,639,947	3,326,015
of which:					
Emoluments	793,116	181,605	1,959,511	2,934,231	2,732,905
Social security	60,158	0	156,619	216,777	206,580
Pension	111,948	0	376,991	488,939	386,530
Average staff numbers (full-time equivalents)	18.8	n.a.	105.0	123.8	120.9
Number of Fellows (Michaelmas Term, FTEs)					
President and Professors				17	16
University Teaching Officers				26	27
College Teaching Officers				4	4
Bye Fellows				8	8
Research Fellows				7	7
College Administrative Officers				4	3

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

17 CAPITAL COMMITMENTS

At 30 June 2007 future capital expenditure authorised and committed amounted to £1m (2006 - £6m)

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 2007 it reveals that no material events occurred.

19 BUILDING FUND UNDER STATUTE GII, 4(vii)

	2007	2006
	£	£
Balance at start of the year	4,113,736	3,552,911
Transfer	216,000	216,000
Investment income	89,341	80,466
Capital appreciation	247,514	264,359
- Expenditure	<u>0</u>	<u>0</u>
Balance at end of the year	<u>4,666,591</u>	<u>4,113,736</u>

20 ESTATES REPAIRS AND IMPROVEMENTS FUND

	2007	2006
	£	£
Balance at start of the year	941,880	891,345
Transfer	50,552	50,724
- Expenditure	<u>0</u>	<u>(189)</u>
Balance at end of the year	<u>992,432</u>	<u>941,880</u>

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21 PENSION SCHEMES

Universities Superannuation Scheme

The College participates in the University 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 reliable basis and therefore, as required by FRS17 '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 increase 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 additional allowance for increase 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.

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 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 participating employers and reflected in the next actuarial valuation of the scheme.

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

The total pension cost for the College was £117,203 (previous year: £105,832). The contribution rate payable by the College was 14% of pensionable salaries.

CCFPS

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. The Scheme is deemed to be a registered pension scheme under the terms of Schedule 36 of the Finance Act 2004. The College's employees covered by the Scheme are contracted-out of the State Second Pension (S2P).

The date of the most recent full actuarial valuation was at 31 March 2005. The Annual Report for the year ended 30 June 2005 presented the FRS17 valuation results. Those FRS17 valuation results use the valuation data updated by an Actuary who is not an employee or officer of the College and/or its subsidiaries.

The contribution made by the College was £323,261 (previous year: £246,344), excluding PHI premiums.

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. The College has not collated the information for earlier years that would be necessary in order to fully comply with the requirements of FRS17.

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).