

KING'S COLLEGE

Accounts

30 June 2008

KING'S COLLEGE

ACCOUNTS 2008

CONTENTS

	Page
Governing Body Members	1
Principal Professional Advisors	2
Report of the Governing Body	3
Statement of the Responsibilities of the Governing Body	7
Independent Auditors' Report to the Governing Body	8
Statement of Principal Accounting Policies	9
Consolidated Income and Expenditure Account	13
Consolidated Statement of Total Recognised Gains and Losses	14
Balance Sheets	15
Consolidated Cash Flow Statement	16
Notes to the Accounts	17

KING'S COLLEGE

GOVERNING BODY MEMBERS

Provost

Prof Ross Harrison

Fellows

Dr Tess Adkins (Vice Provost to 31.12.07)

Dr Stephen Alford

Dr Stuart Althorpe

Dr Stefan Auer (to 30.09.07)

Mr Peter Avery

Dr Nikolaus Bacht

Dr John Barber

Prof Michael Bate

Prof Sir Patrick Bateson

Dr Andrew Blake (from 01.10.07)

Dr Peter de Bolla

Prof Michael Bordo (to 30.09.07)

Prof Sydney Brenner

Dr Dan Brown

Dr Nick Bullock

Dr Bill Burgwinkle

Dr Matei Candea

Dr Keith Carne

Prof Quassim Cassam

Dr Siddharthan Chandran

Mr Stephen Cleobury (Director of Music)

Prof Anne Cooke

Prof Anne Davis

Dr Hal Dixon

Prof John Dunn

Prof George Efstathiou

Dr Alexander Etkind

Dr Wyn Evans

Prof James Fawcett

Prof Iain Fenlon (Senior Tutor)

Dr Timothy Flack

Prof Robert Foley

Dr Peter Friz

Lord Giddens

Prof Christopher Gilligan

Prof Simon Goldhill

Dr David Good

Dr Anjali Goswami (from 01.01.08)

Dr Charlotte Grant (from 01.10.07)

Dr Julian Griffin

Dr Tim Griffin (from 01.10.07)

Prof Gillian Griffiths (from 01.10.07)

Dr Cesare Hall

Dr Rotraud Hansberger (from 01.10.07)

Prof Christopher Harris

Prof John Henderson

Mr Arthur Hibbert

Dr David Hillman

Dr Istvan Hont

Prof Sir Gabriel Horn

Dr Stephen Hugh-Jones

Prof Caroline Humphrey

Prof Herbert Huppert

Prof Martin Hyland

Mr Peter Jones (Librarian)

Dr Aileen Kelly

Prof Barry Keverne

Mrs Joëlle du Lac (Director of Development)

Dr Stéphanie Lacour

Dr James Laidlaw

Prof Richard Lambert

Dr Melissa Lane

Dr Cristina Lazzeroni (to 30.09.07)

Dr James Leach (to 30.09.07)

Dr Katherine Lewis

Dr Hallvard Lillehammer

Prof Peter Lipton (to 25.11.07)

Prof Charlie Loke

Dr Gyongyi Loranth (from 01.10.07)

Dr Sarah Lummis

Prof Alan Macfarlane

Dr Matteo Mameli (to 30.09.07)

Dr Nicholas Marston

Prof Jean Michel Massing

Dame Judith Mayhew Jonas

Prof Dan McKenzie

Dr Christopher Meissner (to 31.01.08)

Dr Cam Middleton

Dr Perveez Mody (to 31.03.08)

Dr Ashley Moffett

Dr Geoff Moggridge (Senior Tutor)

Dr Ken Moody

Ms Allison Morehead

Dr David Munday (Second Bursar)

Dr Basim Musallam (Vice Provost from 01.01.08)

Dr Rory O'Bryen (from 01.10.07)

Dr Rosanna Omitowoju

Dr Alexander Orlov

Prof Robin Osborne

Dr David Payne

Dr Ian Pratt

Prof Chris Prendergast

Mr Martin Reavley (First Bursar)

Dr Alexander Regier

Dr Oliver Rinne (from 01.10.07)

Dr Oliver Riordan (to 30.09.07)

Dr Joshua Ross (from 01.10.07)

Miss Emma Rothschild

Mr Jacob Rowbottom

Prof Robert Rowthorn

Prof Paul Ryan

Prof Hamid Sabourian

Dr Alexander Schekochihin (to 30.09.07)

Ms Leo Sharpston

Dr Michael Sonenscher

Dr Mark Sprevak

Prof Gareth Stedman Jones

Dr John Stewart

Prof Yasir Suleiman

Prof Azim Surani

Dr Erika Swales

Dr Simone Teufel

The Revd Ian Thompson (Dean)

Mr James Trevithick (Praelector)

Dr Stefan Uhlig

Ms Anna Vaninskaya

Prof Megan Vaughan

Dr Owain Vaughan (to 02.06.08)

Dr Bert Vaux (from 01.10.07)

Dr Kim Wagner

Dr Rob Wallach

Dr Darin Weinberg

Dr Tom White

Dr Jun Xue (to 30.09.07)

Prof John Young

Dr Nicolette Zeeman

Members in statu pupillari

Belinda Alexander (to 31.12.07)

