

KING'S COLLEGE

Accounts

30 June 2004

KING'S COLLEGE

ACCOUNTS 2004

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KING'S COLLEGE

GOVERNING BODY MEMBERS

Provost

Prof Sir Patrick Bateson (till
30.9.03)
Dame Judith Mayhew Jonas (from
1.10.03)

Fellows

Dr Tess Adkins
Dr Stephen Alford
Mr Peter Avery
Dr William Balfour
Dr John Barber
Prof Michael Bate
Prof Sir Patrick Bateson (from
1.10.03)
Dr Philippa Berry
Dr Peter de Bolla
Dr Andrea Brand (till 30.9.03)
Prof Sydney Brenner
Dr Dan Brown
Dr Nick Bullock
Dr Bill Burgwinkle
Dr Maeve Caldwell
Dr Keith Carne
Mr Stephen Cleobury
Prof Anne Cooke
Prof Anne Davis
Dr Lucy Delap
Dr Hal Dixon
Prof Ian Donaldson (till 31.12.03)
Prof John Dunn
Prof George Efstathiou
Prof Artur Ekert
Dr Maud Ellmann
Dr Wyn Evans
Prof James Fawcett
Dr Iain Fenlon
Dr Timothy Flack
Prof Robert Foley
Dr Ayalvadi Ganesh
Prof Anthony Giddens
Prof Christopher Gilligan
Prof Simon Goldhill
Dr David Good
Dr Judith Green
Dr Julian Griffin (from 1.10.03)
Prof Christopher Harris

Dr Ross Harrison
Prof John Henderson
Mr Arthur Hibbert
Dr Stefan Hoesel-Uhlig
Dr Istvan Hont
Mr Ken Hook
Prof Keith Hopkins (till 9.3.04)
Prof Sir Gabriel Horn
Dr Stephen Hugh-Jones
Prof Carrie Humphrey
Prof Herbert Huppert
Prof Martin Hyland
Mr Peter Jones
Dr Aileen Kelly
Prof Barry Keverne
Dr James Laidlaw
Prof Richard Lambert
Dr Melissa Lane
Dr James Leach (from 1.10.03)
Dr Kate Lewis (from 1.1.04)
Dr Hallvard Lillehammer
Prof Peter Lipton
Prof Charlie Loke
Dr Sarah Lummis
Prof Alan Macfarlane
Prof Nicholas Mackintosh
Dr Catherine MacPhee (from
1.10.03)
Dr Matteo Mameli (from 1.10.03)
Dr Neil Manson
Dr Nicholas Marston
Dr Jean-Michel Massing
Dr Rosaleen McCarthy
Prof Dan McKenzie
Dr Christopher Meissner
Dr Cam Middleton
Prof Robin Milner (till 30.9.03)
Dr Perveez Mody
Dr Ashley Moffett

Dr Geoff Moggridge
Dr Ken Moody
Dr David Munday (from 1.10.03)
Dr Basim Musallam
Dr Rosanna Omitowaju
Prof Robin Osborne
Dr Bronwyn Parry
Dr Donald Parry
Dr David Payne
Dr Ian Pratt
Prof Chris Prendergast
Prof Sir Martin Rees (till 31.12.03)
Miss Emma Rothschild
Mr Jacob Rowbottom (from
1.10.03)
Prof Robert Rowthorn
Revd Dr Christopher Ryan (till
20.2.04)
Prof Paul Ryan
Dr Hamid Sabourian
Mr Roger Salmon (till 4.12.03)
Ms Leo Sharpston
Dr Michael Sonenscher
Prof Gareth Stedman Jones
Dr John Stewart
Prof Azim Surani
Dr Erika Swales
Mr James Trevithick
Prof Megan Vaughan (from
1.10.03)
Dr Rob Wallach
Dr Darin Weinberg
Dr Jochen Weller
Dr Tom White
Dr Federico Williams
Prof John Young
Dr Nicolette Zeeman

Students

David Chapman
David Eyers
Simon Maybin
Tim Moreton (till 30.9.02)

KING'S COLLEGE

REPORT OF THE GOVERNING BODY

Structure, governance and management

King's College is a charitable corporate body established by Royal Charter and recognised under Common Law. It is governed in accordance with statutes, changes to which are approved by Order of Her Majesty in Council. The statutes of the University and specific legislation covering the University of Cambridge apply to the College. The Visitor of the College is the Bishop of Lincoln.

The College is governed by the Provost and the Fellows of the College (other than Honorary Fellows), who, together with four junior members of the College elected annually, constitute the College's Governing Body. The names of members of the Governing Body during the year 2003-4 are shown on page 1.

The Provost is responsible for 'general oversight of the affairs of the College'. Administration of the College is in the hands of the administrative officers. The officers prescribed by statute are: the Vice-Provost ('to attend to the good government of the College'); the Dean ('to provide for the Chapel services'); the Bursar ('to have the care of the property of the College'); and the Librarian ('to have the care of the College library'). The duty of promoting the College as a place of education and learning is vested with the Senior Tutor.

The College Council consists of the Provost, the Vice-Provost, the Senior Tutor, the First Bursar, the Second Bursar and fourteen other members, ten elected from and by the Fellows on the Governing Body, and four elected annually from and by the junior members. The Council is authorised to superintend the administration, management and educational work of the College, except in as far as powers are reserved by statute, ordinance or regulation to the Governing Body.

The Provost and three Fellows are appointed annually by the Governing Body to inspect the audited College accounts and report to the Governing Body.

