

CHURCHILL COLLEGE, CAMBRIDGE

**ANNUAL REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2005

CHURCHILL COLLEGE, CAMBRIDGE

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FOR THE YEAR ENDED 30 JUNE 2005

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CHURCHILL COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISERS

FOR THE YEAR ENDED 30 JUNE 2005

The College is a corporate body consisting of the Master, the Fellows and Scholars. It is an exempt charity, with its registered office at Storey's Way, Cambridge, CB3 0DS.

The Governing Body, which consists of the Master and voting Fellows (Members of the Governing Body), holds at least six statutory meetings each year. The Council, consisting of the Master, Vice-Master, Senior Tutor, Bursar, Tutor for Advanced Students and eight Fellows elected at the annual election meeting of the Governing Body, four student members and two staff members, is responsible for the administration of the College in all matters not specifically assigned to the Governing Body or the Finance Committee. The Finance Committee, consisting of the Master, Vice-Master, Senior Tutor, Tutor for Advanced Students, Bursar, two Inspectors of Accounts, the Finance Manager, MCR representative, JCR representative and five Fellows elected by College Council in December each year, oversee the management of the College estates and investments and administers the revenues in accordance with College Statutes.

The names of the voting Members of the Governing Body, the Council and the Finance Committee during the year were as follows:

Governing Body:

Master:	Sir John Boyd, KCMG
Vice-Master	Mr P N Richens, MA
Senior Tutor	Dr A L R Findlay, MA, PHD
Bursar	Ms J M Rigby, MA, MBA
Tutor for Advanced Students	Mr T J L Cribb, MA

Amaratunga, Prof G	Echenique, Prof M	Hovius, Dr N
Ashburner, Prof M <i>ScD, FRS</i>	Englund, Dr H M	Hurst, Mr H R
Bannard-Smith, Mr A	Fawcett, Dr J K	Jacobus, Prof M
Barbrook, Dr A C	Finch, Prof A M	Jennison, Miss B M, <i>MBE</i>
Barnes, Prof J A, <i>FBA</i>	Findlay, Dr A L R	Kendall, Miss M
Boksenberg, Prof A, <i>CBE, FRS</i>	Fletcher, Dr C A	Kendall, Prof D G, <i>FRS</i>
Bolton, Prof M D	Gaskill, Dr M	Kenny, Dr N F
Bondi, Prof Sir Hermann, <i>KCB, FRS</i>	Giannitsarou, Dr C	Keynes, Prof R D, <i>CBE, ScD, FRS</i>
Bowen, Dr G	Goddard, Dr L J	King, Dr F H
Bracewell, Dr R H	Goldie, Dr M A	King, Dr J E, <i>CBE, FREng</i>
Broers, Prof Sir Alec, <i>DL, FRS, FREng</i>	Gopal, Dr P	King, Mrs A N
Calderon Prieto, Dr M J	Gough, Prof D O, <i>FRS</i>	Kingston, Dr B
Chatterjee, Prof V K K	Green, Dr D A	Kinsella, Prof J
Craig, Prof E J, <i>FBA</i>	Gregory, Prof M J	Knott, Prof J F, <i>ScD, FRS, FREng</i>
Cribb, Mr T J L	Grimmett, Prof G R	Knowles, Dr K M
Crisp, Dr A J	Harris, Dr P A	Kraft, Dr M
Crossland, Dr Z	Harris, Dr T	Kramer, Prof M H
Dawes, Prof W N	Hawthorne, Prof Sir W, <i>CBE, FRS, FREng</i>	Krüger, Dr O
De Chadarevian, Dr S	Hey, Dr R W	Laughlin, Prof S B, <i>FRS</i>
De Rosnay, Mr M	Hicks, Dr C M	Long, Dr M D
DeMarrais, Dr E	Holtzman, Dr T	Mascie-Taylor, Prof C G N, <i>ScD</i>
Doucet, Dr A	Hopkins, Dr A	Mathur, Dr N

CHURCHILL COLLEGE, CAMBRIDGE

GOVERNING BODY AND ADVISERS (Cont)

FOR THE YEAR ENDED 30 JUNE 2005

McQuillen, Dr K	Richer, Dr J	Thomas, Ms M
Miller, Dr M A	Rigby, Ms J M	Thornbury, Dr E V
Milne, Prof W I	Robertson, Prof J	Thornton, Prof J M, CBE, FRS
Mitchell, Dr J B O	Robinson, Prof C V	Tizard, Mr R H
Newbery, Prof D M G, FBA	Sandeman, Dr K G	Tout, Dr C A
Norris, Dr J R	Schultz, Prof W	Tristram, Dr A G
O'Kane, Dr C	Sgroi, Dr D	Van Houten, Dr P
O'Rahilly, Prof S, FRS	Shepherd, Dr A	Warren, Dr S G
Ozanne, Dr S E	Siddle, Prof K	Webb, Dr A R
Pachos, Dr J K	Sirringhaus, Dr H	Webber, Dr A J
Packwood, Mr A	Skinner, Dr L C	Williams, Prof D H, FRS
Palmer, Prof A C, FRS, FEng	Soga, Dr K	Williams, Dr K A
Rajantie, Dr A	Squire, Dr P S	Yiakoumetti, Dr A
Richens, Mr P N	Symons, Dr D	Yuan, Dr B

Council

Sir John Boyd, Master	Dr A Hopkins	MCR President
Mr P N Richens, Vice-Master	Professor M H Kramer	MCR Council Member
Dr A L R Findlay, Senior Tutor	Prof A C Palmer	JCR President
Ms J M Rigby, Bursar	Mr H R Hurst	JCR Council Member
Mr T J L Cribb, Tutor for Advanced Students	Professor S B Laughlin	Mr G Agnew, Staff Member
Professor A Finch	Dr C A Tout	Mr R Bellamy, Staff Member
	Dr A G Tristram	

Finance Committee

Sir John Boyd, Master	Dr D Sgroi, Inspector of Accounts	Mr M Singh, JCR Representative
Mr P N Richens, Vice-Master	Dr A G Tristram, Inspector of Accounts	Dr C A Tout
Dr A L R Findlay, Senior Tutor	Mrs S McMeekin, Finance Manager	Dr J Richer
Ms J M Rigby, Bursar	Mr Y Sobral, MCR Representative	Professor A Howie
Mr T J L Cribb, Tutor for Advanced Students		Professor K Siddle

Auditors

Peters Elworthy & Moore
Station Road
Cambridge
CB1 2LA

Bankers

Lloyds Bank Plc
3 Sidney Street
Cambridge
CB2 3HG

Investment Fund Managers

HSBC
78 St Jame's Street
London
SW1A 1EJ

CHURCHILL COLLEGE, CAMBRIDGE

ANNUAL REVIEW

FOR THE YEAR ENDED 30 JUNE 2005

SCOPE OF FINANCIAL STATEMENTS

Churchill College has three wholly-owned operating subsidiaries which exist to provide additional revenue to the College and to optimise the use of the College infrastructure. These three companies are all registered and their accounts filed at Companies House. They are:

- Churchill Residences II Ltd – which develops property on the college site on behalf of the College
- The Møller Centre for Continuing Education Ltd – which operates facilities on the College site to provide a venue for training and staff development, including some conferences. It also runs some training and educational courses.
- Churchill Conferences Ltd – which markets the main college facilities as a conference venue.