Joshua Freeman (to 31.12.07)

Stuart Smith (to 31.12.07)

Richard Braude (to 31.12.07)

Tom Deacon (from 01.01.08)

Julien Domercq (from 01.01.08)

Miguel Santa Clara (from 01.01.08)

Colin Starr (from 01.01.08)

KING'S COLLEGE

PRINCIPAL PROFESSIONAL ADVISORS

Actuaries

Barnes & Sherwood
Barnes & Sherwood House
95 Maybury Road
Woking GU21 5JL

Auditors

Deloitte LLP
City House
126-130 Hills Road
Cambridge CB2 1RY

Solicitors

Kester Cunningham John
Chequers House
77-81 Newmarket Road
Cambridge CB5 8EU

Mills & Reeve
Francis House
112 Hills Road
Cambridge CB2 1RH

Taylor Vinters
Merlin Place
Milton Road
Cambridge CB4 0DP

Property Managers and Valuers

Bidwells
Trumpington Road
Cambridge CB2 2LD

Savills
Unex House
132-134 Hills Road
Cambridge CB2 8PA

Investment Advisors/Managers

Schroders
31 Gresham Street
London EC2V 7QA

Bankers

Barclays Bank Plc
Bene't Street
PO Box 2
Cambridge CB2 3PZ

REPORT OF THE GOVERNING BODY

Structure, Governance and Management

King's College (formally "The Provost and Scholars of the King's College of Our Lady and St Nicholas in Cambridge") is a charitable corporate body established by Royal Charter with perpetual status and recognised under Common Law. Originally founded as an institution consisting of the Provost and 70 scholars, at 30 June 2008 the College consisted of the Provost and 114 Fellows, with some 610 undergraduate and graduate students in residence during 2007/08, 340 pupils in the School and approximately 300 staff.

The College is governed in accordance with statutes, changes to which are approved by Order of Her Majesty in Council. The statutes of the University of Cambridge 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 2008 are shown on page 1.

The Provost is responsible for 'general superintendence over the affairs of the College'. Administration of the College is conducted by Congregations of the Governing Body, by the College Council, and by other committees provided for by statute and ordinance or established from time to time by the Governing Body or the Council. Execution of the decisions of these bodies is entrusted to 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 First Bursar ('to manage the finances and investments of the College'); and the Senior Tutor ('to oversee the provision of education in the College').

The College Council consists of the Provost, the Vice-Provost, the Senior Tutor, 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 Bursars are also in attendance. 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 it 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, to the Governing Body, for the educational and financial policy, and for 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 as are 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 a Director of Studies and Tutor. Directors of Studies are responsible for organising supervisions and other classes for each undergraduate reading for the specific Tripos examinations for which they are severally responsible. College teaching is designed to complement the lectures and other classes provided by the University. 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 Cambridge colleges, and those holding post-doctoral positions or 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 educational progress and the general well-being of all undergraduate students studying the subjects for which they are severally responsible, and to represent their pupils, where necessary, in

REPORT OF THE GOVERNING BODY

Objectives, Activities and Performance (Continued)

formal dealings with the University. In their care for the general welfare of the junior members of the College, the Tutors enjoy the assistance of the Lay Dean and the Chaplain. In 2007/08, 382 undergraduate students sat classified University examinations and all passed; 72.5% obtaining first or upper-second (or undivided second) class passes.

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 the Senior Tutor and the Tutors for Graduate Studies consider appropriate. In 2007/08, 41 graduate students successfully completed an MPhil or other one-year graduate course, 2 completed clinical studies and 23 satisfied the requirement for the degree of PhD.

The Senior Tutor reports regularly to the College Council and to the Governing Body on the academic performance of junior members of the College.

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 2007/08, 392 undergraduates and graduate students benefited from financial support, including studentships, scholarships, travel grants and prizes.

The Pembroke and King's International Summer School Programme brought 192 summer school students to the College this year.

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 Dean 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 Chaplain helps provide for the pastoral care and spiritual welfare of all College members and staff, irrespective of denomination or faith.

Learning: The College Library is a first port of call for junior members of the College as a repository of books and information, and, its archives, rare books and manuscripts provide a major resource for scholarship, both for members of the College, and for scholars from outside the College. The number of loans for the year totalled 23,438, plus use inside the Library of 7,703 items from the total stock accessible via the online catalogue of 94,461 books. Catalogue records from the Library are uploaded to the Newton Catalogue of the University Library and it is possible to access the catalogue directly from the College website.

231 readers (162 of them new) made 717 visits to the Archives reading room, 2,612 documents were retrieved for visitors and 1,047 enquiries answered. The Librarian is the College's designated Freedom of Information Officer and the archivists assisted him in complying with the College's obligations under the Act, compiling answers for 22 enquiries within the framework of the Act. The archivists also oversee the College's records management programme, which ensures that the College meets its statutory obligations and determines what information should be kept for the sake of future researchers, as well as for administrative requirements.