The statutory responsibility of the College to educate sixteen choristers is fulfilled by the operations of King's College School. The School has its own Governors chaired by the Provost. The School Governors are appointed by the College Council and responsible to Council and, where appropriate, the Governing Body, for the educational policy, financial policy, effective administration, and staffing of the School.

Objectives, activities and performance

The College exists to promote education, religion, learning and research.

Education: The College aims to attract as undergraduate and graduate students such persons best fitted to take academic advantage from the education it is able to offer, regardless of gender, sexual orientation or educational, social, ethnic, or personal background. All decisions as to membership of the College are made by the College. The College aims at present to have a maximum of approximately 600 junior members in residence.

The education of junior members reading for undergraduate degrees is overseen by the Senior Tutor. The academic studies of each undergraduate member of the College are overseen by the Director of Studies for the degree for which he or she is reading. Directors of Studies are responsible for organising such supervisions as are necessary to supplement the provision of classes and lectures by the University in order to ensure adequate preparation for Tripos examinations. The College employs to supervise undergraduate students persons fitted by their learning to do so; these are normally Fellows of the College, Fellows of other colleges within the university, those holding post-doctoral positions within the university, or those reading for a graduate degree within the university. The Fellows of the College responsible for teaching junior members either hold University teaching and/or research posts or have been appointed to Fellowships on the basis of their distinction as teachers and/or researchers. The College appoints Tutors to oversee the general well-being of all junior members reading for undergraduate degrees. In 2003/2004, 359 undergraduate students sat classified university examinations, and 356 passed (72% obtained first or upper-second (or undivided second) class passes).

REPORT OF THE GOVERNING BODY

Objectives, activities and performance (continued)

The education of junior members reading for graduate degrees is chiefly the responsibility of Faculties and Departments, who appoint academic supervisors. The College receives reports from the academic supervisors and provides such academic and other support as in the opinion of the Senior Tutor and the two Tutors for Graduate Studies is appropriate. In 2003/2004, 34 graduate students successfully completed an MPhil or other one-year graduate course, 4 completed clinical studies and 51 satisfied the requirement for the degree of PhD. The Senior Tutor reports regularly to College Council and to the Governing Body on the academic performance of junior members of the College reading for undergraduate and graduate degrees.

Most junior members of the College live in College accommodation while in residence. It is College policy that charges for accommodation should be comparable to those in other competitor universities. In order to facilitate access to undergraduate and graduate education regardless of financial circumstances the College offers financial support on the basis of need. In addition, research studentships, undergraduate scholarships, and prizes are awarded on the basis of academic excellence. During 2003/2004, 116 undergraduates and 41 graduates benefited from financial support, and 344 scholarships, travel grants or prizes were awarded.

Religion: The maintenance of the Chapel is entirely the responsibility of the College. The College appoints a Dean of Chapel who is responsible to Governing Body for the provision of Chapel services. The College also appoints a Chaplain, for the pastoral care of junior members, an Organist (Director of Music), a Master over the Choristers, between 6 and 12 Choral Scholars, one or two organ scholars and 16 choristers.

Learning and Research: The College maintains a Library and provides computing facilities for its members. It appoints a number of Research Fellows annually to stipendiary or non-stipendiary Fellowships, and any Fellow may apply for a small grant to support his or her research activities.

Financial review

Scope and accounting policy

The consolidated financial statements include the activities of the College and those of the choir school, together with the trading activities of King's College Cambridge Enterprises Limited and the renovation and construction activities undertaken by King's College Cambridge Developments Limited.

The accounts are prepared to show a true and fair view. All income arising is included in the income and expenditure account, and all capital gains or losses are included in the statement of total recognised gains and losses.

Income

The College funds its activities from academic fees, charges for student residences and catering, the income from its conference and catering business, its invested endowments, and from donations and legacies.

Academic fees and charges increased by 2% in the year, income from residence, catering and conferences increased by 7%, but endowment investment income declined by 15%. Other income increased by 32% as a result of higher charitable donations.

Expenditure

The College aims to spend as much as possible on its charitable objects in any period, by withdrawing funds from its endowment investments, provided that the purchasing power of its endowment is maintained. In this year expenditure on education increased by 8%, expenditure on residence, catering and conferences by 8% and other costs by 23% primarily because of the costs of reorganisation of the College office.

KING'S COLLEGE

REPORT OF THE GOVERNING BODY

Capital expenditure (Buildings)

The College incurs and will continue to incur significant expenditure in the maintenance of its historic buildings. Capital expenditure (excluding the school) was £1.3 million, plus an increase of £3.0 million in assets in the course of construction. Expenditure of £12 million (in current costs) will be required during the next decade (including £2 million on the Chapel). No provision for this expenditure is made in the accounts. The College expects its fund-raising activities to make a significant contribution to funding these costs.

Additions to fixed assets exceeded the cash inflow from operations plus donations received in the year, and the College reduced its net cash funds accordingly.

Reserves

The College's net assets (available endowments, unspent restricted funds and reserves) are held in a general investment fund. The College's expendable undesignated funds stood at £20.8 million at 30 June 2004. Approximately 70% of the general investment fund is invested in UK and international equities and 22% is invested in commercial and residential properties around Cambridge. The capital value of the fund increased by 12% over the year. Income net of expenses and University contribution (at the standard rate) was 2.6%. Current cash requirements are met by disinvesting the expendable, unrestricted reserves when required; therefore the College does not have a separate policy for the extent of its uninvested general reserves.