The Directors of the subsidiary companies review their financial performance annually and may make donations to the College out of their pre-tax profits. Their accounts have not been consolidated with those of the College because of the size of the organisation.

COLLEGE FUNDING

Churchill College funds its activities from academic fees, charges to residents for accommodation and catering, income from conferences and meetings held at the College, its investments, grants to support specific academic and related projects in the College, and from donations including bequests.

The main source of academic funding for the College is fees received in the form of a grant from the University of Cambridge (part of its block grant from HEFCE) for the provision of admitting and supervising the studies of Home and EU undergraduates (ie. publicly-funded undergraduates) and providing tutorial support, social and recreational facilities. This does not cover the full cost of such provision and is also subject to a reduction of 21.8% over ten years from December 1998 by agreement with the Secretary of State for Education and Employment and the University.

The College also charges fees to privately-funded undergraduates and those from overseas and graduate students. These are not capped.

The Churchill Archives Centre receives funding from its own endowment, from various Trusts set up to conserve, preserve and make available to researchers the papers of amongst others, Baroness Thatcher and Sir Winston Churchill, and grants from various grant-making bodies to support particular projects such as the cataloguing and conservation of certain collections. More than 600 sets of papers are held by the Centre.

The College reviews annually the level of charges for accommodation and catering for residents in the light of the actual costs of maintaining and servicing the accommodation and providing the catering facility.

The majority of the academic staff of the College are paid their principal stipends by the University and are paid by the College for the work they undertake in the form of teaching, pastoral support for students, and direction of studies. Those who hold Fellowships also participate in the governance of the College. They are provided with rooms for teaching and research in College on a needs basis. Some are also provided with residential accommodation. The academic budget is charged for the cost of these facilities.

The College is the primary employer of a number of College Teaching Officers who also hold College Fellowships, in those subjects where the teaching need cannot be met by University teaching officers. During the year 2004/05, the College employed eight stipendiary College Teaching Officers, for three of whom Trinity College provided funding for a proportion of the stipend. Of the others, two were on 50% contracts.

The College also funded six stipendiary Junior Research Fellows and offered accommodation and benefits to these and a further eight non-stipendiary Junior Research Fellows.

CHURCHILL COLLEGE, CAMBRIDGE

ANNUAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

The College appointed its first full-time Development Director in 2001 with a view to increasing its endowment and its income from donations and benefactions and to build the College's relationships with its alumni, and with the wider world outside Cambridge, particularly in industry.

FINANCIAL RESULTS 2004/05

Overall the College accounts show a deficit at the operating level of £176,715 after depreciation.

This was less than the budgeted deficit for the year and an improvement of the previous year's deficit of £538,391. It results in part from the nature of donations and benefactions during the year, which have to be treated as income under the accounting rules. However, the College's depreciation amounts to more than £1.3 million and there was a net cash inflow of £443,161 against an outflow of £1,378,460 in 2003/04. The College, nonetheless, continues to seek improved revenues from ancillary operations and control of its cost base.

The College suffered a fall in revenue from its conference business, which uses some of the facilities of the College outside the University Term. Its total commercial income for the year amounted to £491,909 (note 2) against £586,500 in 2003/04. The main cause of this downturn is increased competition in Cambridge from other venues and a decline in the use of University accommodation nationwide for conferences.

The College's trading subsidiary, the Møller Centre for Continuing Education Ltd increased its donation to the College to £441,884 (note 22)

The College's total educational and fee income (excluding funds to the Churchill Archives Centre) rose marginally in cash terms from £1,849,867 to £1,895,269 in 2004/05

The Archives Centre is currently operating on a surplus due to the timing of grants from external bodies: this funding is earmarked for specific posts and projects.

Catering income from operations (excluding conferences) fell by 7.3% but rental income rose by 7.45%.

Total income from investments amounted to £1,369,459 (excluding donations from subsidiary trading companies) a 5.9% increase from 2003/04. The College is losing income of approximately £130,000 a year as a result of the Government's decision to abolish this tax relief for charities and has already lost income amounting to almost £500,000 over the last five years as a result of this fiscal change.

The College's investments performed well for a second consecutive year. Outside the operational buildings of the College, which make up 66.1% of its fixed assets, the College has commercial properties valued at £6,240,000 and yielding £540,386 in income, together with a number of equity and fixed interest holdings yielding income amounting to £717,033. These showed a total return (income and capital gain) of 16.51%. There are a number of designated and restricted funds and some Trusts which hold shares in the College's Amalgamated Investment Fund, in addition to the College's general endowment.

The College received a capital grant of £60,500 from the Colleges Fund, set up in 1998 to move towards equalisation of capital resources between the Colleges. The College pays a percentage of its investment income into the Fund, net of certain costs. It has been a net recipient from the Fund for the last five years.

Personnel and related expenditure remained virtually unchanged at £3,589,739 (note 17) despite a cost of living pay increase of 3% which was implemented on 1 August 2004.

The College spent £1,150,951 on repairing and maintaining its operational buildings and grounds of which £954,918 was capitalised. Major projects undertaken this year included the refurbishment of two staircases (20 bedrooms), including rewiring and the addition of en-suite bathrooms. A further five college flats were refurbished. These projects form part of the phased programme of refurbishment and renewal in the College, which was largely built in 1961-1965. Improvement of access for disabled students, staff and visitors to comply with the DDA is included in the programme of refurbishment. In the coming year, 5 more flats will be refurbished and three staircases of student rooms refurbished and rewired.

CHURCHILL COLLEGE, CAMBRIDGE

ANNUAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

In addition the College capitalised expenditure of £74,133 relating to information technology, including a new library management system and a new accounts system.

The College's expenditure in most areas was contained within inflation, and the College has taken steps to reduce activities in order to save costs, such as the cleaning of student bedrooms. The College's finance committee is fully aware of the need to contain costs and increase revenues. The College has invested, this year, in increased staffing in the Development (fund-raising) office.

CASH FLOW MANAGEMENT

The College has made greater use of Fixed Interest Funds this year for medium term cash holdings. Overall there was a net inflow of funds in 2004/05 of £443,161 against an outflow of £(1,378,460) in 2003/04.