Research: The College provides an intellectual and social environment that fosters research at the highest level, and offers a fertile ground for interdisciplinary approaches. Each year, the College appoints a number of Research Fellows to stipendiary or non-stipendiary Fellowships. In 2007/08, 4 stipendiary Research Fellows and 2 non-stipendiary 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. The College runs international conferences, workshops and seminars annually, organized by Fellows of the College.

School: The School started 2007/08 with 340 pupils (340 in 2006/07) ranging from Reception to Year 8 (*ie* aged from 4½ years to 13 years), and comprising 198 boys (58%) and 142 girls (42%). A full range of subjects is offered, thereby providing the basis for the children to progress to senior school at the end of Year 8. In 2007/08 all the Common Entrance candidates were successful in passing the entrance examinations to the senior school of their choice. 22 boys held choristerships during the year (23 in 2006/07) and qualified for reduced fees (choral scholarships).

REPORT OF THE GOVERNING BODY

Financial Review

Scope and Accounting Policy

The consolidated financial statements include the activities of the College including those of the 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. Together, these entities comprise the Group. References to the College in the Financial Review below refer to the results of the Group.

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.

The main areas of the College's income all increased this year. Academic fees and charges were up by 10.2% driven by an 8% increase in undergraduate numbers and a 12% increase in graduate numbers. Income from residences, catering and conferences, rose 12.9% due to a 12% average increase in student rents and £151,000 increased income from summer schools over the Long Vacation 2007. Endowment and investment income rose 7.8% helped by additional interest from the Investment's Committee decision to move £10 million out of equities into cash over the year. School income rose by 6.6% and tourist admissions by 8.4%. There was a £95,000 increase in Choir tour income but sales were down 15% in the Chapel/College shop following the re-location of the shop to King's Parade.

Expenditure

So far as is consistent with balancing the needs of current and future generations of beneficiaries, the College aims to spend as much as possible on its charitable objectives in any period, by using funds from its operations and from its endowment investments. In this year, costs as a whole rose by 12%. Staff costs rose 4.8% while operating expenditure rose by 25.9%. Included in operating expenditure was £674,000 for student support, an increase of 35% on 2006/07. There was a 21% increase in building maintenance for 2007/08.

Net Financial Performance

As in previous years, the College has continued to support its net spending on education of £2,235K (£2,176K in 2006/07) with its net endowment and investment income. The net cost of accommodation fell in 2007/08 to £991K (£1,270K in 2006/07) as a result of increased student rents and summer school income but net cost of catering rose to £325K due to increased food costs during the year and an increase in the allocation of indirect administration expenditure that had been charged to catering.

The School recorded a surplus of £168,068 for 2007/08 (£107,372 in 2006/07) as a result of increased school fees and appeal donations. As in previous years, an amount of £345,743 (£306,095 in 2006/07) has been transferred to the funds designated for the School within the College reserves, broadly equivalent to the reduction in fees payable in respect of boys holding choristerships and bank interest on School funds.

Capital Expenditure

The College incurs and will continue to incur significant expenditure on the maintenance of its historic buildings. 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.

During the year, capital expenditure increased to £647,800 (£257,766 in 2006/07) largely due to £320,488 spent on the St Martin's extension at the School and £141,338 on a project of major refurbishment of one of the College's large accommodation buildings (Market Hostel). The total cost of the Market Hostel project is expected to be in the region of £8.5 million over the next 3 years. The College is continuing to review its medium-term capital expenditure plans and does not envisage significant further spending until this review is complete.

REPORT OF THE GOVERNING BODY

Investments

The College's net assets (*ie* endowment including unspent restricted funds and reserves not otherwise invested) are held in a general investment fund. At 30 June 2008, 60% (72% at 30 June 2007) of the general investment fund was invested in UK and international equities and 26% (24% at 30 June 2007) was invested in commercial and residential properties mainly around Cambridge. The remaining funds were held in cash, in fixed interest securities or in unlisted equity investments. During the year the Investment Committee agreed to move £10 million out of equities into cash. This decision helped reduce the fall in the capital value of the fund to -7.6% (10.5% increase in 2006/07) while the FT All Share fell 16.1% in 2007/08. 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.

Economic conditions have deteriorated further since the financial year-end. UK and overseas equities have continued to fall and stock markets are likely to remain volatile at least well into 2009. Several retail tenants in our investment properties are struggling to meet their rental obligations. Other sources of income (such as royalties) have also been affected. In September 2008, the College moved a further £2.5 million out of equities into cash. In the short term at least, this has turned out to be a successful move, and in October 2008 we made a reallocation of our now very considerable cash holdings to spread the risk to those. Currently the College's cash holding as a percentage to its endowment is considerably higher than our agreed strategy (the 'policy portfolio'). The Investment Committee, in consultation with our advisors, will be seeking to re-balance the portfolio when it is prudent to do so, and will look to capitalise on investment opportunities in the future.

Investment Policy

The College aims to manage its endowment on the basis of total return over the long term to provide for real increases in annual expenditure, keeping pace with its own inflation rate whilst growing the capital base in real terms, to meet the needs of both current and future generations. The College aims to diversify its investments in order to reduce volatility in the short to medium term and in selecting investments, the College regards income yield and prospects of capital gains as substitutable.

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 2007/08, all but £194,065 (£334,170 in 2006/07) of the income arising in restricted funds was spent in the year.