Total return policy for investments

The College aims to maximise its expected total return from investments over the medium to long term, while diversifying its investments to reduce volatility in the short to medium term. In selecting investments, it regards income yield and prospects of capital gains as substitutable.

Permanent designated funds

The reserves of the School are classified as a permanent designated fund to reflect the autonomy given to the School governors by the College. The School contributed a surplus of £255,000 and made capital expenditure of £1.1 million.

There are two expendable designated funds established in accordance with University Contribution rules for future expenditure on repairs and improvements to College buildings and to investment properties respectively.

Permanent undesignated funds

The 'corporate capital' fund, relevant for University Contribution purposes, is included under this heading, together with the reserve representing the amount invested in College tangible fixed assets.

Restricted funds

The spending rules of the restricted funds are contained in each fund's terms as stipulated by the donor. The College aims to spend all income arising in such funds, if the rules permit, and to retain the capital, unless the donor has specified that the capital is to be spent. In 2003/2004, all but £58,000 of the income arising in restricted funds was spent in the year.

Risk assessment

As part of its supervision of the College's activities, the Council identifies and considers the major risks to which the College is exposed, and establishes systems or procedures to manage those risks.

KING'S COLLEGE

STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY

The Governing Body is responsible for the administration and management of the College's affairs.

In accordance with the College's statutes, the accounts of the College for each financial year are to be made up by the bursars and submitted to the auditor. An abstract of the accounts is to be sent to every Fellow and to the Vice-Chancellor of the University for publication.

In order for the College to prepare financial statements that give a true and fair view, as required by statute G,III 3 (ii) of the University, the bursars are required to:

- keep proper accounting records;
- ensure that suitable accounting policies are selected and applied consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it ever becomes inappropriate to do so;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- safeguard the assets of the College; and
- take reasonable steps for the prevention and detection of fraud, error or non-compliance with law or regulations.

Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF KING'S COLLEGE

We have audited the financial statements of King's College for the year ended 30 June 2004 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Governing Body, in accordance with our engagement letter dated 8 October 2004. Our audit work has been undertaken so that we might state to the 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 Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Governing Body and auditors

As described in the statement of the responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements in accordance with applicable United Kingdom accounting standards and to send an abstract of its accounts in the form prescribed by the University Statutes to the Vice-Chancellor. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 accounting policies set out therein, with the Statutes of the University of Cambridge, and with the provisions of the Statutes of the College. We also report if, in our opinion, the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the accounts for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the College, consistently applied and adequately disclosed.

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 information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the College as at 30 June 2004 and of its income and expenditure for the year then ended and have been properly prepared in accordance with the accounting policies set out therein and the Statutes of the College.

In our opinion, the contribution due from the College to the University as set out in note 21 has been correctly computed.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge
6 January 2005

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Year ended 30 June 2004

BASIS OF PREPARATION

The accounts have been prepared in accordance with the provisions of the statutes of the College and of the University of Cambridge and applicable Accounting Standards. The College has prepared its financial statements having had regard to the Recommended Cambridge College Accounts ('RCCA') as set out in the Ordinances of the University. The College's financial statements fall within the scope of the Statement of Recommended Practice "Accounting for Further and Higher Education" ('the SORP'). The financial statements have been prepared in accordance within the SORP, except that the presentation of the balance sheet follows RCCA format in respect of endowments and endowment investment assets, unrealised gains and losses on investments are taken directly to the relevant reserve (rather than held in a revaluation reserve), and that disclosures in respect of higher paid employees have not been made because of legal restrictions.

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment assets.

BASIS OF CONSOLIDATION

The financial statements incorporate those of the College, King's College School and the College's companies, King's College Cambridge Developments Limited and King's College Cambridge Enterprises Limited.

The accounts do not include the activities of the King's College Student Union, which are not material in the context of the College as a whole.

RECOGNITION OF INCOME

All income is credited to the Income and Expenditure Account on an accruals basis.

Donations for restricted purposes are credited to a restricted fund as soon as they are recognised. Donations for the general purposes of the College are included in the Income and Expenditure Account.

In accordance with the SORP, if the income of a restricted fund is greater than the corresponding expenditure in the year, the excess is shown as a transfer to restricted funds after the total surplus or deficit for the year at the foot of the Income and Expenditure Account.

University composition fees are not included in the Income and Expenditure Account. The College acts as agent in invoicing these fees to students and paying them over to the University when received. Outstanding amounts are however included in debtors and creditors at the year end.

GAINS ON INVESTMENTS

Gains and losses on investments, both realised and unrealised, are shown in the Statement of Total Recognised Gains and Losses and are credited or debited to the relevant fund or reserve.

PENSION SCHEMES

The College pays contributions to two pension schemes which provide benefits to its members based on final pensionable salary. The assets of these schemes are held separately from those of the College.

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme ("USS"), a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are accounted for when contributions are paid.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Year ended 30 June 2004

PENSION SCHEMES (continued)

Cambridge Colleges Federated Pension Scheme

The College also contributes to the Cambridge Colleges Federated Pension Scheme (“CCFPS”), which is a similar defined benefit pension scheme. Unlike the USS, this scheme has surpluses and deficits directly attributable to individual colleges. Current service costs, assessed by the scheme actuary, are included as part of expenditure. The expected return on assets less the interest cost is shown as a net amount as part of other income or expenditure. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

Actuarial valuations are obtained at least triennially and are updated at each balance sheet date for accounting purposes. The assets of the Scheme are measured at fair value, and liabilities are estimated on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond. The resulting net asset or liability is presented separately after other net assets on the face of the balance sheet.

