

**KING'S COLLEGE**

**Accounts**

**30 June 2005**

# **KING'S COLLEGE**

## **ACCOUNTS 2005**

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# KING'S COLLEGE

## GOVERNING BODY MEMBERS

### Provost

Dame Judith Mayhew Jonas

### Fellows

Dr Tess Adkins (Vice-Provost,  
Acting Provost from 16.7.05)

Dr Stephen Alford

Dr Stuart Althorpe (from 1.10.05)

Dr Stefan Auer (from 1.10.04)

Mr Peter Avery

Dr Nikolaus Bacht (from 1.10.04)

Dr William Balfour

Dr John Barber (Director of  
Development)

Prof Michael Bate

Prof Sir Patrick Bateson

Dr Philippa Berry (till 30.9.04)

Dr Peter de Bolla (Wine Steward)

Prof Sydney Brenner

Dr Dan Brown

Dr Nick Bullock

Dr Bill Burgwinkle

Dr Maeve Caldwell

Dr Keith Carne (Acting First Bursar  
till 15.7.04)

Dr Siddharthan Chandran (from  
15.10.04)

Mr Stephen Cleobury (Director of  
Music)

Prof Anne Cooke

Prof Anne Davis

Dr Lucy Delap

Dr Hal Dixon

Prof John Dunn

Prof George Efstathiou

Prof Artur Ekert

Dr Maud Ellmann (till 30.9.04)

Dr Wyn Evans

Prof James Fawcett

Prof Iain Fenlon (Senior Tutor from  
1.9.05)

Dr Timothy Flack

Prof Robert Foley

Dr Peter Friz (from 1.10.04)

Dr Ayalvadi Ganesh (till 30.9.04)

Lord Giddens

Prof Christopher Gilligan

Prof Simon Goldhill

Dr David Good

Dr Judith Green

Dr Julian Griffin

Prof Christopher Harris

Prof Ross Harrison

Prof John Henderson

Mr Arthur Hibbert

Dr David Hillman (from 27.4.05)

Dr Stefan Hoesel-Uhlig

Dr Istvan Hont

Mr Ken Hook (Domus Bursar to  
31.12.04)

Prof Sir Gabriel Horn

Dr Stephen Hugh-Jones

Prof Caroline Humphrey

Prof Herbert Huppert

Prof Martin Hyland

Mr Peter Jones (Librarian, Acting  
Vice-Provost from 11.8.05)

Dr Aileen Kelly

Prof Barry Keverne

Dr James Laidlaw (Senior Tutor till  
31.8.05)

Prof Richard Lambert

Dr Melissa Lane

Dr Cristina Lazzeroni (from 1.10.04)

Dr James Leach

Dr Katherine Lewis

Dr Hallvard Lillehammer

Prof Peter Lipton

Prof Charlie Loke

Dr Sarah Lummis

Prof Alan Macfarlane

Prof Nicholas Mackintosh (till  
30.9.05)

Dr Catherine MacPhee

Dr Matteo Mameli

Dr Neil Manson (till 31.8.05)

Dr Nicholas Marston

Prof Jean Michel Massing

Dr Rosaleen McCarthy

Prof Dan McKenzie

Dr Christopher Meissner

Dr Cam Middleton

Dr Perveez Mody

Dr Ashley Moffett

Dr Geoff Moggridge (Acting First  
Bursar from 16.7.04 till 18.10.04,  
Senior Tutor from 1.9.05)

Dr Ken Moody

Dr David Munday

Dr Basim Musallam (Acting First  
Bursar from 19.10.04 till 31.12.04)

Dr Rosanna Omitowaju

Dr Alexander Orlov (from 1.10.05)

Prof Robin Osborne

Dr Bronwyn Parry (till 30.9.04)Dr  
Donald Parry

Dr Johann Paulsson (from 1.10.04  
till 30.9.05)

Dr David Payne

Dr Ian Pratt

Prof Chris Prendergast

Mr Martin Reavley (First Bursar  
from 1.1.05)

Dr Alexander Regier (from 1.10.05)

Miss Emma Rothschild

Mr Jacob Rowbottom

Prof Robert Rowthorn

Prof Paul Ryan

Prof Hamid Sabourian

Dr Alexander Schekochihin (from  
1.10.05)

Ms Leo Sharpston

Dr Michael Sonenscher

Dr Mark Sprevak (from 1.10.05)