Designated Funds

The College has designated the ongoing reserves of the School as a designated fund to reflect the responsibility given to the School Governors by the College.

There are two expendable designated funds established for future expenditure on repairs and improvements to College buildings and to investment properties respectively. No expenditure was charged to these funds in the year (2006/07: nil).

Risk Assessment

The College considers that it is exercising appropriate management of the risks associated with its activities but did not carry out a formal risk evaluation review during the year.

Auditors

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP.

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 College 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

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 2008 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in funds 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 6 August 2008. 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 Generally Accepted Accounting Practice, the Statement of Recommended Practice on Accounting for Further and Higher Education, the provisions of the Statutes of the College and the University of Cambridge 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting policies set out therein, with the Statutes of the University of Cambridge, and with the provisions of the Statutes of the College. In addition, we report whether the University Contribution has been correctly calculated in accordance with the provisions of University Statute G, II.

We also report if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the Group or 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 Report of the Governing Body 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 International Auditing Standards (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the College and the Group, 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:

- (a) the financial statements give a true and fair view of the state of affairs of the College and the Group as at 30 June 2008 and of the income and expenditure of the Group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education, the accounting policies set out therein, the Statutes of the College and of the University of Cambridge.
- (b) the contribution due from the College to the University as set out in note 21 has been correctly calculated in accordance with the provisions of University Statute G, II.

Deloitte LLP
Chartered Accountants and Registered Auditors
Cambridge, United Kingdom

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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 United Kingdom 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 2003'). The financial statements have been prepared in accordance with the SORP, except that the presentation of the balance sheet follows RCCA format in respect of endowments and endowment investment assets, and that unrealised gains and losses on investments are taken directly to the relevant reserve (rather than held in a revaluation reserve).

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, which includes the School, and the College's subsidiaries, 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 and King's College Graduate Society, on the basis that the College does not have control over the operations of these entities.

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 to the extent carrying value exceeds historic cost.

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 Second Pension Scheme (S2P). 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. Due to the fact that the College's individual surplus or deficit cannot be ascertained, the College accounts for the USS as if it were a defined contribution scheme. Pension costs are accounted for when contributions are paid.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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 to the USS. However, 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 total assets less current liabilities 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. Plant, furniture, fittings and equipment

Plant, 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. Heritage assets

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 below.

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.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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 listed on a recognised stock exchange are shown at their market value, *ie* 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. Unlisted securities are shown at the Governing Body's estimate of market value.

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 held at valuation and are valued annually by independent valuers.

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. The definition 'permanent capital' is represented by accumulated income of restricted funds and amounts previously taken to the Corporate Capital account.

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.

KING'S COLLEGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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 2008

	Note	2008 £000	2007 £000
INCOME			
Academic fees and charges	1	2,174	1,972
Residence, catering and conferences	2	4,367	3,869
School	3	3,527	3,309
Endowment and investment income	4	4,611	4,277
Other income	5	1,695	1,474
Total income		<u>16,374</u>	<u>14,901</u>
EXPENDITURE			
Education	7	4,409	4,148
Residence, catering and conferences	8	5,683	5,144
School	9	3,359	3,202
Other expenditure	10	2,096	1,379
Total expenditure		<u>15,547</u>	<u>13,873</u>
Surplus before University Contribution		827	1,028
University Contribution under Statute G,II		(165)	(33)
Surplus for the year		<u>662</u>	<u>995</u>
Net transfer from/(to) restricted funds		18	(334)
Surplus on unrestricted funds		<u><u>680</u></u>	<u><u>661</u></u>

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

KING'S COLLEGE

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 30 June 2008

	2008	2007
	£000	£000
Surplus for the year on unrestricted funds	680	661
Net transfer (to)/from restricted funds	(18)	334
(Decrease)/increase in market value of investments	(10,429)	13,814
(Loss)/profit from sale of investments	(693)	119
Actuarial (losses)/gains on pension scheme	(992)	231
Donations to restricted funds	1,649	552
	<hr/>	<hr/>
Total recognised (losses)/gains for the year	(9,803)	15,711
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation		
Opening capital and reserves	155,825	140,114
Total recognised (losses)/gains for the year	(9,803)	15,711
	<hr/>	<hr/>
Closing capital and reserves	146,022	155,825
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