TANGIBLE FIXED ASSETS

a. Buildings

Buildings are stated at cost. Freehold buildings are depreciated on a straight line basis over their expected useful economic lives of 50 years. Freehold land is not shown separately.

b. Maintenance of premises

The cost of major refurbishment is capitalised and depreciated over the expected useful economic life. The cost of routine maintenance is charged to the income and expenditure account as it is incurred. The College also sets aside sums periodically to meet future maintenance costs, and these are disclosed as designated reserves.

c. Furniture, fittings and equipment

Furniture, fittings and equipment are capitalised at cost. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets, which are as follows:

Plant	20 years
Furniture and equipment	10 years
Computer equipment	3 years

These assets are assumed to be scrapped once they reach the end of their estimated useful lives. Therefore they are eliminated from the financial statements at this point.

d. Rare books, silver, works of art and other artefacts

Rare books, silver, works of art and other artefacts are included at cost, if this is £10,000 or more. Donated items are included at estimated fair values. Such items are not depreciated as their value is preserved by the College.

Keynes Bequest

John Maynard Keynes, Fellow and former Bursar, bequeathed works of art to the College which are on loan to the Fitzwilliam Museum in Cambridge. In accordance with the accounting policy above, no value is put upon these items in the accounts.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Year ended 30 June 2004

TANGIBLE FIXED ASSETS (continued)

e. Application of FRS 15

The College has not capitalised its tangible fixed assets (other than shop equipment) before 2004. It has adopted the following transitional approach in order to comply with FRS 15, the relevant financial reporting standard:

- All expenditure on each class of assets has been identified, for those assets which will not have been fully written off by 30 June 2004. No other past expenditure is included in 'cost' figures. For example: only expenditure on buildings since 1 July 1954 has been included.
- A capitalisation threshold of £1 has been adopted for periods up to 30 June 2002; the threshold has been increased to £10,000 per item or group of similar items from 1 July 2002.
- Expenditure on furniture, fittings and equipment is aggregated up to 30 June 2002 and accordingly once expenditure is fully written off it is eliminated from the accounts.
- Rare books, silver, works of art and similar items donated to the College since 1 July 1999 are recorded at estimated fair value. Older items are retained at their previous valuation of £nil.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

INVESTMENTS

Securities

Securities are shown at their market value. For listed investments is the middle market quotation ruling at the close of business on 30 June, translated for overseas investments into sterling at the rates of exchange ruling at that date.

Investment income is included as and when dividends and interest become payable. Interest on bank deposits is included as earned. Interest purchased or sold as part of the price for investments is treated as capital rather than being brought into the income and expenditure account.

Properties

Investment properties are revalued annually.

Other investments

Shared equity housing interests are stated at cost. Royalties are valued by Kernon & Co., independent valuers, as at 1 July 1999.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

PROVISIONS

Provisions are recognised if, 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.

PERMANENT CAPITAL

The RCCA format requires the College to distinguish between 'permanent capital' (amounts which the Governing Body has no power to convert to income) and other funds and reserves. In these accounts the College has also disclosed amounts which it is not its policy to spend under the 'permanent' heading. This includes accumulated income of restricted funds; amounts previously taken to Corporate Capital account; that part of the tangible fixed asset reserve representing furniture, fittings and equipment as well as the part representing real property; and the present reserves of the School.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Year ended 30 June 2004

PERMANENT CAPITAL (continued)

Restricted funds

The College has received donations, which may only be used for a particular purpose. Unspent amounts are classified as restricted funds on the College balance sheet.

Tangible fixed assets reserve

The tangible fixed assets reserve represents the net book value of College assets financed from general funds (and excludes the tangible fixed assets of the School).

King's College School

The School is an autonomous activity of the College. Control of its reserves has been delegated to its Board of Governors; its reserves, including those representing its tangible fixed assets, are represented by a designated reserve within the College accounts.

DESIGNATED RESERVES

The College has exercised its discretion in the creation of reserves to meet future expenditure.

Building and Estates Funds

The College Building Repairs and Improvements Fund is designated for future expenditure on repairs and improvements to the College's buildings. The Investment Property Repairs and Improvements Fund is designated for future expenditure on the investment properties.

TAXATION

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such 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 categories covered by Section 505 of the ICTA 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

CONTRIBUTION UNDER STATUTE G,II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is currently used by the University to fund grants to certain colleges from the Colleges Fund.

KING'S COLLEGE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT Year ended 30 June 2004

	Note	2004 £000	2003 £000
INCOME			
Academic fees and charges	1	1,340	1,320
Residence, catering and conferences	2	3,235	3,017
School	3	2,921	2,854
Endowment and investment income	4	3,126	3,664
Other income	5	1,906	1,446
Total income		<u>12,528</u>	<u>12,301</u>
EXPENDITURE			
Education	7	3,188	2,961
Residence, catering and conferences	8	4,202	3,874
School	9	2,666	2,362
Other expenditure	10	2,804	2,273
Total expenditure		<u>12,860</u>	<u>11,470</u>
(Deficit) surplus before University Contribution		(332)	831
University Contribution under Statute G,II	21	-	3
(Deficit) surplus for the year		<u>(332)</u>	<u>828</u>
Transfer to restricted funds		(58)	(392)
(Deficit) surplus on unrestricted funds		<u>(390)</u>	<u>436</u>

The income and expenditure account is in respect of continuing operations.