CREDITORS AND DEBTORS

Creditors amount to £3,018,902. The largest elements of this relate to:

- capital invested by the College in its Amalgamated Fund on behalf of the Churchill Archives Trust, the value of which has risen substantially in the last year;
- deposits held from students, against college charges. The College has a policy of holding deposits from each of its students amounting to one term's rent and charges. There is thus a low level of bad debt among students;
- investment management fees and commercial rent paid in advance.
- Inland Revenue and HM Customs & Excise
- Suppliers

The College pays its suppliers when due, not on statement.

Debtors amounted to £2,187,146 and the College has made no bad debt provision for the year.

FUTURE DEVELOPMENTS

The College's programme of rolling improvements and repairs will continue with a further 10 flats in the Sheppard Flats, three staircases in 2005/06, replacement heating plant in the library and archives building, improvements to comply with the Disability Discrimination Act (HE amendment) and upgrading its fire detection system and security.

EMPLOYEE RELATIONS

The College consults regularly with its non-academic employees in the forum of its Staff Consultative Committee, termly general staff meetings and regular meetings with its recognised union, the GMB.

The academic staff are consulted in College committees and in particular, the Governing Body which meets twice termly.

RISK ASSESSMENT

The College has a draft risk management policy which is currently being reviewed in committee. Health and Safety is monitored at all levels in the organisation, with leadership from the Bursar, the Health and Safety Manager and Fire Officer and staff representatives.

STATEMENT OF INVESTMENT PRINCIPLES

- 1) The College invests in securities, property and cash instruments, in accordance with its Statutes (Statute XXXII)

CHURCHILL COLLEGE, CAMBRIDGE

ANNUAL REVIEW (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

- 2) The College's investment policy is determined by the Governing Body on the advice of its Investment Advisory Committee. The College Council is responsible for the implementation of the investment strategy, again on the advice of the Investment Advisory Committee (Statute XXXII)
- 3) The Investment Advisory Committee is made up of Fellows of the College, including the Bursar, and two external members plus professional advisors.
- 4) The Investment advisory committee advises the Governing Body on overall asset allocation. The main investments of the College are contained in two funds. The first is known as the "W" Fund which consists largely of shares in a specific UK-registered company, which were donated to the College shortly after its foundation. The second is a general equity fund, the Amalgamated Investment Fund. Both these funds are managed for the College by HSBC Investment Management with a discretionary mandate, with one specific exclusion, of tobacco shares.
- 5) The benchmark for performance for the general equity fund is the WM Charities Index (excluding property). The Fund is invested to optimise total return. For the last five years, distributions have consisted wholly of income. However the College has a policy of reviewing distributions against long-term returns to ensure that, over time, the real value of the endowment is not being depleted.
- 6) The custodians for all the College's equities managed by HSBC IM including the W Fund are James Capel Nominees.
- 7) The College's permanent capital and expendable capital funds, and many of its restricted (including Trusts) funds (and unrestricted designated funds and some funds held for non-collegiate purposes), hold shares in the amalgamated investment fund, and the income from the amalgamated investment fund is distributed to those restricted and unrestricted designated funds in proportion to their shareholding.
- 8) The W Fund now includes some corporate bonds and some commercial property and forms part of the permanent endowment of the College.
- 9) The College also owns some shares in a property unit trust, and a portfolio of commercial properties, which is with the exception of one property managed by DTZ Tie Leung. These do not form part of the amalgamated investment fund. The portfolio is invested for long term real return of income and capital commensurate with the preservation of capital.
- 10) The College is also the sole owner of three trading companies: the Møller Centre for Continuing Education Ltd, Churchill Conferences Ltd, and Churchill Residences II Ltd. The trading companies make donations from any trading profits they may make, annually to the college.
- 11) The Investment Advisory Committee meets as a minimum twice yearly but may meet more frequently. It reports annually to the Governing Body unless it wishes to bring before the Governing Body any proposed changes in investment policy.
- 12) Investment risk is managed through the Investment Advisory Committee. They have given the fund managers for the Amalgamated Investment Fund (HSBC Investment Management) a discretionary mandate, having checked that organisation's risk control processes are in place and reasonable. The Committee is advised by HSBC IM on the W Fund also. HSBC IM and DTZ Tie Leung attend the Investment Advisory Committee meetings at least once a year. Both HSBC IM and DTZ Tie Leung provide the Bursar with monthly reports of transactions and activity on their portfolios of shares, gilts and property.

Due diligence is also carried out on the fund managers at least every two years, by members of the Investment Advisory Committee.

Jennifer M Rigby, Bursar
2 December 2005

CHURCHILL COLLEGE, CAMBRIDGE

RESPONSIBILITIES OF THE GOVERNING BODY

FOR THE YEAR ENDED 30 JUNE 2005

RESPONSIBILITIES OF THE GOVERNING BODY

Churchill College's Governing Body is made up of all Fellows of the College in Titles other than D (and includes those fellows in Title D elected before 1988). At the 30th June 2005, this amounted to 106 members, including the principal College Officers. The Governing Body elects from among its members 8 Fellows to serve on the College Council, the main operating committee of the Council, which also has the five principal College Officers who are fellows, four student representatives and two non-academic staff representatives. This meets fortnightly in term time and in the early part of the summer vacation.

In the context of financial matters, the Governing Body has the power:

- to change the terms and conditions of employment of academic staff and the allowances for Fellows, including the principal officers, on the recommendation of the College Council,
- to formulate general policy regarding investments,
- to determine the form of accounts,
- to review the budget and determine allocation of funds
- to consider the annual report and accounts
- to appoint internal Inspectors of Accounts

Again, in the context of financial matters, the College Council has responsibility for monitoring capital expenditure and operating expenditure against budget working through a series of sub-committees including the Finance, House and Estates Committees, with specific areas of responsibility.

In accordance with the College's Statutes, the Council is responsible for the management of the College's Estates and the administration of the College's revenues, subject to the overall control of the Governing Body.

The Finance Committee is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University, for approval by the Governing Body.

In causing the financial statements to be prepared, the Governing Body has ensured that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

The Governing Body is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Governing Body has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud.

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

CHURCHILL COLLEGE, CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF CHURCHILL COLLEGE

FOR THE YEAR ENDED 30 JUNE 2005

We have audited the financial statements which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the College's Governing Body, as a body, in accordance with College's Statutes and the Statutes of the University of Cambridge. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governing Body and Auditors

The Governing Body's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Governing Body. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 College's Statutes and the Statutes of the University of Cambridge. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Officers' remuneration and transactions with the College is not disclosed.

We are not required to consider whether the statement in the Report of the Governing Body concerning the major risks to which the College is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the College's risk management and control procedures.

We read other information contained in the Report of the Governing Body and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with 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 by the Governing Body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

CHURCHILL COLLEGE, CAMBRIDGE

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF CHURCHILL COLLEGE (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the College's affairs as at 30 June 2005 and of the deficit of the College for the year then ended and have been properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge.