BALANCE SHEETS Year ended 30 June 2008

	Note	Group 2008 £000	College 2008 £000	Group 2007 £000	College 2007 £000
FIXED ASSETS					
Tangible assets	12	23,736	23,708	23,928	23,910
Investments	13	121,627	121,627	130,788	130,788
		<u>145,363</u>	<u>145,335</u>	<u>154,716</u>	<u>154,698</u>
CURRENT ASSETS					
Stocks - goods for resale		1,331	39	1,266	44
Debtors	14	1,200	2,385	1,120	1,927
Cash		2,434	2,391	2,263	1,551
		<u>4,965</u>	<u>4,815</u>	<u>4,649</u>	<u>3,522</u>
CREDITORS: amounts falling due within one year	15	<u>(2,476)</u>	<u>(2,376)</u>	<u>(2,585)</u>	<u>(2,320)</u>
NET CURRENT ASSETS		<u>2,489</u>	<u>2,439</u>	<u>2,064</u>	<u>1,202</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		147,852	147,774	156,780	155,900
Pension scheme net deficit	19	<u>(1,830)</u>	<u>(1,830)</u>	<u>(955)</u>	<u>(955)</u>
TOTAL NET ASSETS		<u>146,022</u>	<u>145,944</u>	<u>155,825</u>	<u>154,945</u>
CAPITAL AND RESERVES					
Restricted funds held as permanent capital		43,807	43,807	47,109	47,109
Unrestricted funds held as permanent capital		41,319	41,319	45,586	45,586
Expendable unrestricted funds		60,896	60,818	63,130	62,250
TOTAL	16	<u>146,022</u>	<u>145,944</u>	<u>155,825</u>	<u>154,945</u>

Approved by the Governing Body on 4 December 2008 and signed on their behalf by:

Dr J A Laidlaw
Acting First Bursar

KING'S COLLEGE

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2008

	2008	2007
	£000	£000
Surplus on continuing operations before university contribution	827	1,028
Depreciation	840	859
Pension scheme credit	(117)	(191)
Endowment and investment income	(4,611)	(4,277)
Interest paid	-	40
Increase in stocks	(65)	(17)
Increase in debtors	(80)	(200)
Decrease in creditors	(405)	(749)
Increase in University Contribution due	132	33
Net cashflow from operating activities	<u>(3,479)</u>	<u>(3,474)</u>
Returns on investments and servicing of finance		
Endowment and investment income received	4,611	4,277
Profit from sale of investments	-	119
Interest paid	-	(40)
	<u>4,611</u>	<u>4,356</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(648)	(258)
Net receipts from investments	9,540	352
Donations received	1,649	551
	<u>10,541</u>	<u>645</u>
Increase in cash	<u>11,673</u>	<u>1,527</u>
Reconciliation of net cash flow to movement in funds		
Net funds at 1 July 2007	5,751	4,224
Increase in cash	11,673	1,527
	<u>17,424</u>	<u>5,751</u>
Represented by:		
Cash with fund manager	14,990	3,488
Cash at bank	2,434	2,263
	<u>17,424</u>	<u>5,751</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

1. ACADEMIC FEES AND CHARGES

	2008	2007
	£000	£000
Fees - Undergraduates E.U. or Home State Supported (£3,453 per capita)	1,255	1,164
Fees - Undergraduates Overseas and Private (£4,125 per capita)	164	98
Fees - Graduates (£2,043 per capita)	343	343
Other academic income	150	103
Research income	262	264
	<hr/>	<hr/>
Total	2,174	1,972
	<hr/> <hr/>	<hr/> <hr/>

2. INCOME FROM RESIDENCES, CATERING AND CONFERENCES

	2008	2007
	£000	£000
Accommodation		
College members	1,922	1,671
Third parties	648	523
Catering		
College members	819	703
Third parties	978	972
	<hr/>	<hr/>
Total	4,367	3,869
	<hr/> <hr/>	<hr/> <hr/>

3. SCHOOL INCOME

	2008	2007
	£000	£000
Fees	3,415	3,244
Other income	73	61
Donations	39	4
	<hr/>	<hr/>
Total	3,527	3,309
	<hr/> <hr/>	<hr/> <hr/>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2008

4. ENDOWMENT AND INVESTMENT INCOME

	2008	2007
	£000	£000
Income from:		
Freehold land and buildings	1,503	1,498
Restrictive covenants	74	4
Quoted securities	2,338	2,360
Cash balances	608	198
Royalties	88	217
	<u>4,611</u>	<u>4,277</u>
Total	<u><u>4,611</u></u>	<u><u>4,277</u></u>

5. OTHER INCOME

	2008	2007
	£000	£000
Tourist admissions and shop sales	847	833
Chapel and choir	464	326
Unrestricted donations	246	228
Other income	138	87
	<u>1,695</u>	<u>1,474</u>
	<u><u>1,695</u></u>	<u><u>1,474</u></u>

6. STAFF EXPENDITURE

	College fellows £000	Non- academic £000	School £000	Total 2008 £000	Total 2007 £000
Staff costs					
Salaries and wages	1,298	3,609	2,066	6,973	6,580
Social security costs	98	229	159	486	464
Pension contributions (see note 19)	131	410	289	830	867
	<u>1,527</u>	<u>4,248</u>	<u>2,514</u>	<u>8,289</u>	<u>7,911</u>
	<u><u>1,527</u></u>	<u><u>4,248</u></u>	<u><u>2,514</u></u>	<u><u>8,289</u></u>	<u><u>7,911</u></u>
	No.	No.	No.	No.	No.
Average staff numbers (not full-time equivalent)	71	216	85	372	376
	<u><u>71</u></u>	<u><u>216</u></u>	<u><u>85</u></u>	<u><u>372</u></u>	<u><u>376</u></u>

All the 71 Fellows disclosed above are stipendiary.

The full-time equivalent number for non-academic and school employees is 268.