KING'S COLLEGE

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 30 June 2004

	2004	2003
	£000	£000
(Deficit) surplus for the year	(390)	436
Unspent income retained by restricted funds	58	392
Increase (decrease) in market value of investments	9,579	(7,155)
Actuarial losses on pension scheme	(701)	(539)
Benefactions and donations to restricted funds	1,398	288
	<hr/>	<hr/>
Total recognised gains (losses) for the year	9,944	(6,578)
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation		
Opening capital and reserves at 1 July 2003	100,091	106,669
Total recognised gains (losses) for the year	9,944	(6,578)
	<hr/>	<hr/>
Closing capital and reserves at 30 June 2004	110,035	100,091
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

BALANCE SHEETS 30 June 2004

	Note	Group 2004 £000	College 2004 £000	Group 2003 £000	College 2003 £000
FIXED ASSETS					
Tangible assets	12	24,637	19,775	19,669	17,867
Investments	13	90,108	88,336	84,128	82,859
		<u>114,745</u>	<u>108,111</u>	<u>103,797</u>	<u>100,726</u>
CURRENT ASSETS					
Stocks - goods for resale		1,211	100	1,275	112
Debtors	14	1,345	9,262	1,213	4,713
Cash		2,463	1,418	1,546	1,236
		<u>5,019</u>	<u>10,780</u>	<u>4,034</u>	<u>6,061</u>
CREDITORS: amounts falling due within one year	15	<u>7,715</u>	<u>6,841</u>	<u>6,187</u>	<u>5,202</u>
NET CURRENT (LIABILITIES) ASSETS		<u>(2,696)</u>	<u>3,939</u>	<u>(2,153)</u>	<u>859</u>
Pension scheme net deficit	19	<u>(2,014)</u>	<u>(2,014)</u>	<u>(1,553)</u>	<u>(1,553)</u>
TOTAL NET ASSETS		<u>110,035</u>	<u>110,036</u>	<u>100,091</u>	<u>100,032</u>
CAPITAL AND RESERVES					
Restricted funds held as permanent capital		30,246	30,246	26,063	26,063
Unrestricted funds held as permanent capital		55,817	55,817	52,081	52,081
Expendable unrestricted funds		23,972	23,973	21,947	21,888
TOTAL	16	<u>110,035</u>	<u>110,036</u>	<u>100,091</u>	<u>100,032</u>

Approved on 6 January 2005

DR B F MUSALLAM

Acting First Bursar

KING'S COLLEGE

CONSOLIDATED CASH FLOW STATEMENT Year ended 30 June 2004

	2004	2003
	£000	£000
(Deficit) surplus on continuing operations	(332)	828
Depreciation	724	678
Pension scheme (credit) debit	(240)	73
Endowment and investment income	(3,126)	(3,664)
Interest paid	167	70
Decrease in stocks	64	46
Increase in debtors	(132)	(160)
Increase (decrease) in creditors	1,528	(2,255)
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,347)	(4,384)
	<hr/>	<hr/>
Returns on investments and servicing of finance		
Endowment and investment income received	3,126	3,664
Interest paid	(167)	(70)
	<hr/>	<hr/>
	2,959	3,594
	<hr/>	<hr/>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(5,392)	(810)
Net receipts from (payments for) investments	120	(2,033)
Donations received	1,098	288
	<hr/>	<hr/>
	(4,174)	(2,555)
	<hr/>	<hr/>
Decrease in cash	(2,562)	(3,345)
	<hr/>	<hr/>
Reconciliation of net cash flow to movement in funds		
Net funds at 1 July 2003	3,648	6,993
Decrease in cash	(2,562)	(3,345)
	<hr/>	<hr/>
Net funds at 30 June 2004	1,086	3,648
	<hr/>	<hr/>
Represented by:		
Cash with fund manager	1,623	5,102
Cash at bank	2,463	1,546
Bank loan	(3,000)	(3,000)
	<hr/>	<hr/>
	1,086	3,648
	<hr/>	<hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

1. ACADEMIC FEES AND CHARGES

	2004	2003
	£000	£000
Fees - Undergraduates E.U. or Home State Supported	975	954
Fees - Undergraduates Overseas and Private	121	114
Fees - Graduates	210	212
Other academic income	34	40
	<hr/>	<hr/>
Total	1,340	1,320
	<hr/> <hr/>	<hr/> <hr/>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2004	2003
	£000	£000
Accommodation		
College members	1,227	1,150
Third parties	200	199
Catering		
College members	710	643
Third parties	1,098	1,025
	<hr/>	<hr/>
Total	3,235	3,017
	<hr/> <hr/>	<hr/> <hr/>

3. SCHOOL INCOME

	2004	2003
	£000	£000
Fees	2,600	2,370
Interest receivable and other income	24	27
Donations	297	457
	<hr/>	<hr/>
Total	2,921	2,854
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

4. ENDOWMENT AND INVESTMENT INCOME

	2004	2003
	£000	£000
Income from:		
Freehold land and buildings	1,057	1,166
Quoted securities	1,873	1,901
Cash balances	85	388
Royalties	111	209
	<u>3,126</u>	<u>3,664</u>
Total	<u><u>3,126</u></u>	<u><u>3,664</u></u>

5. OTHER INCOME

	2004	2003
	£000	£000
Tourist admissions and shop sales	736	748
Unrestricted donations	826	281
Other income	344	417
	<u>1,906</u>	<u>1,446</u>
	<u><u>1,906</u></u>	<u><u>1,446</u></u>