Prof Gareth Stedman Jones

Dr John Stewart

Prof Azim Surani

Dr Erika Swales

The Revd Ian Thompson (Dean from  
1.1.05)

Mr James Trevithick (Praelector)

Prof Megan Vaughan

Dr Kim Wagner (from 1.10.04)

Dr Rob Wallach

Dr Darin Weinberg

Dr Jochen Weller (till 30.9.04)

Dr Tom White

Dr Federico Williams (till 30.9.05)

Dr Jun Xue (from 1.10.04)

Prof John Young

Dr Nicolette Zeeman

### Members in statu pupillari

David Chapman

Mark Gattleson (from 1.1.05)

Scott Kaufman (from 1.1.05)

Rachael Kinley (from 1.1.05)

Oscar Leonard (till 31.12.04)

John O'Neill (till 31.12.04)

Jonathan Neshor (till 31.12.04)

## 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 resident members of the College in statu pupillari elected annually, constitute the College's Governing Body. The names of members of the Governing Body during the year to 30 June 2005 are shown on page 1.

The Provost is responsible for 'general superintendence over 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 (or Domus) Bursar and fourteen other members, ten elected from and by the Fellows on the Governing Body, and four elected annually from and by the resident members of the College in statu pupillari. The Council is entrusted with the general administration and management of the College, except in as far as powers are reserved by statute, ordinance or regulation to the Governing Body, and exercises a general superintendence over the College's educational work.

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 Governors of which the Provost is Chairman are appointed by the College Council and are responsible to Council and, where appropriate, the Governing Body, for the educational and financial policy, and the effective administration, and staffing of the School.

### Objectives, activities and performance

The College exists as a place of 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 Tutors. 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. To supervise undergraduate students the College employs 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 2004/2005, 377 undergraduate students sat classified university examinations and 375 passed (73% 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 Tutors and the two Tutors for Graduate Studies is appropriate. In 2004/2005, 33 graduate students successfully completed an MPhil or other one-year graduate course, 4 completed clinical studies and 38 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 2004/2005, 179 undergraduates and 67 graduates benefited from financial support, and 310 scholarships, travel grants or prizes were awarded.

*Religion:* The religious life of the College is focussed mainly on the Chapel where, as required by College Statutes, daily services are held during Term, in accordance with the rites of the Church of England. The College appoints a Dean who is responsible to the Governing Body for the provision of Chapel services. The maintenance of the Chapel is entirely the responsibility of the College. The College also appoints a Chaplain to provide for the pastoral care and spiritual welfare of all Junior Members, irrespective of denominational or faith community.

*Learning:* The College Library was busier in 2004/2005 than ever in terms of undergraduate and graduate occupation of seats, particularly in the period before exams in June. The number of loans for the year totalled 24,042 from the total online stock of 85,737 books. Catalogue records from the College's own Unicorn system were uploaded for the first time to the Newton Catalogue of the University Library. Two very significant special collections came to the Library and the Archives respectively this year, the John Bury collection of rare books on architecture and the Grand Tour in Europe, and the Frances Partridge papers on the Bloomsbury Group. There were 773 visits to the Archives this year, and 2,727 documents retrieved for readers. 1,101 enquiries were answered. The Archivist has played an important role in developing the College's publication schedule in response to the Freedom of Information Act, and continues to oversee its record management programme as well as to answer enquiries.

*Research:* The College provides an intellectual and social environment that fosters research at the highest level, and offers a fertile ground for interdisciplinary approaches. In particular, the College houses and funds a Research Centre, which provides a focus for collective research projects and for visitors to the College. Each year, the College appoints a number of Research Fellows to stipendiary or non-stipendiary Fellowships. In 2004/2005, four such Research Fellows were appointed, each Fellowship lasting four years. In addition, the College appoints visiting Fellows and welcomes short-term visitors for academic research. Any Fellow may apply for a small grant to support his or her research activities. Through the Research Centre, it runs up to ten international conferences, workshops and seminars annually, organized by Fellows of the College.

### 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 just 2.6% in the year, income from residence, catering and conferences and from the school increased by less than 1%, but endowment investment income increased by 14%. Other income declined by 46% as a result of reduced donations during the year.

## REPORT OF THE GOVERNING BODY

### Financial review (continued)

#### 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 improved methods of allocating overheads were implemented and costs as a whole remained under control with an overall increase of just 0.1%.