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

6. STAFF EXPENDITURE (continued)

The number of officers or employees of the College, including Head of House and School, who received emoluments (including employer pension contributions) in the following ranges was:

	2008	2007
£70,000-£79,999	1	1
£80,000-£89,999	1	2
£90,000-£99,999	2	1

There were no officers or employees of the College, including Head of House and School, who received emoluments in excess of £100,000.

7. EDUCATION EXPENDITURE

	2008	2007
	£000	£000
Teaching, tutorial, admissions and research	3,361	3,314
Scholarships and awards	609	426
Other educational facilities	439	408
Total	<u>4,409</u>	<u>4,148</u>

8. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2008	2007
	£000	£000
Accommodation		
College members	3,244	3,169
Third parties	317	295
Catering		
College members	1,422	1,125
Third parties	700	555
Total	<u>5,683</u>	<u>5,144</u>

9. SCHOOL EXPENDITURE

	2008	2007
	£000	£000
Staff costs	2,514	2,399
Other expenditure	637	606
Depreciation	208	197
Total	<u>3,359</u>	<u>3,202</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2008

10. OTHER EXPENDITURE

	2008	2007
	£000	£000
Depreciation	632	662
Investment management costs	363	270
Tourist admission and shop expenditure	339	433
Bank loan interest	-	40
Other costs	3,081	2,363
Less apportioned to activities	(2,319)	(2,389)
	<u>2,096</u>	<u>1,379</u>
Total	<u><u>2,096</u></u>	<u><u>1,379</u></u>
Included within other costs is auditors' remuneration as follows:		
Fees payable to the College's auditors for the audit of the College's annual accounts	32	25
Fees payable to the College's auditors for the audit of the College's subsidiaries pursuant to legislation	8	8
	<u>40</u>	<u>33</u>
Total audit fees payable	<u><u>40</u></u>	<u><u>33</u></u>

11. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
2007/08				
Education	2,312	1,978	119	4,409
Residences, catering and conferences	2,824	2,346	513	5,683
School	2,514	637	208	3,359
Other	639	1,457	-	2,096
	<u>8,289</u>	<u>6,418</u>	<u>840</u>	<u>15,547</u>
	<u><u>8,289</u></u>	<u><u>6,418</u></u>	<u><u>840</u></u>	<u><u>15,547</u></u>

The above expenditure includes £336,620 as the cost of fundraising (2006/07: £315,508).
This expenditure includes the costs of alumni relations.

	Staff costs	Other operating expenses	Depreciation	Total
	£000	£000	£000	£000
2006/07				
Education	2,344	1,679	125	4,148
Residences, catering and conferences	2,649	1,958	537	5,144
School	2,399	606	197	3,202
Other	519	860	-	1,379
	<u>7,911</u>	<u>5,103</u>	<u>859</u>	<u>13,873</u>
	<u><u>7,911</u></u>	<u><u>5,103</u></u>	<u><u>859</u></u>	<u><u>13,873</u></u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2008

12. TANGIBLE FIXED ASSETS

	Group 2008 £000	College 2008 £000	Group 2007 £000	College 2007 £000
a) Net book value				
Buildings and equipment at net book value	23,424	23,396	23,616	23,598
Other assets	312	312	312	312
Total	<u>23,736</u>	<u>23,708</u>	<u>23,928</u>	<u>23,910</u>
b) Buildings and equipment				
Cost				
At 1 July 2007	32,788	32,865	32,530	32,629
Additions	648	633	258	236
At 30 June 2008	<u>33,436</u>	<u>33,498</u>	<u>32,788</u>	<u>32,865</u>
Depreciation				
At 1 July 2007	9,172	9,267	8,313	8,412
Charge for the year	840	835	859	855
At 30 June 2008	<u>10,012</u>	<u>10,102</u>	<u>9,172</u>	<u>9,267</u>
Net book value	<u>23,424</u>	<u>23,396</u>	<u>23,616</u>	<u>23,598</u>
c) Net book value of buildings and equipment is represented by				
Buildings – College	18,529	18,529	18,856	18,856
Buildings – School	3,665	3,665	3,388	3,388
Equipment – College	838	810	894	876
Equipment – School	392	392	478	478
Total	<u>23,424</u>	<u>23,396</u>	<u>23,616</u>	<u>23,598</u>

- d)** The insured value of freehold land and buildings as at 30 June 2008 was £181 million. (£178 million at 30 June 2007).

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2008

13. INVESTMENTS

	Group 2008 £000	College 2008 £000	Group 2007 £000	College 2007 £000
General investment fund	118,807	118,807	128,580	128,580
Other investments	2,820	2,820	2,208	2,208
Total	121,627	121,627	130,788	130,788
Investments in the general investment fund are represented by:				
Quoted securities - equities	71,304	71,304	91,931	91,931
Quoted securities - fixed interest	-	-	49	49
Freehold land and buildings	30,576	30,576	30,817	30,817
Unlisted securities	1,937	1,937	2,295	2,295
Cash with fund manager	14,990	14,990	3,488	3,488
Total	118,807	118,807	128,580	128,580

Investment properties which are all freehold were valued for accounting purposes at open market value at 30 June 2008 by Bidwells Property Consultants and FPD Savills. Such properties are not depreciated.