6. STAFF EXPENDITURE

	College fellows £000	Non- academic £000	School £000	Total 2004 £000	Total 2003 £000
Staff costs					
Salaries and wages	530	3,357	1,632	5,519	5,123
Social security costs	39	246	126	411	350
Pension contributions (see note 19)	67	504	206	777	488
	<u>636</u>	<u>4,107</u>	<u>1,964</u>	<u>6,707</u>	<u>5,961</u>
	<u><u>636</u></u>	<u><u>4,107</u></u>	<u><u>1,964</u></u>	<u><u>6,707</u></u>	<u><u>5,961</u></u>
	No	No	No	No	No
Average staff numbers					
(not full-time equivalent)	50	230	84	364	387
	<u>50</u>	<u>230</u>	<u>84</u>	<u>364</u>	<u>387</u>
	<u><u>50</u></u>	<u><u>230</u></u>	<u><u>84</u></u>	<u><u>364</u></u>	<u><u>387</u></u>

In addition to the above, the accounts include provision for staff termination costs of £340,000 (2003 - £nil).

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

7. EDUCATION EXPENDITURE

	2004	2003
	£000	£000
Teaching, tutorial, admissions and research	2,359	2,243
Scholarships and awards	502	415
Other educational facilities	327	303
	<u>3,188</u>	<u>2,961</u>
Total	<u><u>3,188</u></u>	<u><u>2,961</u></u>

8. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2004	2003
	£000	£000
Accommodation	1,956	1,790
Catering		
College members	1,510	1,553
Third parties	736	531
	<u>4,202</u>	<u>3,874</u>
Total	<u><u>4,202</u></u>	<u><u>3,874</u></u>

9. SCHOOL EXPENDITURE

	2004	2003
	£000	£000
Staff costs	1,964	1,718
Other expenditure	550	521
Depreciation	152	123
	<u>2,666</u>	<u>2,362</u>
Total	<u><u>2,666</u></u>	<u><u>2,362</u></u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

10. OTHER EXPENDITURE

	2004 £000	2003 £000
Depreciation	572	554
Investment property costs	149	179
Tourist admission and shop expenditure	372	353
Bank loan interest	167	70
Other costs	2,495	2,024
Less apportioned to activities	(951)	(907)
	<u>2,804</u>	<u>2,273</u>
Total	<u><u>2,804</u></u>	<u><u>2,273</u></u>
Included within general expenditure is auditors' remuneration:		
as auditors	51	32
for other services	110	3
	<u><u>161</u></u>	<u><u>35</u></u>

11. ANALYSIS OF EXPENDITURE BY ACTIVITY

2003/04	Staff costs £000	Other operating expenses £000	Deprecia- tion £000	Total £000
Education	2,044	1,144	-	3,188
Residences, catering and conferences	1,640	2,562	-	4,202
School	1,964	550	152	2,666
Other	1,059	1,173	572	2,804
	<u>6,707</u>	<u>5,429</u>	<u>724</u>	<u>12,860</u>
	<u><u>6,707</u></u>	<u><u>5,429</u></u>	<u><u>724</u></u>	<u><u>12,860</u></u>
2002/03	Staff costs £000	Other operating expenses £000	Deprecia- tion £000	Total £000
Education	1,826	1,135	-	2,961
Residences, catering and conferences	1,540	2,334	-	3,874
School	1,718	521	124	2,363
Other	876	842	554	2,272
	<u>5,960</u>	<u>4,832</u>	<u>678</u>	<u>11,470</u>
	<u><u>5,960</u></u>	<u><u>4,832</u></u>	<u><u>678</u></u>	<u><u>11,470</u></u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

12. TANGIBLE FIXED ASSETS

	Group 2004 £000	College 2004 £000	Group 2003 £000	College 2003 £000
a) Net book value				
Buildings and equipment at net book value	19,296	19,296	17,650	17,648
Assets in the course of construction	5,031	169	2,019	219
Other assets	310	310	-	-
	<u>24,637</u>	<u>19,775</u>	<u>19,669</u>	<u>17,867</u>
Total	<u>24,637</u>	<u>19,775</u>	<u>19,669</u>	<u>17,867</u>
b) Buildings and equipment				
Cost				
At 1 July 2003	23,667	23,620	22,631	22,584
Additions	2,370	2,370	1,188	1,188
Eliminations	(103)	(103)	(152)	(152)
	<u>25,934</u>	<u>25,887</u>	<u>23,667</u>	<u>23,620</u>
At 30 June 2004	<u>25,934</u>	<u>25,887</u>	<u>23,667</u>	<u>23,620</u>
Depreciation				
At 1 July 2003	6,017	5,972	5,491	5,448
Charge for the year	724	722	678	676
Eliminations	(103)	(103)	(152)	(152)
	<u>6,638</u>	<u>6,591</u>	<u>6,017</u>	<u>5,972</u>
At 30 June 2004	<u>6,638</u>	<u>6,591</u>	<u>6,017</u>	<u>5,972</u>
Net book value	<u>19,296</u>	<u>19,296</u>	<u>17,650</u>	<u>17,648</u>
c) Net book value of buildings and equipment is represented by				
Buildings - College	14,507	14,507	13,930	13,930
Buildings - School	3,255	3,255	2,488	2,488
Equipment - College	1,076	1,076	971	969
Equipment - School	458	458	261	261
	<u>19,296</u>	<u>19,296</u>	<u>17,650</u>	<u>17,648</u>
Total	<u>19,296</u>	<u>19,296</u>	<u>17,650</u>	<u>17,648</u>
d) The insured value of freehold land and buildings as at 30 June 2004 was £166 million.				