In our opinion the contribution due from the College to the University has been correctly computed in accordance with the provisions of Statute G, II of the University of Cambridge.

PETERS ELWORTHY & MOORE
Chartered Accountants and
Registered Auditor

CAMBRIDGE
21 December 2005

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2005

Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable Accounting Standards.

In addition, the financial statements comply with the Statement of Recommended Practice for accounting in Further And Higher Education (SORP) with the exception of the balance sheet which has been presented in a different format set out in the relevant section of Statutes and Ordinances of the University of Cambridge (RCCA). The provisions of the SORP require Endowments, Deferred Grants and Revaluation Reserves to be disclosed on the face of the balance sheet whereas RCCA requires that part of this information be disclosed in the notes to the accounts.

Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets and certain land and buildings.

Consolidation

The College is claiming exemption from preparing Consolidated financial statements as it meets the criteria of a medium-sized company as defined by Section 249 of the Companies Act. Details of the College's subsidiary undertakings are given in note 22. The activities of student societies have not been consolidated.

Recognition of income

Income from permanent capital funds and short-term deposits is credited to the Income and Expenditure Account in the year in which it becomes receivable. Donations and benefactions of an income nature are shown as income in the year in which they become receivable.

Benefactions and donations accepted on condition that only the income may be spent are credited to the balance sheet as permanent capital funds. The income from a permanent capital fund is shown as income in the year that it is receivable. Income from a permanent capital fund that is not expended in the year in which it is receivable is, at the year-end, transferred from the income and expenditure account to a restricted or unrestricted expendable capital fund, as appropriate. When there is subsequent expenditure of accumulated income from a restricted capital fund, income is credited back to the income and expenditure account from the restricted expendable capital fund to match the expenditure.

Restricted benefactions and donations that are used to fund capital projects are initially credited to a restricted expendable capital fund, and then released over the same estimated useful life that is used to determine the depreciation charge for the capital project.

College fee income is recognised in the period for which it is received and includes fees chargeable to students or their sponsors.

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

Pension schemes

a) Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme, 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 assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

b) CCFPS

The College is also a member of a defined benefit scheme, the Cambridge Colleges' Federated 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 assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

Tangible fixed assets

a. Land and buildings

Land and buildings are stated at valuation. Where buildings have been revalued, they are valued on the basis of their depreciated replacement cost. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 60 years. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Finance costs which are directly attributable to the construction of buildings are capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred to 30 June. They are not depreciated until they are brought into use.

b. Maintenance of premises

The College has a ten year rolling maintenance plan which is reviewed on an annual basis. The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The College may also set aside sums to meet major maintenance costs which occur on an irregular basis. These are disclosed as designated funds where applicable.

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

c. Furniture, fittings and equipment

Furniture, fittings and equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other assets are capitalised and depreciated over their expected useful life as follows:

Furniture and fittings	10% per annum
Motor vehicles and general equipment	20% per annum
Computer equipment	33% per annum.

Where equipment is acquired with the aid of specific bequests or donations it is capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

d. Rare books, silver, works of art and other assets not related to education

Rare books, silver, works of art and other assets not related to education are deemed to be inalienable and are therefore not included in the balance sheet.

e. Leased assets

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excesses of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure in equal amounts over the periods of the leases.

Investments

Investments are included in the balance sheet at market value. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Freehold land and buildings were valued by DTZ Tie Leung on 30 June 2003. They will be revalued every 3 years. The Governing Body does not consider that the value of the properties has changed significantly since 30 June 2003 and does not consider that any provision for diminution in value is necessary.

Stocks

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

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

Foreign currencies

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

Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College 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 used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants.

CHURCHILL COLLEGE, CAMBRIDGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2005

		2005	2004
		£	£
INCOME	Note		
Academic Fees and Charges	1	1,895,269	1,849,867
Residences Catering, and Conferences	2	2,983,365	2,998,083
Endowment Income	3	2,724,622	2,269,872
		<hr/>	<hr/>
Total Income		7,603,256	7,117,822
 EXPENDITURE			
Education	4	2,989,898	2,859,984
Residences, Catering and Conferences	5	4,044,362	4,011,856
Other	6	745,711	784,373
		<hr/>	<hr/>
Total Expenditure	8	7,779,971	7,656,213
 Operating Deficit		(176,715)	(538,391)
 Contribution Under Statute G,II	7	(8,143)	(6,210)
		<hr/>	<hr/>
NET DEFICIT		<u>(184,858)</u>	<u>(544,601)</u>
 Transfer from accumulated income within restricted expendable capital		(300,596)	(105,938)
 RETAINED DEFICIT FOR YEAR		<u>(485,454)</u>	<u>(650,539)</u>

CHURCHILL COLLEGE, CAMBRIDGE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 JUNE 2005

	Restricted Funds		Unrestricted Funds		Total 2005	Total 2004
	<u>Collegiate Purposes</u>	<u>Non- Collegiate Purposes</u>	<u>Designated Funds</u>	<u>Undesignated Funds</u>		
	£	£	£	£		
Balance at 1 July 2004	<u>5,958,267</u>	<u>2,742,759</u>	<u>2,857,354</u>	<u>91,142,106</u>	<u>102,700,486</u>	<u>100,637,351</u>
Appreciation of Investment Assets	388,253	324,053	170,723	3,217,815	4,100,844	2,361,315
Unspent Restricted Fund Income Retained by Funds	163,296	83,749	84,557	(31,006)	300,596	105,938
Retained Deficit for the Year	-	-	-	(485,454)	(485,454)	(650,539)
Benefactions and Donations	-	-	-	-	-	100,151
Capital Grant from Colleges	-	-	-	60,500	60,500	190,100
Release of Deferred Capital Donations	(43,830)	-	-	-	(43,830)	(43,830)
Transfers	-	-	(953,115)	953,115	-	-
Total Recognised Gains/(Losses) for the Year	<u>507,719</u>	<u>407,802</u>	<u>(697,835)</u>	<u>3,714,970</u>	<u>3,932,656</u>	<u>2,063,135</u>
Balance at 30 June 2005	<u>6,465,986</u>	<u>3,150,561</u>	<u>2,159,519</u>	<u>94,857,076</u>	<u>106,633,142</u>	<u>102,700,486</u>