Other investments comprise interests in Fellows' housing, and literary royalties. Literary royalties were revalued at 30 June 2008 by Fisher Forensic, Chartered Accountants and Independent Valuer.

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 2008 £000	College 2008 £000	Group 2007 £000	College 2007 £000
Members of the College	59	28	58	57
Trade debtors	408	282	528	271
Subsidiary companies	-	1,319	-	848
Other debtors	733	756	534	751
Total	1,200	2,385	1,120	1,927

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2008

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2008 £000	College 2008 £000	Group 2007 £000	College 2007 £000
Members of the College	93	93	86	86
Trade creditors	512	486	886	651
Accruals and deferred income	724	724	676	676
Social security, pension and taxes	188	242	177	218
Other creditors	959	831	760	689
	<u>2,476</u>	<u>2,376</u>	<u>2,585</u>	<u>2,320</u>

16. CAPITAL AND RESERVES

	Group 2008 £000	College 2008 £000	Group 2007 £000	College 2007 £000
Permanent capital				
Restricted funds	<u>43,807</u>	<u>43,807</u>	<u>47,109</u>	<u>47,109</u>
Unrestricted funds				
Capital account	<u>41,319</u>	<u>41,319</u>	<u>45,586</u>	<u>45,586</u>
Total unrestricted funds	<u>41,319</u>	<u>41,319</u>	<u>45,586</u>	<u>45,586</u>
Total permanent capital	<u>85,126</u>	<u>85,126</u>	<u>92,695</u>	<u>92,695</u>
Expendable capital				
Designated reserves				
College buildings repairs and improvements	1,815	1,815	1,581	1,581
Investment property repairs and improvements	3,566	3,566	3,198	3,198
Tangible fixed assets reserve	19,678	19,681	20,062	20,044
School	5,663	5,663	5,149	5,149
Total designated reserves	<u>30,722</u>	<u>30,725</u>	<u>29,990</u>	<u>29,972</u>
Undesignated reserves				
Chest	26,693	26,693	29,297	29,297
Other reserves	3,481	3,400	3,843	2,981
Total expendable capital	<u>60,896</u>	<u>60,818</u>	<u>63,130</u>	<u>62,250</u>
Total capital and reserves	<u>146,022</u>	<u>145,944</u>	<u>155,825</u>	<u>154,945</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS
Year ended 30 June 2008

16. CAPITAL AND RESERVES (continued)

	Restricted funds	Unrestricted funds				College Total	Undesignated funds	Group Total 2008	Group Total 2007
	Permanent	Designated School	Other	Permanent	Expendable		Expendable		
	£000	£000	£000	£000	£000	£000	£000	£000	
At 1 July 2007	47,109	5,149	24,823	45,586	32,278	154,945	880	155,825	140,114
Net surplus (deficit) for the year	-	168	(627)	1,372	(230)	683	(3)	680	661
Net transfer (to)/from restricted funds	(18)	-	-	-	-	(18)	-	(18)	334
(Decrease)/increase in market value of investments	(4,685)	-	-	(5,364)	(380)	(10,429)	-	(10,429)	13,814
(Loss)/profit from sale of investments	(236)	-	-	(275)	(182)	(693)	-	(693)	119
Actuarial gains and losses on pension scheme	-	-	-	-	(992)	(992)	-	(992)	231
Donations	1,649	-	-	-	-	1,649	-	1,649	552
Transfers	(12)	346	866	-	(401)	799	(799)	-	-
At 30 June 2008	<u>43,807</u>	<u>5,663</u>	<u>25,062</u>	<u>41,319</u>	<u>30,093</u>	<u>145,944</u>	<u>78</u>	<u>146,022</u>	<u>155,825</u>

Within restricted funds there are funds totalling £658,384 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	-	4,058	19,650	-	-	23,708	28	23,736	23,928
Investments	45,833	-	-	48,002	27,792	121,627	-	121,627	130,788
Net current assets (liabilities)	(2,026)	1,605	5,412	(6,683)	4,131	2,439	50	2,489	2,064
Pension scheme deficit	-	-	-	-	(1,830)	(1,830)	-	(1,830)	(955)
	<u>43,807</u>	<u>5,663</u>	<u>25,062</u>	<u>41,319</u>	<u>30,093</u>	<u>145,944</u>	<u>78</u>	<u>146,022</u>	<u>155,825</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

17. CAPITAL COMMITMENTS

At 30 June 2008 and 2007 authorised future capital expenditure amounted to nil.

18. FINANCIAL COMMITMENTS

At 30 June 2008 and 2007 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 2005. At the valuation date, the assets were sufficient to cover 90% 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 14.3% 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 2008 when the above rates will be reviewed.

The total pension cost in this scheme for the College was £347,221 (2006/07: £301,738). £31,896 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 2008. This valuation has been updated to 30 June 2008 by a qualified actuary, using revised assumptions for accounting purposes. Investments have been valued at market value.

The agreed employer contribution rate for 2007/08 was 40.99% of contribution pay. The amount contributed by the College was £376,000 (2006/07: £465,000).