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

13. INVESTMENTS

a)	Group 2004 £000	College 2004 £000	Group 2003 £000	College 2003 £000
General investment fund	88,671	86,899	82,951	81,682
Other investments	1,437	1,437	1,177	1,177
Total	<u>90,108</u>	<u>88,336</u>	<u>84,128</u>	<u>82,859</u>
b) Investments in the general investment fund are represented by:				
Quoted securities - equities	61,037	61,037	53,689	53,689
Quoted securities - fixed interest	2,999	2,999	5,004	5,004
Freehold land and buildings	20,705	18,933	17,547	16,278
Other investments	2,307	2,307	1,609	1,609
Cash with fund manager	1,623	1,623	5,102	5,102
Total	<u>88,671</u>	<u>86,899</u>	<u>82,951</u>	<u>81,682</u>

Investment properties which are all freehold were valued informally for accounting purposes only at open market value at 30 June 2004 by Bidwells Property Consultants and FPD Savills. Such properties are not depreciated.

Other investments comprise interests in Fellows' housing, and literary royalties.

The College holds 100% of the ordinary share capital of its two subsidiary companies, which are incorporated in the United Kingdom. King's College Cambridge Enterprises Limited carries out trading activities in catering and retailing. King's College Cambridge Developments Limited is a construction contractor. Both companies donate their profits to the College.

14. DEBTORS

	Group 2004 £000	College 2004 £000	Group 2003 £000	College 2003 £000
Members of the College	27	27	131	131
Trade debtors	344	110	453	143
Subsidiary companies	-	8,151	-	3,811
Other debtors	974	974	629	628
	<u>1,345</u>	<u>9,262</u>	<u>1,213</u>	<u>4,713</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2004 £000	College 2004 £000	Group 2003 £000	College 2003 £000
Bank overdraft	-	-	655	-
Bank loans repayable in less than one year	3,000	3,000	3,000	3,000
Members of the College	48	48	111	111
Trade creditors	1,985	1,380	662	353
Accruals	479	210	316	293
Social security, pension and taxes	225	225	191	191
Other creditors	1,978	1,978	1,252	1,254
	<u>7,715</u>	<u>6,841</u>	<u>6,187</u>	<u>5,202</u>

16. CAPITAL AND RESERVES

	Group 2004 £000	College 2004 £000	Group 2003 £000	College 2003 £000
Permanent capital				
Restricted funds	<u>30,246</u>	<u>30,246</u>	<u>26,063</u>	<u>26,063</u>
Unrestricted funds				
Capital account	35,570	35,570	33,272	33,272
Tangible fixed asset reserve	16,063	16,063	15,117	15,117
School	4,184	4,184	3,692	3,692
Total unrestricted funds	<u>55,817</u>	<u>55,817</u>	<u>52,081</u>	<u>52,081</u>
Total permanent capital	<u>86,063</u>	<u>86,063</u>	<u>78,144</u>	<u>78,144</u>
Expendable capital				
Designated reserves				
College buildings repairs and improvements	992	992	810	810
Investment property repairs and improvements	2,160	2,160	1,896	1,896
Total designated reserves	<u>3,152</u>	<u>3,152</u>	<u>2,706</u>	<u>2,706</u>
Undesignated reserves				
Chest	21,430	21,430	21,900	21,900
Other reserves	(610)	(609)	(2,659)	(2,718)
Total expendable capital	<u>23,972</u>	<u>23,973</u>	<u>21,947</u>	<u>21,888</u>
Total capital and reserves	<u>110,035</u>	<u>110,036</u>	<u>100,091</u>	<u>100,032</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

16. CAPITAL AND RESERVES (continued)

	Restricted funds		Designated funds		Undesignated funds		College Total £000	Undesignated funds Expendable £000	Group Total 2004 £000	Group Total 2003 £000
	Permanent £000	Permanent £000	Expendable £000	Permanent £000	Expendable £000					
At 1 July 2003	26,063	3,692	2,706	48,389	19,182	100,032	59	100,091	106,669	
Net surplus (deficit) for the year	-	255	-	-	(585)	(330)	(60)	(390)	436	
Unspent income	58	-	-	-	-	58	-	58	392	
Increase in market value of investments	3,027	-	-	3,968	2,584	9,579	-	9,579	(7,155)	
Actuarial gains and losses on pension scheme	-	-	-	-	(701)	(701)	-	(701)	(539)	
Donations	1,098	-	-	300	-	1,398	-	1,398	288	
Transfers	-	237	446	(1,024)	341	-	-	-	-	
At 30 June 2004	<u>30,246</u>	<u>4,184</u>	<u>3,152</u>	<u>51,633</u>	<u>20,821</u>	<u>110,036</u>	<u>(1)</u>	<u>110,035</u>	<u>100,091</u>	

Within restricted funds there are funds totalling £6,044,129 (2003 - £4,620,388), the income of which is not subject to University Contribution because these funds are used for other than 'collegiate purposes' as defined in University Statute G, II 7 (vi) (e) and (f).