CHURCHILL COLLEGE, CAMBRIDGE

BALANCE SHEET

AS AT 30 JUNE 2005

	Note		2005 £	2004 £	
FIXED ASSETS	9				
Tangible Assets			70,303,321	70,634,012	
Investments			35,675,025	31,233,898	
			<u>105,978,346</u>	<u>101,867,910</u>	
CURRENT ASSETS					
Stock			53,238	53,952	
Cash	10		1,433,314	990,153	
Debtors	11		2,187,146	2,297,560	
			<u>3,673,698</u>	<u>3,341,665</u>	
Creditors: Amounts Falling Due Within One Year	12		(3,018,902)	(2,509,089)	
NET CURRENT ASSETS			<u>654,796</u>	<u>832,576</u>	
Total Assets less current liabilities			106,633,142	102,700,486	
NET ASSETS			<u><u>106,633,142</u></u>	<u><u>102,700,486</u></u>	
CAPITAL AND RESERVES	13	Income/ expendable capital funds	Permanent capital funds	Total 2005	Total 2004
Restricted funds held for collegiate purposes		1,211,413	5,254,573	6,465,986	5,958,267
Restricted funds held for non-collegiate purposes		364,877	2,785,684	3,150,561	2,742,759
Unrestricted Funds		19,225,850	77,790,745	97,016,595	93,999,460
TOTAL		<u><u>20,802,140</u></u>	<u><u>85,831,002</u></u>	<u><u>106,633,142</u></u>	<u><u>102,700,486</u></u>

The financial statements were approved by the Governing Body on 2 December 2005 and signed on their behalf by:

Sir J Boyd
Master

Ms J M Rigby
Bursar

CHURCHILL COLLEGE, CAMBRIDGE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005

		2005	2004
		£	£
A. OPERATING ACTIVITIES	Note		
Operating Deficit Before Tax		(176,715)	(538,391)
Depreciation	9	1,382,548	1,363,051
Less Investment Income		(1,369,459)	(1,293,157)
(Increase)/Decrease in Stocks		713	(8,459)
(Increase)/Decrease in Debtors		110,414	(271,642)
Increase/(Decrease) in Creditors		509,815	(143,514)
Net Cash Inflow/(Outflow) from Operating Activities		<u>457,316</u>	<u>(892,112)</u>
B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Investment Income		1,369,459	1,293,157
Net Cash Inflow from Returns on Investments and Servicing of Finance		<u>1,369,459</u>	<u>1,293,157</u>
C. CONTRIBUTION TO COLLEGES FUND		<u>(8,143)</u>	<u>(6,210)</u>
D. CAPITAL TRANSACTIONS			
Purchase of Tangible Fixed Assets		(1,051,857)	(1,218,716)
Purchase of Investment Assets		(340,284)	(801,000)
Total Capital Payments		<u>(1,392,141)</u>	<u>(2,019,716)</u>
Capital Grant received from Colleges Fund		60,500	190,100
Capital Donations Received		-	100,151
Less: Capital donations released		(43,830)	(43,830)
Total Capital Receipts		<u>16,670</u>	<u>246,421</u>
Net Cash Outflow from Capital Transactions		<u>(1,375,471)</u>	<u>(1,773,295)</u>
NET CASH INFLOW/(OUTFLOW)		<u>443,161</u>	<u>(1,378,460)</u>
E. INCREASE/(DECREASE IN CASH)		443,161	(1,378,460)
Net funds Brought Forward at 1 July		990,153	2,368,613
Net Funds Carried Forward at 30 June		<u>1,433,314</u>	<u>990,153</u>

CHURCHILL COLLEGE, CAMBRIDGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

1 ACADEMIC FEES AND CHARGES	2005	2004
	£	£
Fee Income paid on behalf of Undergraduates eligible for Student Support (per Capita Fee £2,838)	1,152,183	1,148,244
Other Undergraduate Fee Income (per Capita Fee £3,435)	162,304	146,781
Graduate Fee Income (per Capita Fee £1,917)	441,340	431,246
	<u>1,755,827</u>	<u>1,726,271</u>
Teaching/Research/Training Grants	90,503	83,547
Supervisors Income	48,939	40,049
	<u>1,895,269</u>	<u>1,849,867</u>

2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES	2005	2004
	£	£
Accommodation		
College Members	1,864,449	1,735,259
Conferences	223,291	268,061
Catering		
College Members	627,007	676,324
Conferences	268,618	318,439
	<u>2,983,365</u>	<u>2,998,083</u>

3 ENDOWMENT INCOME	2005	2005	2005	2005	2004
	Income from	Income from	Income	Total	Total
	Restricted Funds	Restricted Funds	from		
	for Collegiate	for non-Collegiate	Unrestricted		
	Purposes	Purposes	Funds		
	£	£	£	£	£
Freehold Land and Buildings	-	-	540,386	540,386	501,276
Quoted Securities - Equities	74,802	81,682	424,959	581,443	524,142
Quoted Security - Fixed Interest	8,009	8,746	118,835	135,590	190,233
Cash	12,565	16,038	83,437	112,040	77,506
Donations and Benefactions	243,033	516,141	595,989	1,355,163	976,715
	<u>338,409</u>	<u>622,607</u>	<u>1,763,606</u>	<u>2,724,622</u>	<u>2,269,872</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

Liability to Contribution under Statute G,II	Note	2005 £	2004 £
Endowment Income liable to Contribution	7	1,255,105	1,177,809
Endowment Income not liable to Contribution		1,469,517	1,092,063
		<u>2,724,622</u>	<u>2,269,872</u>
4 EDUCATION EXPENDITURE		2005 £	2004 £
Teaching		1,510,695	1,456,280
Tutorial		447,854	514,457
Admissions		234,347	240,380
Research		296,949	185,972
Scholarships and Awards		242,683	215,347
Other Educational Facilities		257,370	247,548
		<u>2,989,898</u>	<u>2,859,984</u>
5 RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE		2005 £	2004 £
Accommodation	College Members	2,527,518	2,322,020
	Conferences	302,702	358,703
Catering	College Members	849,994	905,017
	Conferences	364,148	426,116
		<u>4,044,362</u>	<u>4,011,856</u>
6 OTHER		2005 £	2004 £
Archives Centre		359,163	389,761
Fundraising Costs (including costs of alumni relations)		119,391	125,229
Investment Management Costs		78,148	86,688
Other		189,009	182,695
		<u>745,711</u>	<u>784,373</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

7 CONTRIBUTION UNDER STATUTE G,II	Note	2005 £	2004 £
Endowment Income as per Income and Expenditure Account	3	2,724,622	2,269,872
Less: Items not Assessable to Contribution:			
Donations and Bequests		(1,355,163)	(976,715)
Income from Funds held for non-Collegiate purposes		<u>(114,354)</u>	<u>(115,348)</u>
Endowment Income Liable to Contribution	3	1,255,105	1,177,809
Less: Agency & Management & Other Expenses		<u>(287,513)</u>	<u>(295,640)</u>
Assessable Income	19a	967,592	882,169
Less: Deductible Items	19b	<u>(708,407)</u>	<u>(675,164)</u>
Net Assessable Income		<u><u>259,185</u></u>	<u><u>207,005</u></u>
Assessment: £250,000 @ 3%		7,500	6,210
£9,185 @ 7%		643	-
Contribution Payable		<u><u>8,143</u></u>	<u><u>6,210</u></u>