#### Capital expenditure (Buildings)

The College incurs and will continue to incur significant expenditure in the maintenance of its historic buildings. Capital expenditure totalled £1.7 million, comprising £226,000 spent on refurbishing the Provost's Lodge during the year and £1.26 million as the final payment in respect of the re-building of King's Parade. Expenditure of some £12 million (in current costs) is expected to be required during the next decade (including £3 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 donations received in the year less the cash outflow from operations, and as a result the College's net endowment fell by £1.3 million, before taking account the increase in market value over the year.

#### Reserves

The College's net assets (available endowments, unspent restricted funds and reserves) are held in a general investment fund. The Group's expendable undesignated funds stood at £23.3 million at 30 June 2005 (£20.8 million at June 2004). 72% of the general investment fund is invested in UK and international equities and 24% is invested in commercial and residential properties around Cambridge. The capital value of the fund increased by 12.6% over the year (2004 - 12%). Current cash requirements are met by disinvesting the expendable, unrestricted reserves when required and 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 responsibility given to the School governors by the College. The School made a loss of £68,343 in the year (surplus of £255,000 in 2003/2004) and incurred capital expenditure of £347,743.

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 2004/2005, all but £102,000 of the income arising in restricted funds was spent in the year.

# **KING'S COLLEGE**

## **REPORT OF THE GOVERNING BODY**

### **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 Bursar and submitted to the auditors. An abstract of the accounts in the form required by The Recommended Cambridge College Accounts under statute GIII of the University is 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 Bursar is 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.

## **KING'S COLLEGE**

### **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 2005 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 14 November 2005. 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**

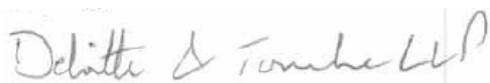
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2005 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

5 December 2005

## **KING'S COLLEGE**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

**Year ended 30 June 2005**

#### **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, 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.

#### **PRESENTATION OF EXPENDITURE**

The classification of certain costs within categories of expenditure has been amended this year to provide a clearer understanding of the Group's results. The results presented for 2004 have been reclassified using the revised accounting methodology.

#### **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 2005

### 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.

The works of art bequeathed to the College by John Maynard Keynes, Fellow and former First Bursar which are on loan to the Fitzwilliam Museum in Cambridge, are included in the accounts at nil value in accordance with the accounting policy above.

## **KING'S COLLEGE**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES** **Year ended 30 June 2005**

#### **TANGIBLE FIXED ASSETS (continued)**

##### **e. Application of FRS 15**

The College had 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 were not fully written off by 30 June 2004. No other past expenditure is included in 'cost' figures.
- A capitalisation threshold of £1 was adopted for periods up to 30 June 2002; the threshold was 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, market value 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 2005**

#### **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).

#### **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 Year ended 30 June 2005

	Note	2005 £000	2004 £000
<b>INCOME</b>			
Academic fees and charges	1	1,375	1,340
Residence, catering and conferences	2	3,258	3,235
School	3	2,925	2,921
Endowment and investment income	4	3,563	3,126
Other income	5	1,036	1,906
<b>Total income</b>		<u>12,157</u>	<u>12,528</u>
<b>EXPENDITURE</b>			
Education	7	3,870	4,019
Residence, catering and conferences	8	4,961	5,078
School	9	2,993	2,666
Other expenditure	10	1,048	1,097
<b>Total expenditure</b>		<u>12,872</u>	<u>12,860</u>
Deficit before University contribution		(715)	(332)
University contribution under Statute G,II		<u>-</u>	<u>-</u>
<b>Deficit for the year</b>		(715)	(332)
Transfer to restricted funds		<u>(102)</u>	<u>(58)</u>
<b>Deficit on unrestricted funds</b>		<u><u>(817)</u></u>	<u><u>(390)</u></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 2005

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Deficit for the year	(817)	(390)
Unspent income retained within restricted funds	102	58
Increase in market value of investments	11,161	9,579
Actuarial gains (losses) on pension scheme	335	(701)
Donations to restricted funds	921	1,398
	<hr/>	<hr/>
Total recognised gains for the year	11,702	9,944
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation</b>		
Opening capital and reserves at 1 July 2004	110,035	100,091
Total recognised gains for the year	11,702	9,944
	<hr/>	<hr/>
Closing capital and reserves at 30 June 2005	121,737	110,035
	<hr/> <hr/>	<hr/> <hr/>