The main financial assumptions used were as follows:

	30 June 2008	30 June 2007	30 June 2006
Inflation	3.9%	3.5%	3.1%
Rate of increase in salaries	5.4%	4.25%	3.85%
Rate of increase for pensions (in payment and deferred)	3.9%	3.5%	3.1%
Rate used to discount scheme liabilities	6.7%	5.8%	5.25%

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2008

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 2008	Value at 30 June 2008 £000	Returns at 30 June 2007	Value at 30 June 2007 £000	Returns at 30 June 2006	Value at 30 June 2006 £000
Equities	7.5%	3,914	7.5%	4,224	7.5%	5,179
Bonds/cash	5.4%	2,818	5.2%	2,722	4.7%	1,596
Property	6.5%	860	6.5%	1,008	6.5%	220
Total assets		7,592		7,954		6,995
Present value of scheme liabilities		9,422		8,909		8,372
Deficit in the scheme		(1,830)		(955)		(1,377)

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

	2008 £000	2007 £000
At the beginning of the year	(955)	(1,377)
Current service cost	(266)	(312)
Contributions paid	376	465
Net finance costs	7	38
Actuarial (loss)/gain	(992)	231
At the end of the year	(1,830)	(955)

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

The current service cost of £266,000 (2006/07: £312,000), the interest on pension scheme liabilities of £513,000 (2006/07: £441,000) and the expected return on assets in the scheme of £520,000 (2006/07: £479,000) have been included within expenditure for the year.

KING'S COLLEGE

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

19. PENSION SCHEMES (continued)

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

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Actual return less expected return on assets in the scheme	(923)	223	238	417	(276)
Percentage of scheme assets (%)	(12.2%)	3%	3.4%	7%	(6%)
Experience gains and losses arising on the scheme liabilities	(53)	(224)	143	325	32
Percentage of the present value of scheme liabilities (%)	(0.6%)	(3%)	1.7%	4%	0%
Changes in assumptions underlying the present value of the scheme liabilities	(16)	232	(278)	(407)	(457)
Total	<u>(992)</u>	<u>231</u>	<u>103</u>	<u>335</u>	<u>(701)</u>
Percentage of the present value of scheme liabilities (%)	<u>(13.1%)</u>	<u>3%</u>	<u>1.2%</u>	<u>4%</u>	<u>(10%)</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 (£2.1 million in 2007/08 and £1.65 million in 2006/07) 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 (£72,452 in 2007/08 and £67,968 in 2006/07) and provides sporting and social facilities to students. The membership fees are shown in the College Education Expenditure in the accounts.

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2008

21. CONTRIBUTION ASSESSMENT

	2008 £	2007 £
21a ASSESSABLE INCOME		
External Revenue		
Income in respect of land and buildings	1,502,251	1,479,037
Dividends and interest	2,886,419	2,576,612
Less		
Income of trust funds not subject to contribution	(8,119)	(18,166)
	<u>4,380,551</u>	<u>4,037,483</u>
Less:		
Ordinary outgoings in respect of land and buildings	110,880	111,243
Agency, management etc	330,718	342,132
Allowance in respect of College Estates Repairs and Improvements Fund	368,331	369,759
Insurance of College buildings	91,373	84,452
Interest on loans	6,604	55,459
Assessable Income	<u>3,472,645</u>	<u>3,074,438</u>
21b DEDUCTIBLE ITEMS		
Allowance in respect of College Building Fund	233,400	227,100
Repairs of Chapel	38,621	5,218
Contribution to the University Counselling Service	17,946	15,927
One-half of maintenance of services in the Chapel	401,803	310,651
Prizes	7,730	7,730
One-half of payments to scholars, exhibitioners and research students	142,187	100,941
Expenditure on the Library	363,709	336,372
Research Fellows	206,129	217,135
Non-University teaching officers	258,540	278,705
Deductible Items	<u>1,670,065</u>	<u>1,499,779</u>
Deductible items brought forward from previous years	<u>-</u>	<u>820,497</u>
21c NET ASSESSABLE INCOME	<u>1,802,580</u>	<u>754,162</u>

KING'S COLLEGE

NOTES TO THE ACCOUNTS Year ended 30 June 2008

	2008 £	2007 £
21. CONTRIBUTION ASSESSMENT (continued)		
21d CALCULATION OF CONTRIBUTION PAYABLE		
Up to £300,000 @ 2%	6,000	6,000
£300,001 to £600,000 @ 6%	18,000	27,250
Balance @ 11%	132,284	-
Adjustment to contribution payable for 2006/07	9,249	-
	<u>165,533</u>	<u>33,250*</u>
* During the year there was an adjustment to the calculation of contribution payable. The 2006/07 contribution was increased to £42,499.		
21e BUILDING FUND UNDER STATUTE GII,4(vii)		
Balance at 1 July	1,581,400	1,354,300
Transfer approved under GII,4(vii)	233,400	227,100
	<u>1,814,800</u>	<u>1,581,400</u>
21f ESTATES REPAIRS AND IMPROVEMENTS FUND		
Balance at 1 July	3,197,622	2,827,863
Transfer approved under G11,4(v) 25% of College Estates rental income	368,331	369,759
	<u>3,565,953</u>	<u>3,197,622</u>