8a ANALYSIS OF 2004/05 EXPENDITURE BY ACTIVITY

	<u>Staff Costs</u> (Note 17) £	<u>Other Operating Expenses</u> £	<u>Depreciation</u> £	<u>Total</u> £
Education (Note 4)	1,707,299	981,228	301,371	2,989,898
Residences, Catering and Conferences (Note 5)	1,596,803	1,366,383	1,081,176	4,044,362
Other (Note 6)	285,637	460,074	-	745,711
	<u><u>3,589,739</u></u>	<u><u>2,807,685</u></u>	<u><u>1,382,547</u></u>	<u><u>7,779,971</u></u>

8b ANALYSIS OF 2003/04 EXPENDITURE BY ACTIVITY

	<u>Staff Costs</u> (Note 17) £	<u>Other Operating Expenses</u> £	<u>Depreciation</u> £	<u>Total</u> £
Education (Note 4)	1,612,917	948,462	298,605	2,859,984
Residences, Catering, and Conferences (Note 5)	1,590,211	1,357,199	1,064,446	4,011,856
Other (Note 6)	377,314	407,059	-	784,373
	<u><u>3,580,442</u></u>	<u><u>2,712,720</u></u>	<u><u>1,363,051</u></u>	<u><u>7,656,213</u></u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

9 FIXED ASSETS

a Tangible Assets	<u>College Site Flats & Buildings</u> £	<u>College Hostels & Houses</u> £	<u>Fixtures Fittings Equipment</u> £	<u>Moller Centre</u> £	<u>Total</u> £
COST/VALUATION					
At 1 July 2004	54,499,922	7,070,128	1,888,803	11,105,000	74,563,853
Additions	952,942	1,976	96,939	-	1,051,857
Disposals	-	-	(611,705)	-	(611,705)
Cost/valuation as at 30 June 2005	<u>55,452,864</u>	<u>7,072,104</u>	<u>1,374,037</u>	<u>11,105,000</u>	<u>75,004,005</u>
DEPRECIATION					
At 1 July 2004	1,798,565	235,152	1,525,958	370,166	3,929,841
Provided for the year	924,214	117,869	155,381	185,084	1,382,548
Eliminated on Disposal	-	-	(611,705)	-	(611,705)
Depreciation at 30 June 2005	<u>2,722,779</u>	<u>353,021</u>	<u>1,069,634</u>	<u>555,250</u>	<u>4,700,684</u>
NET BOOK VALUE					
At 30 June 2005	<u>52,730,085</u>	<u>6,719,083</u>	<u>304,403</u>	<u>10,549,750</u>	<u>70,303,321</u>
At 30 June 2004	<u>52,701,357</u>	<u>6,834,976</u>	<u>362,845</u>	<u>10,734,834</u>	<u>70,634,012</u>

The Insured Value of Freehold Land and Buildings as at 30 June 2005 was £87,648,603.

9b Investment Assets

	2005 £	2004 £
Balance at 1 July 2004	31,233,898	28,071,585
Additions	4,348,347	2,281,474
Disposals	(3,481,304)	(1,926,783)
Appreciation on Revaluation	3,875,954	2,144,612
(Decrease)/Increase in Cash Balances held at Fund Managers	(301,870)	663,010
Balance as at 30 June 2005	<u>35,675,025</u>	<u>31,233,898</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

Represented by:	2005	2004
	£	£
Freehold Land and Buildings	6,240,000	6,240,000
Quoted Securities - Equities	25,080,466	19,295,149
Quoted Securities - Fixed Interest	2,108,529	3,107,250
Unquoted Securities - equities*	1,300,300	1,300,300
Cash Held For Reinvestment	945,730	1,291,199
	<u>35,675,025</u>	<u>31,233,898</u>

* These are holdings in the College's three subsidiary companies. See note 22 for details.

10 CASH	2005	2004
	£	£
Bank Deposits	1,384,742	959,623
Current Accounts	45,176	27,354
Cash in Hand	3,396	3,176
	<u>1,433,314</u>	<u>990,153</u>

11 DEBTORS	2005	2004
	£	£
Trade Debtors	359,493	704,128
Students	613,933	522,865
Other	1,213,720	1,070,567
	<u>2,187,146</u>	<u>2,297,560</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2005 £	2004 £
Students' Deposits	617,311	568,518
Suppliers	152,645	264,017
Other	2,006,194	1,535,126
Social Security and other Taxation payable	242,752	141,428
	<u>3,018,902</u>	<u>2,509,089</u>

13 CAPITAL AND RESERVES

	Income/ Expendable Capital Funds £	Permanent Capital Funds £	Total 2005 £	Total 2004 £
Restricted Funds:				
<u>Funds for Collegiate Purposes *</u>				
Trust Funds	1,211,413	-	1,211,413	1,002,486
Permanent Capital Funds	-	5,254,573	5,254,573	4,955,781
	<u>1,211,413</u>	<u>5,254,573</u>	<u>6,465,986</u>	<u>5,958,267</u>
<u>Funds for Non-Collegiate Purposes</u>				
Trust Funds	<u>364,877</u>	<u>2,785,684</u>	<u>3,150,561</u>	<u>2,742,759</u>
Unrestricted Funds:				
<u>Designated Funds</u>				
Special Funds	<u>2,159,519</u>	<u>-</u>	<u>2,159,519</u>	<u>2,857,354</u>
<u>Undesignated Funds</u>				
Corporate Capital	-	77,790,745	77,790,745	77,151,333
General Capital	417,304	-	417,304	(96,833)
Donations & Benefactions	16,649,027	-	16,649,027	14,087,606
	<u>17,066,331</u>	<u>77,790,745</u>	<u>94,857,076</u>	<u>91,142,106</u>
	<u>20,802,140</u>	<u>85,831,002</u>	<u>106,633,142</u>	<u>102,700,486</u>

* as defined by University Statute G,II

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

Reconciliation of Movements in Capital and Reserves:

	Balance at start of year £	Increase £	Reduction £	Balance at end of year £
Restricted Funds:				
<u>Funds for Collegiate Purposes *</u>				
Income/Expendable Capital Funds	1,002,486	490,344	(281,417)	1,211,413
Permanent Capital Funds	4,955,781	298,792	-	5,254,573
	<u>5,958,267</u>	<u>789,136</u>	<u>(281,417)</u>	<u>6,465,986</u>
<u>Funds for Non-Collegiate Purposes</u>				
Income/Expendable Capital Funds	370,664	100,006	(105,793)	364,877
Permanent Capital Funds	2,372,095	413,589	-	2,785,684
	<u>2,742,759</u>	<u>513,595</u>	<u>(105,793)</u>	<u>3,150,561</u>
Unrestricted Funds:				
<u>Designated Funds</u>				
Special Funds	2,857,354	325,955	(1,023,790)	2,159,519
	<u>2,857,354</u>	<u>325,955</u>	<u>(1,023,790)</u>	<u>2,159,519</u>
<u>Undesignated Funds</u>				
Income/Expendable Capital Funds	13,990,773	10,721,193	(7,645,635)	17,066,331
Permanent Capital Funds	77,151,333	639,412	-	77,790,745
	<u>91,142,106</u>	<u>11,360,605</u>	<u>(7,645,635)</u>	<u>94,857,076</u>
Totals 2005	<u>102,700,486</u>	<u>12,989,291</u>	<u>(9,056,635)</u>	<u>106,633,142</u>
Totals 2004	<u>100,637,351</u>	<u>10,679,687</u>	<u>(8,616,552)</u>	<u>102,700,486</u>