# KING'S COLLEGE

## BALANCE SHEETS 30 June 2005

	Note	Group 2005 £000	College 2005 £000	Group 2004 £000	College 2004 £000
<b>FIXED ASSETS</b>					
Tangible assets	12	25,560	25,706	24,637	19,775
Investments	13	101,001	101,001	90,108	88,336
		<u>126,561</u>	<u>126,707</u>	<u>114,745</u>	<u>108,111</u>
<b>CURRENT ASSETS</b>					
Stocks - goods for resale		1,218	96	1,211	100
Debtors	14	1,133	1,159	1,345	9,262
Cash		1,666	1,441	2,463	1,418
		<u>4,017</u>	<u>2,696</u>	<u>5,019</u>	<u>10,780</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(7,221)</u>	<u>(6,278)</u>	<u>(7,715)</u>	<u>(6,841)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(3,204)</u>	<u>(3,582)</u>	<u>(2,696)</u>	<u>3,939</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>123,357</u>	<u>123,125</u>	<u>112,049</u>	<u>112,050</u>
Pension scheme net deficit	19	(1,620)	(1,620)	(2,014)	(2,014)
<b>TOTAL NET ASSETS</b>		<u>121,737</u>	<u>121,505</u>	<u>110,035</u>	<u>110,036</u>
<b>CAPITAL AND RESERVES</b>					
Restricted funds held as permanent capital		35,778	35,778	30,246	30,246
Unrestricted funds held as permanent capital		58,795	58,795	55,817	55,817
Expendable unrestricted funds		27,164	26,932	23,972	23,973
<b>TOTAL</b>	16	<u>121,737</u>	<u>121,505</u>	<u>110,035</u>	<u>110,036</u>



Signed on behalf of the Governing Body on 1 December 2005

M. J. Reavley  
First Bursar

# KING'S COLLEGE

## CONSOLIDATED CASH FLOW STATEMENT Year ended 30 June 2005

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Deficit on continuing operations	(715)	(332)
Depreciation	840	724
Pension scheme credit	(59)	(240)
Endowment and investment income	(3,563)	(3,126)
Interest paid	173	167
(Increase)/decrease in stocks	(7)	64
Decrease/(increase) in debtors	67	(132)
(Decrease)/increase in creditors	(612)	1,528
<b>Net cashflow from operating activities</b>	<u>(3,876)</u>	<u>(1,347)</u>
<b>Returns on investments and servicing of finance</b>		
Endowment and investment income received	3,563	3,126
Interest paid	(173)	(167)
	<u>3,390</u>	<u>2,959</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(1,762)	(5,392)
Net receipts from investments	783	120
Donations received	921	1,098
	<u>(58)</u>	<u>(4,174)</u>
<b>Decrease in cash</b>	<u>(544)</u>	<u>(2,562)</u>
<b>Reconciliation of net cash flow to movement in funds</b>		
Net funds at 1 July 2004	1,086	3,648
Decrease in cash	(544)	(2,562)
Net funds at 30 June 2005	<u>542</u>	<u>1,086</u>
<b>Represented by:</b>		
Cash with fund manager	1,876	1,623
Cash at bank	1,666	2,463
Bank loan	(3,000)	(3,000)
	<u>542</u>	<u>1,086</u>

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS

Year ended 30 June 2005

### 1. ACADEMIC FEES AND CHARGES

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Fees - Undergraduates E.U. or Home State Supported	1,006	975
Fees - Undergraduates Overseas and Private	118	121
Fees - Graduates	219	210
Other academic income	32	34
	<hr/>	<hr/>
Total	1,375	1,340
	<hr/> <hr/>	<hr/> <hr/>

### 2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Accommodation		
College members	1,482	1,227
Third parties	133	200
Catering		
College members	913	710
Third parties	730	1,098
	<hr/>	<hr/>
Total	3,258	3,235
	<hr/> <hr/>	<hr/> <hr/>

### 3. SCHOOL INCOME

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Fees	2,858	2,600
Interest receivable and other income	62	24
Donations	5	297
	<hr/>	<hr/>
Total	2,925	2,921
	<hr/> <hr/>	<hr/> <hr/>

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS

Year ended 30 June 2005

### 4. ENDOWMENT AND INVESTMENT INCOME

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Income from:		
Freehold land and buildings	1,292	1,057
Quoted securities	2,134	1,873
Cash balances	-	85
Royalties	137	111
	<u>3,563</u>	<u>3,126</u>

### 5. OTHER INCOME

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Tourist admissions and shop sales	803	736
Unrestricted donations	136	826
Other income	97	344
	<u>1,036</u>	<u>1,906</u>

### 6. STAFF EXPENDITURE

	<b>College fellows</b>	<b>Non-academic</b>	<b>School</b>	<b>Total 2005</b>	<b>Total 2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Staff costs</b>					
Salaries and wages	675	3,009	1,749	5,433	5,519
Social security costs	68	219	138	425	411
Pension contributions (see note 19)	186	259	217	662	777
Termination payments	770	27	-	797	340
	<u>1,699</u>	<u>3,514</u>	<u>2,104</u>	<u>7,317</u>	<u>7,047</u>
	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
<b>Average staff numbers</b> (not full-time equivalent)	<u>54</u>	<u>229</u>	<u>86</u>	<u>369</u>	<u>364</u>

All the 54 Fellows disclosed above are stipendiary.

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS

Year ended 30 June 2005

### 7. EDUCATION EXPENDITURE

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Teaching, tutorial, admissions and research	3,135	3,090
Scholarships and awards	362	502
Other educational facilities	373	427
	<u>3,870</u>	<u>4,019</u>
Total	<u><u>3,870</u></u>	<u><u>4,019</u></u>

### 8. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Accommodation	3,228	3,305
Catering		
College members	1,156	1,183
Third parties	577	590
	<u>4,961</u>	<u>5,078</u>
Total	<u><u>4,961</u></u>	<u><u>5,078</u></u>

### 9. SCHOOL EXPENDITURE

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Staff costs	2,104	1,964
Other expenditure	713	550
Depreciation	176	152
	<u>2,993</u>	<u>2,666</u>
Total	<u><u>2,993</u></u>	<u><u>2,666</u></u>

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS

Year ended 30 June 2005

### 10. OTHER EXPENDITURE

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Depreciation	664	572
Investment property costs	148	149
Tourist admission and shop expenditure	366	372
Bank loan interest	173	167
Other costs	2,965	2,495
Less apportioned to activities	(3,268)	(2,658)
	<u>1,048</u>	<u>1,097</u>
Total	<u><u>1,048</u></u>	<u><u>1,097</u></u>
Included within general expenditure is auditors' remuneration:		
as auditors	50	51
for other services	5	110
	<u><u>55</u></u>	<u><u>161</u></u>

### 11. ANALYSIS OF EXPENDITURE BY ACTIVITY

	<b>Staff costs</b>	<b>Other operating expenses</b>	<b>Depreciation</b>	<b>Total</b>
<b>2004/05</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Education	2,203	1,552	115	3,870
Residences, catering and conferences	2,584	1,828	549	4,961
School	2,104	713	176	2,993
Other	426	622	-	1,048
	<u>7,317</u>	<u>4,715</u>	<u>840</u>	<u>12,872</u>
	<u><u>7,317</u></u>	<u><u>4,715</u></u>	<u><u>840</u></u>	<u><u>12,872</u></u>

The above expenditure includes £313,381 as the cost of fundraising (2003/04 £267,582). This expenditure includes the costs of alumni relations.

	<b>Staff costs</b>	<b>Other operating expenses</b>	<b>Depreciation</b>	<b>Total</b>
<b>2003/04</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Education	2,128	1,792	99	4,019
Residences, catering and conferences	2,516	2,089	473	5,078
School	1,964	550	152	2,666
Other	439	658	-	1,097
	<u>7,047</u>	<u>5,089</u>	<u>724</u>	<u>12,860</u>
	<u><u>7,047</u></u>	<u><u>5,089</u></u>	<u><u>724</u></u>	<u><u>12,860</u></u>

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS

Year ended 30 June 2005

### 12. TANGIBLE FIXED ASSETS

	<b>Group 2005 £000</b>	<b>College 2005 £000</b>	<b>Group 2004 £000</b>	<b>College 2004 £000</b>
<b>a) Net book value</b>				
Buildings and equipment at net book value	25,222	25,368	19,296	19,296
Assets in the course of construction	26	26	5,031	169
Other assets	312	312	310	310
	<u>25,560</u>	<u>25,706</u>	<u>24,637</u>	<u>19,775</u>
<b>b) Buildings and equipment</b>				
<b>Cost</b>				
At 1 July 2004	25,934	25,887	23,667	23,620
Additions	6,766	6,912	2,370	2,370
Eliminations	-	-	(103)	(103)
	<u>32,700</u>	<u>32,799</u>	<u>25,934</u>	<u>25,887</u>
At 30 June 2005	<u>32,700</u>	<u>32,799</u>	<u>25,934</u>	<u>25,887</u>
<b>Depreciation</b>				
At 1 July 2004	6,638	6,591	6,017	5,972
Charge for the year	840	840	724	722
Eliminations	-	-	(103)	(103)
	<u>7,478</u>	<u>7,431</u>	<u>6,638</u>	<u>6,591</u>
At 30 June 2005	<u>7,478</u>	<u>7,431</u>	<u>6,638</u>	<u>6,591</u>
<b>Net book value</b>	<u>25,222</u>	<u>25,368</u>	<u>19,296</u>	<u>19,296</u>
<b>c) Net book value of buildings and equipment is represented by</b>				
Buildings – College	20,123	20,269	14,507	14,507
Buildings – School	3,505	3,505	3,255	3,255
Equipment – College	1,098	1,098	1,076	1,076
Equipment – School	496	496	458	458
	<u>25,222</u>	<u>25,368</u>	<u>19,296</u>	<u>19,296</u>
Total	<u>25,222</u>	<u>25,368</u>	<u>19,296</u>	<u>19,296</u>
<b>d) The insured value of freehold land and buildings as at 30 June 2005 was £153 million.</b>				

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS

Year ended 30 June 2005

### 13. INVESTMENTS

a)	<b>Group 2005 £000</b>	<b>College 2005 £000</b>	<b>Group 2004 £000</b>	<b>College 2004 £000</b>
General investment fund	99,100	99,100	88,671	86,899
Other investments	1,901	1,901	1,437	1,437
Total	<u>101,001</u>	<u>101,001</u>	<u>90,108</u>	<u>88,336</u>
b) Investments in the general investment fund are represented by:				
Quoted securities - equities	69,783	69,783	61,037	61,037
Quoted securities - fixed interest	1,404	1,404	2,999	2,999
Freehold land and buildings	23,566	23,566	20,705	18,933
Other investments	2,471	2,471	2,307	2,307
Cash with fund manager	1,876	1,876	1,623	1,623
Total	<u>99,100</u>	<u>99,100</u>	<u>88,671</u>	<u>86,899</u>

Investment properties which are all freehold were valued informally for accounting purposes only at open market value at 30 June 2005 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

	<b>Group 2005 £000</b>	<b>College 2005 £000</b>	<b>Group 2004 £000</b>	<b>College 2004 £000</b>
Members of the College	34	29	27	27
Trade debtors	205	18	344	110
Subsidiary companies	-	-	-	8,151
Other debtors	894	1,112	974	974
Total	<u>1,133</u>	<u>1,159</u>	<u>1,345</u>	<u>9,262</u>

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS

Year ended 30 June 2005

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>Group 2005 £000</b>	<b>College 2005 £000</b>	<b>Group 2004 £000</b>	<b>College 2004 £000</b>
Bank loans repayable in less than one year	3,000	3,000	3,000	3,000
Members of the College	67	67	48	48
Trade creditors	466	407	1,985	1,380
Accruals	884	882	479	210
Social security, pension and taxes	996	159	225	225
Other creditors	1,808	1,763	1,978	1,978
	<u>7,221</u>	<u>6,278</u>	<u>7,715</u>	<u>6,841</u>

### 16. CAPITAL AND RESERVES

	<b>Group 2005 £000</b>	<b>College 2005 £000</b>	<b>Group 2004 £000</b>	<b>College 2004 £000</b>
<b>Permanent capital</b>				
Restricted funds	<u>35,778</u>	<u>35,778</u>	<u>30,246</u>	<u>30,246</u>
Unrestricted funds				
Capital account	32,698	32,698	35,570	35,570
Tangible fixed assets reserve	21,705	21,705	16,063	16,063
School	4,392	4,392	4,184	4,184
Total unrestricted funds	<u>58,795</u>	<u>58,795</u>	<u>55,817</u>	<u>55,817</u>
<b>Total permanent capital</b>	<u>94,573</u>	<u>94,573</u>	<u>86,063</u>	<u>86,063</u>
<b>Expendable capital</b>				
Designated reserves				
College buildings repairs and improvements	1,174	1,174	992	992
Investment property repairs and improvements	2,483	2,483	2,160	2,160
Total designated reserves	<u>3,657</u>	<u>3,657</u>	<u>3,152</u>	<u>3,152</u>
Undesignated reserves				
Chest	21,971	21,441	21,430	21,430
Other reserves	1,536	1,834	(610)	(609)
<b>Total expendable capital</b>	<u>27,164</u>	<u>26,932</u>	<u>23,972</u>	<u>23,973</u>
<b>Total capital and reserves</b>	<u>121,737</u>	<u>121,505</u>	<u>110,035</u>	<u>110,036</u>

**KING'S COLLEGE**

**NOTES TO THE ACCOUNTS**  
**Year ended 30 June 2005**

**16. CAPITAL AND RESERVES (continued)**

	<b>Restricted funds</b>		<b>Designated funds</b>		<b>Undesignated funds</b>		<b>College Total</b>	<b>Undesignated funds Expendable</b>	<b>Group Total</b>	<b>Group Total</b>
	<b>Permanent</b>	<b>Permanent</b>	<b>Expendable</b>	<b>Permanent</b>	<b>Expendable</b>	<b>Total</b>				
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>				
At 1 July 2004	30,246	4,184	3,152	51,633	20,821	110,036	(1)	110,035	100,091	
Net surplus (deficit) for the year	-	(68)	-	(662)	(320)	(1,050)	233	(817)	(390)	
Unspent income	102	-	-	-	-	102	-	102	58	
Increase in market value of investments	4,509	-	-	3,432	3,220	11,161	-	11,161	9,579	
Actuarial gains and losses on pension scheme	-	-	-	-	335	335	-	335	(701)	
Donations	921	-	-	-	-	921	-	921	1,398	
Transfers	-	276	505	-	(781)	-	-	-	-	
	<u>35,778</u>	<u>4,392</u>	<u>3,657</u>	<u>54,403</u>	<u>23,275</u>	<u>121,505</u>	<u>232</u>	<u>121,737</u>	<u>110,035</u>	
At 30 June 2005	35,778	4,392	3,657	54,403	23,275	121,505	232	121,737	110,035	

Within restricted funds there are funds totalling £7,173 (2004 - £6,044), 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:

	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible assets	-	4,003	-	21,680	23	25,706	(146)	25,560	24,637
Investments	33,794	-	-	40,223	26,984	101,001	-	101,001	90,108
Net current assets (liabilities)	1,984	389	3,657	(7,500)	(2,112)	(3,582)	378	(3,204)	(2,696)
Pension scheme deficit	-	-	-	-	(1,620)	(1,620)	-	(1,620)	(2,014)
	<u>35,778</u>	<u>4,392</u>	<u>3,657</u>	<u>54,403</u>	<u>23,275</u>	<u>121,505</u>	<u>232</u>	<u>121,737</u>	<u>110,035</u>

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS Year ended 30 June 2005

### 17. CAPITAL COMMITMENTS

At 30 June 2005 authorised future capital expenditure amounted to nil.

### 18. FINANCIAL COMMITMENTS

At 30 June 2005 and 2004 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 December 2005 when the above rates will be reviewed.

The total pension cost in this scheme for the College was £198,000 (2004: £195,000). £19,000 was 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 2005. This valuation has been updated to 30 June 2005 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 36.54% of contribution pay, and the amount contributed by the College was £448,000. The contribution rate will be reviewed at the next formal valuation due at 31 March 2006.

The main financial assumptions used were as follows:

	30 June 2005	30 June 2004	30 June 2003
Inflation	2.7%	2.9%	2.3%
Rate of increase in salaries	3.5%	3.9%	3.5%
Rate of increase for pensions (in payment and deferred)	2.75%	2.9%	2.3%
Rate used to discount scheme liabilities	5.0%	5.73%	5.5%

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS Year ended 30 June 2005

### 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:

	<b>Returns at 30 June 2005</b>	<b>Value at 30 June 2005 £000</b>	<b>Returns at 30 June 2004</b>	<b>Value at 30 June 2004 £000</b>	<b>Returns at 30 June 2003</b>	<b>Value at 30 June 2003 £000</b>
Equities	7.5%	4,154	6.2%	3,443	8.0%	2,897
Bonds/cash	4.7%	1,695	5.1%	1,426	4.5%	1,215
Property	6.5%	176	6.2%	149	7.0%	281
		<hr/>		<hr/>		<hr/>
Total assets		6,025		5,018		4,393
Present value of scheme liabilities		7,645		7,032		5,946
		<hr/>		<hr/>		<hr/>
Deficit in the scheme		(1,620)		(2,014)		(1,553)
		<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>

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

	<b>2005 £000</b>	<b>2004 £000</b>
At the beginning of the year	(2,014)	(1,553)
Current service cost	(285)	(256)
Contributions paid	448	506
Net finance costs	(104)	(10)
Actuarial gain/(loss)	335	(701)
	<hr/>	<hr/>
At the end of the year	(1,620)	(2,014)
	<hr/> <hr/>	<hr/> <hr/>

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

The current service cost of £247,000 (2004: £256,000), the interest on pension scheme liabilities of £401,000 (2004: £336,000) and the expected return on assets in the scheme of £297,000 (2004: £326,000) have been included within expenditure for the year.

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS Year ended 30 June 2005

### 19. PENSION SCHEMES (continued)

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

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>	<b>2003</b> <b>£000</b>
Actual return less expected return on assets in the scheme	417	(276)	(289)
Percentage of scheme assets (%)	7%	(6%)	(7%)
Experience gains and losses arising on the scheme liabilities	325	32	(70)
Percentage of the present value of scheme liabilities (%)	4%	0%	(1%)
Changes in assumptions underlying the present value of the scheme liabilities	(407)	(457)	(180)
Total	<u>335</u>	<u>(701)</u>	<u>(539)</u>
Percentage of the present value of scheme liabilities (%)	<u>4%</u>	<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 (£1.21 million in 2005) 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 (£52,000 in 2005) and provides sporting and social facilities to students. The membership fees are shown in the College education expenditure in the accounts.

### 21. CONTRIBUTION ASSESSMENT

	<b>2005</b> <b>£</b>	<b>2004</b> <b>£</b>
21a ASSESSABLE INCOME		
External Revenue		
Income in respect of land and buildings	1,262,680	1,029,008
Income from furnished lettings	29,461	28,121
Dividends and interest	1,910,311	1,935,176
Less		
Income of trust funds not subject to contribution	(138,665)	(119,346)
Assessable income	<u>3,063,787</u>	<u>2,872,959</u>

# KING'S COLLEGE

## NOTES TO THE ACCOUNTS

Year ended 30 June 2005

### 21. CONTRIBUTION ASSESSMENT (continued)

	2005 £	2004 £
21b DEDUCTIBLE ITEMS		
Ordinary outgoings in respect of land and buildings	100,631	143,042
Ordinary outgoings in respect of furnished lettings	3,194	5,821
Agency, management etc	364,322	492,804
Amount set aside in accordance with the Universities and College Estates Acts 1925 and 1964	1,512,012	1,405,736
Allowance in respect of College Estates Repairs and Improvements Fund	323,035	264,282
Allowance in respect of College Building Fund	181,500	182,000
Insurance of College buildings	47,042	75,374
Repairs of Chapel	12,227	29,511
Overseas bursaries		
Contribution to the University Counselling Service	12,885	14,846
Sum contributed to University Department of Plant Genetics		15,021
One-half of maintenance of services in the Chapel	294,339	264,135
Interest on loans	166,960	166,696
Prizes	6,895	11,150
One-half of payments to scholars, exhibitioners and research students	97,095	57,088
Expenditure on the Library	227,220	243,402
Research Fellows	176,003	111,292
Non-University teaching officers	237,500	251,802
	<hr/>	<hr/>
Deductible items	3,762,860	3,734,002
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21c NET ASSESSABLE INCOME	nil	nil
	<hr/>	<hr/>
21d CALCULATION OF CONTRIBUTION PAYABLE		
Up to £250,000 @ 3%	nil	nil
	<hr/>	<hr/>
21e BUILDING FUND UNDER STATUTE GII,4(vii)		
Balance at 1 July	992,050	810,050
Transfer approved under GII,4(vii)	181,500	182,000
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Balance at 30 June	1,173,550	992,050
	<hr/>	<hr/>
21f ESTATES REPAIRS AND IMPROVEMENTS FUND		
Balance at 1 July	2,160,481	1,896,199
Transfer approved under G11,4(v) 25% of College Estates rental income	323,035	264,282
Repairs and improvements	(1,330,918)	-
	<hr/>	<hr/>
Balance at 30 June	1,152,598	2,160,481
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