Capital is invested in the following categories of assets:

	£000	£000	£000	£000	£000	£000	£000	£000	£000
Tangible assets	-	3,713	-	16,062	-	19,775	4,862	24,637	19,669
Investments	28,784	-	-	36,791	22,761	88,336	1,772	90,108	84,128
Net current assets (liabilities)	1,462	471	3,152	(1,220)	74	3,939	(6,635)	(2,696)	(2,153)
Pension scheme deficit	-	-	-	-	(2,014)	(2,014)	-	(2,014)	(1,553)
	<u>30,246</u>	<u>4,184</u>	<u>3,152</u>	<u>51,633</u>	<u>20,821</u>	<u>110,036</u>	<u>(1)</u>	<u>110,035</u>	<u>100,091</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2004

17. CAPITAL COMMITMENTS

At 30 June 2004 authorised future capital expenditure amounted to £2m, of which £1.5m was committed.

18. FINANCIAL COMMITMENTS

At 30 June 2004 and 2003 the College had no annual commitments under non-cancellable operating leases.

19. PENSION SCHEMES

University Superannuation Scheme

The College's contributions are affected by a surplus or deficit in this defined benefit scheme but it is not possible to identify its share of the underlying assets and liabilities in the scheme. The College therefore accounts for the contributions to the scheme as if it were a defined contribution scheme.

The latest actuarial valuation of the scheme was at 31 March 2002. At the valuation date, the assets 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 benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the actual contribution rate would be maintained at 14% of salaries. The next formal valuation is due at 31 March 2005 when the above rates will be reviewed.

The total pension cost in this scheme for the College was £195,000 (2003: £159,000). No contributions were due but outstanding at the balance sheet date.

Cambridge Colleges Federated Pension Scheme

The latest actuarial valuation of this defined benefit scheme was at 31 March 2002. This valuation has been updated to 30 June 2004 by a qualified actuary, using revised assumptions for accounting purposes. Investments have been valued at market value.

The agreed employer contribution rate during the year was 33.85% of contribution pay, and the amount contributed by the College was £506,000. The contribution rate will be reviewed at the next formal valuation due at 31 March 2005.

The main financial assumptions used were as follows:

	30 June 2004	30 June 2003	30 June 2002
Inflation	2.9%	2.3%	2.5%
Rate of increase in salaries	3.9%	3.5%	4.0%
Rate of increase for pensions (in payment and deferred)	2.9%	2.3%	2.5%
Rate used to discount scheme liabilities	5.73%	5.5%	6.0%

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

19. PENSION SCHEMES (continued)

The fair value of the assets held by the scheme, the expected long term rates of return assumed, and the deficit in the scheme were as follows:

	Returns at 30 June 2004	Value at 30 June 2004 £000	Returns at 30 June 2003	Value at 30 June 2003 £000	Returns at 30 June 2002	Value at 30 June 2002 £000
Equities	6.2%	3,443	8.0%	2,897	7.0%	3,056
Bonds/cash	5.1%	1,426	4.5%	1,215	4.5%	1,061
Property	6.2%	149	7.0%	281	7.0%	270
		<hr/>		<hr/>		<hr/>
Total assets		5,018		4,393		4,387
Present value of scheme liabilities		7,032		5,946		5,328
		<hr/>		<hr/>		<hr/>
Deficit in the scheme		(2,014)		(1,553)		(941)
		<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>

The deficit in the scheme increased in the year as follows:

	2004 £000	2003 £000
At the beginning of the year	(1,553)	(941)
Current service cost	(256)	(260)
Contributions paid	506	220
Net finance costs	(10)	(33)
Actuarial loss	(701)	(539)
	<hr/>	<hr/>
At the end of the year	(2,014)	(1,553)
	<hr/> <hr/>	<hr/> <hr/>

The deficit has been charged to the expendable undesignated funds as shown in note 16.

The current service cost of £256,000 (2003: £260,000), the interest on pension scheme liabilities of £336,000 (2003: £317,000) and the expected return on assets in the scheme of £326,000 (2003: £284,000) have been included within expenditure for the year.

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2004

19. PENSION SCHEMES (continued)

The actuarial loss, included in the statement of total recognised gains and losses, is analysed as follows:

	2004	2003
Actual return less expected return on assets in the scheme (£000)	(276)	(289)
Percentage of scheme assets (%)	(6%)	(7%)
Experience gains and losses arising on the scheme liabilities (£000)	32	(70)
Percentage of the present value of scheme liabilities (%)	0%	(1%)
Changes in assumptions underlying the present value of the scheme liabilities (£000)	(457)	(180)
Total (£000)	<u>(701)</u>	<u>(539)</u>
Percentage of the present value of scheme liabilities (%)	<u>(10%)</u>	<u>(9%)</u>

20. RELATED PARTY TRANSACTIONS

As described in the report of the Governing Body, the University provides the majority of the Fellows with their primary employment, teaches jointly and examines the undergraduate students and provides research facilities for the graduate students. The University pays fees to the College from the public money it receives for students who are based in the United Kingdom and the European Union for the College's role in admitting students, teaching them and ensuring their welfare. University tuition fees are billed to students by the College acting as the University's agent, and therefore these amounts (£1.26 million in 2004) are not included as income of the College in the accounts.

Fellows are remunerated for teaching, research and other duties within the College. Fellows are billed for private catering, not part of the normal allowances. The College offers Fellows assistance with housing on a shared equity basis. If children of Fellows attend the school, Fellows pay fees on the normal terms.

King's College Student Union is paid membership fees (£76,000 in 2004) and provides sporting and social facilities to students. The membership fees are deducted from the College tuition fee income in the accounts.

21. CONTRIBUTION ASSESSMENT

	2004	2003
	£000	£000
Assessable income	2,873	3,117
Deductible items	3,734	3,021
Net assessable income	<u>-</u>	<u>96</u>
Contribution payable	<u>-</u>	<u>3</u>