Analysis of Restricted and Designated Funds:

	<u>Restricted Funds 2005 £</u>	<u>Unrestricted Funds 2005 £</u>	<u>Total 2005 £</u>	<u>Total 2004 £</u>
Archives	3,010,427	-	3,010,427	2,554,299
Bursary	90,378	-	90,378	43,456
Development Office	86,724	-	86,724	77,936
Endowment	126,611	-	126,611	111,263
Fellowship	689,232	-	689,232	601,218
Hardship	-	-	-	51,637
JRF	827,261	-	827,261	715,211
Library	5,473	-	5,473	3,077
Other	64,862	253,616	318,478	299,387
Prize	73,421	-	73,421	67,967
Repair Funds	-	1,905,903	1,905,903	2,547,957
Research Fund	5,639	-	5,639	22,943
Studentship/Scholarship	2,078,509	-	2,078,509	1,857,464
Travel Fund	58,033	-	58,033	60,760
Deferred Capital Donations	2,499,977	-	2,499,977	2,543,805
	<u>9,616,547</u>	<u>2,159,519</u>	<u>11,776,066</u>	<u>11,558,380</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

Capital is Invested in the Following Categories of Assets:

	Fixed Assets £	Investment Assets £	Net Current Assets £	Sinking Fund Loan £	Total £
Restricted Funds:					
<u>Funds for Collegiate Purposes *</u>					
Income/Expendable Capital Funds	-	816,088	395,325	-	1,211,413
Permanent Capital Funds	-	2,889,615	2,364,958	-	5,254,573
	-	3,705,703	2,760,283	-	6,465,986
<u>Funds for Non-Collegiate Purposes</u>					
Income/Expendable Capital Funds	-	853,027	(488,150)	-	364,877
Permanent Capital Funds	-	2,666,526	119,158	-	2,785,684
	-	3,519,553	(368,992)	-	3,150,561
Unrestricted Funds:					
<u>Designated Funds</u>					
Income/Expendable Capital Funds	-	1,963,482	196,037	-	2,159,519
	-	1,963,482	196,037	-	2,159,519
<u>Undesignated Funds</u>					
Income/Expendable Capital Funds	2,659,295	17,680,018	(1,009,151)	(2,263,831)	17,066,331
Permanent Capital Funds	67,644,026	8,806,269	(923,381)	2,263,831	77,790,745
	70,303,321	26,486,287	(1,932,532)	-	94,857,076
TOTAL 2005	70,303,321	35,675,025	654,796	-	106,633,142
TOTAL 2004	70,634,012	31,233,898	832,576	-	102,700,486

14 REVALUATION RESERVES

The College reserves (note 13) includes revaluation reserves in respect of tangible fixed assets as follows:

	2005 £	2004 £
Balance as at 1 July	14,449,698	12,088,383
Revaluation of Investment Assets during year	4,100,843	2,361,315
Balance as at 30 June	18,550,541	14,449,698

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

15 POLICY ON MANAGEMENT OF RESERVES

The College's unrestricted funds amount to £97 million and are represented in the balance sheet by the College's operational buildings, which are used for teaching and residential purposes, and by part of the investment portfolio.

The restricted funds amount to £10 million. The College takes a long-term view of the investment portfolio using a total return basis for deciding on the appropriate amount to draw-down each year. This is intended to protect the value of the investment portfolio in real terms and, as a result, to strike an equitable balance between the interests of the present members of the College and future generations.

Any new donations or bequests received during the year are added to the investment portfolio, unless the donor has made it clear that the funds are to be spent on a specific project.

16 CAPITAL COMMITMENTS

	2005 £	2004 £
Building work commitments contracted for at 30 June	<u>£899,000</u>	<u>£1,512,000</u>

17 STAFF

	<u>College Fellows</u> 2005 £	<u>Non - Academics</u> 2005 £	<u>Total</u> 2005 £	<u>Total</u> 2004 £
Staff Costs:				
Emoluments	998,839	2,061,373	3,060,212	3,000,002
Social Security Costs	63,327	134,502	197,829	191,429
Other Pension Costs	92,948	238,750	331,698	389,011
	<u>1,155,114</u>	<u>2,434,625</u>	<u>3,589,739</u>	<u>3,580,442</u>
Staff Numbers				
Academic (Fellows)			34	34
Non-Academics			128	134
			<u>162</u>	<u>168</u>

There are 106 fellows in the Governing Body, of which the 34 declared above are stipendiary.

In addition to the above, the College also employs staff who work in the Moller Centre for Continuing Education Limited. These employment costs are fully recharged to the Moller Centre and are not included in the above figures. The number of staff employed by the Moller Centre is 40 (2004: 39).

No officer or employee of the College, including the Bursar and the Master, received emoluments over £70,000.

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

18 PENSION SCHEMES

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS).

Universities Superannuation Scheme

The Universities Superannuation Scheme is a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund.

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme, the cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2002. The assumptions and other data that have the most significant effect on the determination of the contribution levels are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets were therefore 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 service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate would be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £75.9m (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed.

Cambridge Colleges Federated Pension Scheme

The College is also a member of a defined benefit scheme, the Cambridge Colleges' Federated Pension Scheme, in the United Kingdom. The scheme is a defined benefit final salary pension scheme and was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. It has been approved by the Inland Revenue Savings, Pensions, Share Schemes (formerly the Pension Schemes Office) under Chapter 1 of Part XIV of the Income & Corporation Taxes Act 1988. The College's employees covered by the Scheme are contracted-out of the State Second Pension (S2P), formerly the State Earnings Related Pension Scheme (SERPS).

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

The financial reporting standard 17 (FRS17) valuation as at 30 June 2005 uses the last full valuation at 31 March 2005 as a base to update figures using the FRS17 assumptions. There have been no material changes between then and 30 June 2005. These FRS17 valuation results use the same valuation data updated by an Actuary who is not an employee or officer of the College and/or its subsidiaries.

The contribution made by the College in respect of the 9 month period ended 31 March 2005 was £148,785, excluding PHI contributions.

The major assumptions used by the actuary were:

	2005	2004	2003
Discount rate	5.40%	5.80%	5.5%
Inflation assumption	3.00%	3.10%	2.3%
Rate of increase in salaries	3.75%	3.80%	3.5%
Rate of increase in pensions in deferment			
- Guaranteed minimum pension (GMP)	3.75%	3.80%	3.50%
- Excess pension over GMP and pension accrued after 5 April 1997	3.00%	3.10%	2.30%
Rate of increase in pensions in payment			
- GMP accrued up to 5 April 1988	0.00%	0.00%	0.00%
- GMP accrued between 6 April 1988 and 5 April 1997	2.25%	2.30%	2.00%
- Excess pension over GMP and pension accrued after 5 April 1997			
- For service up to 31 March 2004	3.00%	3.10%	2.30%
- For service on or after 1 April 2004	2.50%	2.60%	N/A

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31/03/05	Value £	Long term rate of return expected at 30/06/04	Value £
Equities	7.5%	3,530,181	8.0%	2,896,610
Bonds (including cash)	4.7%	1,339,343	5.1%	1,310,548
Property	6.5%	149,691	7.0%	335,839
		<u>5,019,215</u>		<u>4,542,997</u>

The following results were measured in accordance with the requirements of FRS17:

	2005 £	2004 £
Total market value of assets	5,019,215	4,542,997
Present value of scheme liabilities	(6,145,870)	(5,390,704)
Net pension liability	<u>(1,126,655)</u>	<u>(847,707)</u>

The following amounts have been included within the accounts:

	2005 9 Months £	2004 Year £
Analysis of amounts charged to operating profit		
Current service cost	120,826	218,384
Life assurance premium	9,507	23,363
Total operating charge	<u>130,333</u>	<u>241,747</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	£	£
Analysis of amount credited to other finance income		
Expected return on pension scheme assets	243,505	276,018
Interest on pension scheme liabilities	(232,898)	(256,545)
Net return	<u>10,607</u>	<u>19,473</u>

	2005	2004
	£	£
Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL)		
Actual return less expected return on pension scheme assets	153,271	225,972
Experience gains and losses arising on scheme liabilities	(132,803)	(184,262)
Changes in assumptions underlying the present value of the scheme liabilities	(328,475)	(204,339)
Actuarial gain/(loss) recognised in STRGL	<u>(308,007)</u>	<u>(162,629)</u>

	2005	2004
	£	£
Movement in surplus during the year		
Surplus in scheme at beginning of the year	(847,707)	(715,106)
Movement in year:		
Current service costs including life assurance	(130,333)	(241,747)
Contributions	148,785	252,302
Other finance income	10,607	19,473
Actuarial gain/(loss)	(308,007)	(162,629)
Surplus/(deficit) in scheme at end of the year	<u>(1,126,655)</u>	<u>(847,707)</u>

The FRS17 actuarial valuation at 31 March 2005 showed a deficit of £1,126,655.

19a CONTRIBUTION ASSESSMENT

	2005	2004
	£	£
External Revenue:		
Rent of Land and Freehold Property	617,227	570,155
Dividends and Interest Gross	522,263	487,106
	<u>1,139,490</u>	<u>1,057,261</u>
Less:		
Agency and management charges	189,945	199,447
Transfer to Estates Repairs and Improvements Fund	61,723	57,015
Sinking Fund Payments under Statute GII,4(iv)	96,483	93,491
Insurance	16,203	14,566
	<u>364,354</u>	<u>364,519</u>
Revenue from Trust & Other Funds subject to contribution	192,456	189,427
ASSESSABLE INCOME	<u>967,592</u>	<u>882,169</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

19b DEDUCTIBLE ITEMS	2005	2004
	£	£
Half sums paid to Scholars, Exhibitioners and Research Students	80,760	77,384
Prizes	4,109	3,865
Building A/C (Stat G,II,4)	225,750	220,250
Research Fellows	109,797	97,572
Stipendiary College Teaching Officers	155,045	147,482
College Library	98,836	87,028
Insurance	24,099	25,209
University Counselling Service	9,330	9,426
Sports Injury Clinic	681	688
Interest on Computer loan	-	6,260
	<u>708,407</u>	<u>675,164</u>
 NET ASSESSABLE INCOME	 <u>259,185</u>	 <u>207,005</u>
20 BUILDING FUND UNDER STATUTE GII,4(vii)	2005	2004
	£	£
Balance at 1 July 2004	-	-
Transfer for 2004/05 approved under GII,4(vii)	225,750	220,250
Improvements	(225,750)	(220,250)
Balance as at 30 June 2005	<u>Nil</u>	<u>Nil</u>
21 ESTATES REPAIRS AND IMPROVEMENTS FUND	2005	2004
	£	£
Balance at 1 July 2004	1,678,320	1,483,056
Transfer for 2004/05 approved under GII,4(v)	61,723	57,015
Revaluation Surplus	151,541	114,667
Income	39,922	39,413
Less: Repairs and Improvements on Estates	(25,603)	(15,831)
Balance as at 30 June 2005	<u>1,905,903</u>	<u>1,678,320</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2005

22 RELATED PARTY TRANSACTIONS

The College owns the whole of the ordinary share capital of three companies all of which are registered in England and Wales.

The principal activity of The Moller Centre for Continuing Education Limited and Churchill Conferences Limited is the provision of facilities for residential training courses and day courses. The principal activity of Churchill Residences II Limited is that of general construction.

	Churchill Conferences	Churchill Residences II	Moller Centre
<u>Share Capital</u>			
At 30 June 2005 and 30 June 2004	100	100	1,300,100
<u>Reserves</u>			
At 30 June 2005	100	210	1,555,745
At 30 June 2004	100	100	1,529,645
<u>Profit/(Loss)</u>			
Year ended 30 June 2005	-	110	26,100
Year ended 30 June 2004	3,212	-	1,120
<u>Gift Aid Donation from Subsidiary Companies</u>			
Year ended 30 June 2005	1,750	-	441,884
Year ended 30 June 2004	3,429	1,865	317,627
<u>Sales to Subsidiary Companies (excl gift aid)</u>			
Year ended 30 June 2005	297,865	-	1,078,711
Year ended 30 June 2004	424,866	-	1,003,364
<u>Purchases made from Subsidiary Companies</u>			
Year ended 30 June 2005	6,044	-	70,739
Year ended 30 June 2004	1,736	187,980	36,002
<u>Amounts due from Subsidiary Companies</u>			
At 30 June 2005	116,913	-	458,790
At 30 June 2004	93,106	20,437	324,543
<u>Amounts due to Subsidiary Companies</u>			
At 30 June 2005	7,051	-	1,278
At 30 June 2004	2,039	-	747

Owing to the nature of the College's operations and the composition of its Governing Body it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures.