

**CHURCHILL COLLEGE, CAMBRIDGE**

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2006**

**CHURCHILL COLLEGE, CAMBRIDGE**

**INDEX TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2006**

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## CHURCHILL COLLEGE, CAMBRIDGE

### GOVERNING BODY AND ADVISERS

#### FOR THE YEAR ENDED 30 JUNE 2006

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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	Professor Alison Finch, MA, PHD
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	Hopkins, Dr A D
Ashburner, Prof M <i>ScD, FRS</i>	Englund, Dr H M	Hovius, Dr N
Bannard-Smith, Mr A	Fawcett, Dr J K	Hurst, Mr H R
Barbrook, Dr A C	Finch, Prof A M	Jacobus, Prof M
Barnes, Prof J A , <i>FBA</i>	Findlay, Dr A L R	Jennison, Miss B M, <i>MBE</i>
Boksenberg, Prof A, <i>CBE, FRS</i>	Fraser, Dr K A	Kendall, Miss M
Bolton, Prof M D	Gaskill, Dr M	Kendall, Prof D G, <i>FRS</i>
Bowen, Dr G	Giannitsarou, Dr C	Keynes, Prof R D, <i>CBE, ScD, FRS</i>
Bracewell, Dr R H	Goddard, Dr L J	King, Dr F H
Broers, Prof Sir Alec, <i>DL, FRS, FREng</i>	Goldie, Dr M A	King, Prof J E, <i>CBE, FREng</i>
Burge-Hendrix, Dr B	Gopal, Dr P	King, Mrs A N
Caulfield, Dr C-c	Gough, Prof D O	Kingston, Dr I 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	Griffin, Dr T	Knowles, Dr K M
Crisp, Dr A J	Grimmett, Prof G R	Kraft, Dr M
Dawes, Prof W N	Grosskinsky, Dr S	Kramer, Prof M H
De Chadarevian, Dr S	Harris, Dr P A	Krüger, Dr O
De Rosnay, Mr M	Hawthorne, Prof Sir W, <i>CBE, FRS, FREng</i>	Laughlin, Prof S B, <i>FRS</i>
DeMarrais, Dr E	Hey, Dr R W	Long, Dr M D
Ducati, Dr C	Hicks, Dr C M	Lovas, Dr T
Dunin-Borkowski, Dr R E	Holtzman, Dr T	Mascie-Taylor, Prof ScD

## CHURCHILL COLLEGE, CAMBRIDGE

### GOVERNING BODY AND ADVISERS (Cont)

FOR THE YEAR ENDED 30 JUNE 2006

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Mathur, Dr N	Parish, Dr M M	Thornbury, Dr E V
Miller, Dr M A	Reid, Dr A	Thornton, Prof J M, CBE, FRS
Milne, Prof W I	Richer, Dr J	Thusyanthan, Dr T
Mitchell, Dr J B O	Rigby, Ms J M	Tout, Dr C A
Montemaggi, Dr V	Robertson, Prof J	Tristram, Dr A G
Murray-Rust, Dr P	Robinson, Prof C V	Van Houten, Dr P
Newbery, Prof D M G, FBA	Sandeman, Dr K G	Warren, Dr S G
Norris, Dr J R	Schultz, Prof W	Wassell, Dr I
O'Kane, Dr C	Sgroi, Dr D	Webb, Dr A R
O'Rahilly, Prof S, FRS	Siddle, Prof K	Webber, Dr A J
Ozanne, Dr S E	Sirringhaus, Dr H	Whittle, Dr A
Pachos, Dr J K	Soga, Dr K	Williams, Prof D H, FRS
Packwood, Mr A	Squire, Dr P S	Williams, Dr K A
Palmer, Prof A C, FRS, FEng	Stancliffe, Dr R J	Yiakoumetti, Dr A
Pedersen, Prof R	Thomas, Ms M	Yuan, Dr B

### Council

Sir John Boyd, Master	Dr A Hopkins	MCR President
Professor A Finch, 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
	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
Professor A Finch, 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 James's Street  
London  
SW1A 1EJ

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **ANNUAL REVIEW**

#### **FOR THE YEAR ENDED 30 JUNE 2006**

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### **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 2005/06, the College employed nine 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 seven stipendiary Junior Research Fellows and offered accommodation and benefits to these and a further seven non-stipendiary Junior Research Fellows.

## CHURCHILL COLLEGE, CAMBRIDGE

### ANNUAL REVIEW

#### FOR THE YEAR ENDED 30 JUNE 2006

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

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 2005/06

**Overall the College accounts show a retained deficit for the year of £(37,142) against a deficit of £(456,395) in 2004/05. There was an operating surplus of £847,238 after depreciation, compared with a deficit in the previous year of £(147,656).**

The main contributions to the improved financial performance come from donations and from the College's commercial activities in the area of educational and other conferences. The College has also adopted a "total return" approach to managing and accounting for its investments. The College's depreciation amounts to more than £1.4 million and there was a net cash inflow of £129,736 against £443,161 in 2004/05. The College, nonetheless, continues to seek improved revenues from ancillary operations and control of its cost base.

The College's income from commercial activities rose to £646,161 against £491,909 in 2004/05. Most of this business is carried out, outside of University term, using the facilities of the College.

The College's trading subsidiary, the Møller Centre for Continuing Education Ltd, increased its donation to the College to £490,532 against £441,884 in 2004/05.

The College's total educational and fee income (excluding funds to the Churchill Archives Centre) rose by 3.3% from £1,895,269 to £1,959,123 in 2005/06.

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) rose by 5% and rental income rose by 10.5%.

The College moved to a total return method for managing and accounting for its investments. The draw down of £1,592,899 compared with dividend and rental income from investments amounting to £1,257,419 (excluding donations from subsidiary trading companies) in 2004/05. The College has adopted a "draw down policy" that is designed to return a steady flow of income to the College regardless of the levels of dividend/rental income generate by different types of investment and fluctuations in market performance. The amount of return recognised in the income and expenditure account is equal to the weighted average of the prior year's drawdown adjusted for inflation (70% weight) plus the amount that would have been drawn down using 4.25% of the prior year's closing value of the investments (30% weight). The draw down in 2005/06 amounted to 4.1% of the year-end value of investments.

The College's investments performed well for a second consecutive year. Outside the operational buildings of the College, which make up 64.1% of its fixed assets, the College has commercial properties valued at £8,600,000, together with a number of equity and fixed interest holdings. These showed an actual total return (income and capital gain) of 5.2%. The College has drawn down at a rate of 4.1% for the year. 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 £23,600 to its corporate capital 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 also received a special grant of £22,500 towards disabled

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **ANNUAL REVIEW**

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access work. It has been a net recipient from the Fund for the last five years. The College paid contribution (note 7) to the Fund of £26,975 for the year.

Personnel and related expenditure increased by 6% to £3,807,090 (note 17) due in part to increased costs of the staff pension scheme but also due to new posts in computer support, admissions, and the commercial office. A cost of living pay increase of 3% was implemented on 1<sup>st</sup> August 2005.

The College spent more than £1.7 million on repairing and maintaining its operational buildings and grounds of which £1,215,244 was capitalised. Major projects undertaken this year including the rewiring and refurbishment of three staircases (38 bedrooms). 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 more staircases of student rooms refurbished and rewired.

In addition the College capitalised expenditure of £63,957 relating to information technology, including work on the alumni database, the undergraduate rooms ballot, student tutorial software and initial payments towards rooms management and catering stock control systems.

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.

#### **CASH FLOW MANAGEMENT**

The College has used secure deposits and Fixed Interest Funds for medium term cash holdings. Overall there was a net inflow of funds of £129,736 against an inflow of £443,161 in 2004/05.

#### **CREDITORS AND DEBTORS**

Creditors amount to £2,281,346. The largest elements of this relate to:

- 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 total figure reduced by nearly £1 million during the year, as the Churchill College Archives Trust divested from the Amalgamated Investment Fund and thus ceased to be a creditor.

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

Debtors amounted to £2,551,682 at year end 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 5 flats in the Sheppard Flats, three staircases in 2006/07, the rewiring and replacement heating in the Master's Lodge, remedial work on concrete fascia panels and the installation of a disabled access lift in the main building. The fire detection system and the locks are also being replaced in one court.

## **CHURCHILL COLLEGE, CAMBRIDGE**

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#### **FOR THE YEAR ENDED 30 JUNE 2006**

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#### **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 risk management policy which is reviewed annually by the College Council. 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 POLICY**

- 1) The College invests in securities, property and cash instruments, in accordance with its Statutes (Statute XXXII)
- 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. The rate of draw down of income from the portfolio is calculated in such a way as to ensure the long term maintenance of real capital value.
- 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 includes some corporate bonds and some commercial property and forms part of the permanent endowment of the College.
- 9) The College also has shares in some unitised funds managed by other fund managers. These are selected for regional or sectional expertise to compliment the strengths of the discretionary fund manager.
- 10) 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.



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- 11) 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.
- 12) 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.
- 13) 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.
- 14) Due diligence is also carried out on the fund managers at least every two years, by members of the Investment Advisory Committee.

Mrs J M Rigby  
Bursar

24 November 2006

## **CHURCHILL COLLEGE, CAMBRIDGE**

### **RESPONSIBILITIES OF THE GOVERNING BODY**

#### **FOR THE YEAR ENDED 30 JUNE 2006**

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### **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 30 June 2006, this amounted to 111 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 and 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
- it is appropriate that the financial statements are prepared on the going concern basis

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 2006**

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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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the College's Statutes and the Statutes of the University of Cambridge. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Officers' remuneration and transactions with the College is not disclosed.

We 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

**CHURCHILL COLLEGE, CAMBRIDGE**

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

**FOR THE YEAR ENDED 30 JUNE 2006**

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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 in accordance with generally accepted accounting practice of the state of the College's affairs as at 30 June 2006 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

Date: 6 December 2006

## **CHURCHILL COLLEGE, CAMBRIDGE**

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

**FOR THE YEAR ENDED 30 JUNE 2005**

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#### **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 2006

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#### 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 Second Pension. The assets of the scheme are held in a separate trustee-administered fund. The institution is unable to identify its shares of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

##### 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 2006

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##### **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 2006. They are revalued every 3 years. The Governing Body does not consider that the value of the properties has changed significantly since 30 June 2006 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 2006**

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**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 2006**

		<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
<b>INCOME</b>	Note		
Academic Fees and Charges	1	1,959,123	1,895,269
Residences Catering, and Conferences	2	3,451,512	2,983,365
Endowment Income	3	3,852,558	2,724,622
Total Income		<u>9,263,193</u>	<u>7,603,256</u>
<b>EXPENDITURE</b>			
Education	4	3,031,072	2,989,898
Residences, Catering and Conferences	5	4,447,861	4,044,362
Other	6	937,022	716,652
Total Expenditure		<u>8,415,955</u>	<u>7,750,912</u>
Operating Surplus/(Deficit)		847,238	(147,656)
Contribution Under Statute G,II	7	(26,975)	(8,143)
<b>NET SURPLUS/(DEFICIT)</b>		<u>820,263</u>	<u>(155,799)</u>
Transfer to/(from) accumulated income within restricted expendable capital		(857,405)	(300,596)
<b>RETAINED DEFICIT FOR YEAR</b>		<u>(37,142)</u>	<u>(456,395)</u>

**CHURCHILL COLLEGE, CAMBRIDGE**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 30 JUNE 2006**

	Restricted Funds		Unrestricted Funds		<b>Total 2006</b>	<b>Total 2005</b>
	Collegiate	Non-	Designated	Undesignated		
	Purposes	Collegiate	Funds	Funds		
	£	£	£	£	£	£
Balance at 1 July 2005	6,465,986	3,150,561	2,159,519	94,038,428	105,814,494	101,852,780
Prior Period Adjustment	-	-	-	(308,007)	(308,007)	-
Balance at 1 July 2005 Restated	<u>6,465,986</u>	<u>3,150,561</u>	<u>2,159,519</u>	<u>93,730,421</u>	<u>105,506,487</u>	<u>101,852,780</u>
Appreciation of Investment Assets	477,396	391,386	205,179	2,810,048	3,884,009	4,100,843
Income Retained by Funds	157,353	616,836	106,816	(23,600)	857,405	300,596
Retained Deficit for the Year	-	-	-	(37,142)	(37,142)	(456,395)
Capital Grant from Colleges Fund	-	-	-	23,600	23,600	60,500
Actuarial Gain/(Loss) on Pension Fund	-	-	-	216,564	216,564	(308,007)
Release of Deferred Capital Donations	(43,830)	-	-	-	(43,830)	(43,830)
Total Recognised Gains/(Losses) for the Year	<u>590,919</u>	<u>1,008,222</u>	<u>311,995</u>	<u>2,989,470</u>	<u>4,900,606</u>	<u>3,653,707</u>
Balance at 30 June 2006	<u>7,056,905</u>	<u>4,158,783</u>	<u>2,471,514</u>	<u>96,719,891</u>	<u>110,407,093</u>	<u>105,506,487</u>

**CHURCHILL COLLEGE, CAMBRIDGE**

**BALANCE SHEET**

**FOR THE YEAR ENDED 30 JUNE 2006**

			<b>2006</b>	<b>Restated</b>
			<b>£</b>	<b>2005</b>
	Note			<b>£</b>
<b>FIXED ASSETS</b>	9			
Tangible Assets			70,132,676	70,303,321
Investments			39,304,589	35,675,025
			<u>109,437,265</u>	<u>105,978,346</u>
<b>CURRENT ASSETS</b>				
Stock			45,760	53,238
Cash	10		1,563,050	1,433,314
Debtors	11		2,551,682	2,187,146
			<u>4,160,492</u>	<u>3,673,698</u>
Creditors: Amounts Falling Due Within One Year	12		(2,281,346)	(3,018,902)
<b>NET CURRENT ASSETS</b>			<u>1,879,146</u>	<u>654,796</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			111,316,411	106,633,142
Pension Liability			(909,318)	(1,126,655)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u>110,407,093</u>	<u>105,506,487</u>
<b>CAPITAL AND RESERVES</b>	13			
		<b>Income/ expendable capital funds</b>	<b>Permanent capital funds</b>	<b>Total 2006</b>
				<b>Total 2005</b>
Restricted funds held for collegiate purposes		1,470,764	5,586,140	7,056,904
Restricted funds held for non- collegiate purposes		272,136	3,886,647	4,158,783
Unrestricted Funds		20,123,101	79,977,623	100,100,724
Pension liability		(909,318)	-	(909,318)
<b>TOTAL</b>		<u>20,956,683</u>	<u>89,450,410</u>	<u>110,407,093</u>
				<u>105,506,487</u>

The financial statements were approved by the Governing Body on 24 November 2006 and signed on their behalf by:

Sir D Wallace  
Master

Ms J M Rigby  
Bursar

**CHURCHILL COLLEGE, CAMBRIDGE**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2006**

		<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
<b>A. OPERATING ACTIVITIES</b>	Note		
Operating Deficit Before Tax		847,238	(147,656)
Depreciation	9	1,449,845	1,382,548
Less Investment Income		(1,636,085)	(1,369,459)
(Increase)/Decrease in Stocks		7,478	713
(Increase)/Decrease in Debtors		(364,536)	110,414
Increase/(Decrease) in Creditors		(954,893)	788,763
Pension Deficit Increase/(Decrease)		216,564	(308,007)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b><u>(434,389)</u></b>	<b><u>457,316</u></b>
<b>B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Investment Income		1,636,085	1,369,459
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>		<b><u>1,636,085</u></b>	<b><u>1,369,459</u></b>
<b>C. CONTRIBUTION TO COLLEGES FUND</b>		<b><u>(26,975)</u></b>	<b><u>(8,143)</u></b>
<b>D. CAPITAL TRANSACTIONS</b>			
Purchase of Tangible Fixed Assets		(1,279,200)	(1,051,857)
Purchase of Investment Assets		254,445	(340,284)
Total Capital Payments		<u>(1,024,755)</u>	<u>(1,392,141)</u>
Capital Grant received from Colleges Fund		23,600	60,500
Less: Capital donations released		(43,830)	(43,830)
Total Capital Receipts		<u>(20,230)</u>	<u>16,670</u>
<b>Net Cash Outflow from Capital Transactions</b>		<b><u>(1,044,985)</u></b>	<b><u>(1,375,471)</u></b>
<b>NET CASH INFLOW/(OUTFLOW)</b>		<b><u>129,736</u></b>	<b><u>443,161</u></b>
<b>E. INCREASE/(DECREASE IN CASH)</b>		129,736	443,161
Net funds Brought Forward at 1 July		1,433,314	990,153
<b>Net Funds Carried Forward at 30 June</b>		<b><u>1,563,050</u></b>	<b><u>1,433,314</u></b>

**CHURCHILL COLLEGE, CAMBRIDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

<b>1 ACADEMIC FEES AND CHARGES</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Fee Income paid on behalf of Undergraduate eligible for Student Support (per Capita Fee £3,183)	1,282,839	1,152,183
Other Undergraduate Fee Income (per Capita Fee £3,570)	178,500	162,304
Graduate Fee Income (per Capita Fee £1,968)	384,921	441,340
	<u>1,846,260</u>	<u>1,755,827</u>
Teaching/Research/Training Grants	68,436	90,503
Supervisors Income	44,427	48,939
	<u>1,959,123</u>	<u>1,895,269</u>
<b>Total</b>	<b><u>1,959,123</u></b>	<b><u>1,895,269</u></b>

<b>2 INCOME FROM RESIDENCES, CATERING AND CONFERENCES</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Accommodation		
College Members	2,119,676	1,864,449
Conferences	318,935	223,291
Catering		
College Members	685,675	627,007
Conferences	327,226	268,618
	<u>3,451,512</u>	<u>2,983,365</u>
<b>Total</b>	<b><u>3,451,512</u></b>	<b><u>2,983,365</u></b>

<b>3 ENDOWMENT INCOME</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>2005</b>
	<u>Income from</u>	<u>Income from</u>	<u>Income</u>	<u>Total</u>	<u>Total</u>
	<u>Restricted Funds</u>	<u>Restricted Funds</u>	<u>from</u>		
	<u>for Collegiate</u>	<u>for non-Collegiate</u>	<u>Unrestricted</u>		
	<u>Purposes</u>	<u>Purposes</u>	<u>Funds</u>		
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Freehold Land and Buildings	-	-	-	-	540,386
Quoted Securities - Equities	-	-	-	-	581,443
Quoted Security - Fixed Interest	-	-	-	-	135,590
Transfer from Endowment (Note 13d)	168,065	150,577	1,274,257	1,592,899	-
Cash and Other	-	-	43,186	43,186	112,040
Donations and Benefactions	257,760	1,123,008	835,705	2,216,473	1,355,163
	<u>425,825</u>	<u>1,273,585</u>	<u>2,153,148</u>	<u>3,852,558</u>	<u>2,724,622</u>
	<b><u>425,825</u></b>	<b><u>1,273,585</u></b>	<b><u>2,153,148</u></b>	<b><u>3,852,558</u></b>	<b><u>2,724,622</u></b>

**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2006**

<b>Liability to Contribution under Statute G,II</b>	Note	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
Endowment Income liable to Contribution	7	1,473,103	540,386
Endowment Income not liable to Contribution		2,379,455	2,184,236
		<u>3,852,558</u>	<u>2,724,622</u>
<b>4 EDUCATION EXPENDITURE</b>		<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
Teaching		1,536,400	1,510,695
Tutorial		483,517	447,854
Admissions		256,095	234,347
Research		320,632	296,949
Scholarships and Awards		192,131	242,683
Other Educational Facilities		242,297	257,370
		<u>3,031,072</u>	<u>2,989,898</u>
<b>5 RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE</b>		<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
Accommodation	College Members	2,731,564	2,527,518
	Conferences	411,002	302,702
Catering	College Members	883,609	849,994
	Conferences	421,686	364,148
Total		<u>4,447,861</u>	<u>4,044,362</u>
<b>6 OTHER</b>		<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
Archives Centre		422,173	359,163
Fundraising Costs (including costs of alumni relations)		139,585	119,391
Investment Management Costs		86,781	78,148
Other		288,483	159,950
		<u>937,022</u>	<u>716,652</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2006

7 CONTRIBUTION UNDER STATUTE G,II	Note	2006 £	2005 £
Endowment Income as per Income and Expenditure Account	3	3,852,558	2,724,622
Less: Items not Assessable to Contribution:			
Donations and Bequests		(2,216,473)	(1,355,163)
Income from Funds held for non-Collegiate purposes		<u>(162,981)</u>	<u>(114,354)</u>
Endowment Income Liabile to Contribution	3	1,473,104	1,255,105
Less: Agency & Management & Other Expenses		<u>(261,200)</u>	<u>(287,513)</u>
Assessable Income	19a	1,211,904	967,592
Less: Deductible Items	19b	<u>(677,482)</u>	<u>(708,407)</u>
Net Assessable Income		<u><u>534,422</u></u>	<u><u>259,185</u></u>
Assessment:			
£250,000 @ 2% (2005 @ 3%)		5,000	7,500
£250,000 @ 7% (2005 @ 7%)		17,500	643
£34,421 @ 13% (2005 @ 0%)		4,475	-
Contribution Payable		<u><u>26,975</u></u>	<u><u>8,143</u></u>

8a ANALYSIS OF 2005/06 EXPENDITURE BY ACTIVITY

	<u>Staff Costs</u> (Note 17) £	<u>Other Operating Expenses</u> £	<u>Depreciation</u> £	<u>Total</u> £
Education (Note 4)	1,763,576	963,252	304,243	3,031,071
Residences, Catering and Conferences (Note 5)	1,742,223	1,560,038	1,145,601	4,447,862
Other	301,292	635,730	-	937,022
	<u><u>3,807,091</u></u>	<u><u>3,159,020</u></u>	<u><u>1,449,844</u></u>	<u><u>8,415,955</u></u>

8b 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	1,366,382	1,081,176	4,044,361
Other	285,637	460,074	-	745,711
	<u><u>3,589,739</u></u>	<u><u>2,807,684</u></u>	<u><u>1,382,547</u></u>	<u><u>7,779,970</u></u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2006

9 FIXED ASSETS

a Tangible Assets

	<u>College Site Flats &amp; Buildings</u> £	<u>College Hostels &amp; Houses</u> £	<u>Fixtures Fittings Equipment</u> £	<u>Moller Centre</u> £	<u>Total</u> £
<b>COST/VALUATION</b>					
At 1 July 2005	55,452,864	7,072,104	1,374,037	11,105,000	75,004,005
Additions	1,009,061	-	270,139	-	1,279,200
Disposals	-	-	(201,267)	-	(201,267)
Cost/valuation as at 30 June 2006	<u>56,461,925</u>	<u>7,072,104</u>	<u>1,442,909</u>	<u>11,105,000</u>	<u>76,081,938</u>
<b>DEPRECIATION</b>					
At 1 July 2005	2,722,779	353,021	1,069,634	555,250	4,700,684
Provided for the year	941,033	117,868	205,861	185,083	1,449,845
Eliminated on Disposal	-	-	(201,267)	-	(201,267)
Depreciation at 30 June 2006	<u>3,663,812</u>	<u>470,889</u>	<u>1,074,228</u>	<u>740,333</u>	<u>5,949,262</u>
<b>NET BOOK VALUE</b>					
At 30 June 2006	<u>52,798,113</u>	<u>6,601,215</u>	<u>368,681</u>	<u>10,364,667</u>	<u>70,132,676</u>
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>

The Insured Value of Freehold Land and Buildings as at 30 June 2006 was £83,759,423.

9b Investment Assets

	<b>2006</b> £	<b>2005</b> £
Balance at 1 July 2005	35,675,025	31,233,899
Additions	1,710,148	4,348,346
Disposals	(2,502,937)	(3,481,304)
Appreciation/(Depreciation) on Revaluation	3,715,746	3,875,954
Increase/(Decrease) in Cash Balances held at Fund Managers	706,607	(301,870)
Balance as at 30 June 2006	<u>39,304,589</u>	<u>35,675,025</u>



**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2006**

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	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Represented by:</b>		
Freehold Land and Buildings	8,716,400	6,240,000
Quoted Securities - Equities	26,257,792	25,080,466
Quoted Securities - Fixed Interest	1,588,757	2,108,529
Unquoted Securities - equities*	1,300,300	1,300,300
Cash Held For Reinvestment	1,441,340	945,730
	<u>39,304,589</u>	<u>35,675,025</u>

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

<b>10 CASH</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Bank Deposits	1,543,243	1,384,742
Current Accounts	16,511	45,176
Cash in Hand	3,296	3,396
	<u>1,563,050</u>	<u>1,433,314</u>

<b>11 DEBTORS</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Trade Debtors	501,582	359,493
Students	811,698	613,933
Other	1,160,673	1,131,241
Debtors due in greater than one year	77,729	82,479
	<u>2,551,682</u>	<u>2,187,146</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2006

12 CREDITORS: AMOUNTS FALLING WITHIN ONE YEAR	2006 £	2005 £
Students' Deposits	829,141	617,311
Suppliers	174,901	152,645
Other	1,092,459	2,006,194
Social Security and other Taxation payable	184,845	242,752
	<u>2,281,346</u>	<u>3,018,902</u>

13 CAPITAL AND RESERVES

	Income/ Expendable Capital Funds £	Permanent Capital Funds £	Total 2006 £	Total 2005 £
<b>Restricted Funds:</b>				
<u>Funds for Collegiate Purposes *</u>				
Trust Funds	1,470,764	-	1,470,764	1,211,413
Permanent Capital Funds	-	5,586,140	5,586,140	5,254,573
	<u>1,470,764</u>	<u>5,586,140</u>	<u>7,056,904</u>	<u>6,465,986</u>
<u>Funds for Non-Collegiate Purposes</u>				
Trust Funds	<u>272,136</u>	<u>3,886,647</u>	<u>4,158,783</u>	<u>3,150,561</u>
<b>Unrestricted Funds:</b>				
<u>Designated Funds</u>				
Special Funds	<u>2,471,514</u>	<u>-</u>	<u>2,471,514</u>	<u>2,159,519</u>
<u>Undesignated Funds</u>				
Corporate Capital	-	79,977,623	79,977,623	77,790,745
General Capital	488,080	-	488,080	417,304
Pension Liability	(909,318)	-	(909,318)	(1,126,655)
Donations & Benefactions	17,163,507	-	17,163,507	16,649,027
	<u>16,742,269</u>	<u>79,977,623</u>	<u>96,719,892</u>	<u>93,730,421</u>
	<u>20,956,683</u>	<u>89,450,410</u>	<u>110,407,093</u>	<u>105,506,487</u>

\* as defined by University Statute G,II

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2006

a) Reconciliation of Movements in Capital and Reserves:

	Balance at start of year £	Increase £	Reduction £	Balance at end of year £
<b>Restricted Funds:</b>				
<u>Funds for Collegiate Purposes *</u>				
Income/Expendable Capital Funds	1,211,413	559,071	(299,720)	1,470,764
Permanent Capital Funds	5,254,573	331,567	-	5,586,140
	<u>6,465,986</u>	<u>890,638</u>	<u>(299,720)</u>	<u>7,056,904</u>
<u>Funds for Non-Collegiate Purposes</u>				
Income/Expendable Capital Funds	364,877	173,926	(266,667)	272,136
Permanent Capital Funds	2,785,684	1,100,963	-	3,886,647
	<u>3,150,561</u>	<u>1,274,889</u>	<u>(266,667)</u>	<u>4,158,783</u>
<b>Unrestricted Funds:</b>				
<u>Designated Funds</u>				
Special Funds	2,159,519	593,306	(281,311)	2,471,514
	<u>2,159,519</u>	<u>593,306</u>	<u>(281,311)</u>	<u>2,471,514</u>
<u>Undesignated Funds</u>				
Income/Expendable Capital Funds	17,066,331	8,378,381	(7,793,125)	17,651,587
Pension Liability	(1,126,655)	217,337	-	(909,318)
Permanent Capital Funds	77,790,745	2,186,878	-	79,977,623
	<u>93,730,421</u>	<u>10,782,596</u>	<u>(7,793,125)</u>	<u>96,719,892</u>
	<u>105,506,487</u>	<u>13,541,429</u>	<u>(8,640,823)</u>	<u>110,407,093</u>

b) Analysis of Restricted and Designated Funds:

	<u>Restricted Funds 2006 £</u>	<u>Designated Funds 2006 £</u>	<u>Total 2006 £</u>	<u>Total 2005 £</u>
Archives	4,027,637	-	4,027,637	3,010,427
Bursary	204,029	-	204,029	90,378
Development Office	97,219	32,335	129,554	86,724
Endowment	144,674	-	144,674	126,611
Fellowship	786,177	-	786,177	689,232
JRF	925,863	-	925,863	827,261
Library	17,907	-	17,907	5,473
Other	41,120	296,638	337,758	318,478
Prize	51,243	-	51,243	73,421
Repair Funds	-	2,142,541	2,142,541	1,905,903
Research Fund	5,639	-	5,639	5,639
Studentship/Scholarship	2,391,766	-	2,391,766	2,078,509
Travel Fund	66,266	-	66,266	58,033
Deferred Capital Donations	2,456,147	-	2,456,147	2,499,977
	<u>11,215,687</u>	<u>2,471,514</u>	<u>13,687,201</u>	<u>11,776,066</u>

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2006

c) Capital is Invested in the Following Categories of Assets:

	Fixed Assets £	Investment Assets £	Net Current Assets £	Sinking Fund Loan £	Total £
<b>Restricted Funds:</b>					
<u>Funds for Collegiate Purposes *</u>					
Income/Expendable Capital Funds	-	1,016,498	454,266	-	1,470,764
Permanent Capital Funds	-	3,341,482	2,244,658	-	5,586,140
	-	4,357,980	2,698,924	-	7,056,904
<u>Funds for Non-Collegiate Purposes</u>					
Income/Expendable Capital Funds	-	238,827	33,309	-	272,136
Permanent Capital Funds	-	3,185,431	701,216	-	3,886,647
	-	3,424,258	734,525	-	4,158,783
<b>Unrestricted Funds:</b>					
<u>Designated Funds</u>					
Income/Expendable Capital Funds	-	1,723,980	747,534	-	2,471,514
	-	1,723,980	747,534	-	2,471,514
<u>Undesignated Funds</u>					
Income/Expendable Capital Funds	2,632,511	18,919,886	(1,728,041)	(2,172,769)	17,651,587
Pension Liability	-	-	(909,318)	-	(909,318)
Permanent Capital Funds	67,500,165	10,878,486	(573,797)	2,172,769	79,977,623
	70,132,676	29,798,372	(3,211,156)	-	96,719,892
Total 2006	70,132,676	39,304,590	969,827	-	110,407,093
Total 2005	70,303,321	35,675,025	(471,859)	-	105,506,487

d) Memorandum of Unapplied Total Return

Within reserves the following amounts represent the Unapplied Total Return of the College

	2006 £
Transfer from Revaluation Reserve (Note 14)	18,550,540
Revaluation of Investment Assets during year	3,884,009
Income Receivable from Endowment Assets	1,340,540
Transfer to Income and Expenditure Account	(1,592,899)
Balance as at 30 June 2006	22,182,190

CHURCHILL COLLEGE, CAMBRIDGE

NOTES TO FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2006

14 REVALUATION RESERVES	2006 £	2005 £
Balance as at 1 July	18,550,540	14,449,697
Revaluation of Investment Assets during year	-	4,100,843
Transfer to Unapplied Total Return (Note 13d)	(18,550,540)	-
Balance as at 30 June	<u>-</u>	<u>18,550,540</u>

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 significant donations or bequests received during the year are normally 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	2006 £	2005 £
Building work commitments	305,070	899,000
Other	84,930	-
	<u>390,000</u>	<u>899,000</u>

The above commitments were contracted as at 30 June 2006.

17 STAFF	<u>Academic</u> 2006 £	<u>Academic Related</u> 2006 £	<u>Non - Academic</u> 2006 £	<u>Total</u> 2006 £	<u>Total</u> 2005 £
Staff Costs:					
Emoluments	799,809	469,416	1,958,528	3,227,753	3,060,211
Social Security Costs	44,774	36,171	130,791	211,736	197,829
Other Pension Costs	63,514	58,668	245,419	367,601	331,698
	<u>908,097</u>	<u>564,255</u>	<u>2,334,738</u>	<u>3,807,090</u>	<u>3,589,738</u>
<b>Staff Numbers</b>					
Academic				31	31
Academic Related				23	21
Non-Academics				113	110
				<u>167</u>	<u>162</u>

## CHURCHILL COLLEGE, CAMBRIDGE

### NOTES TO FINANCIAL STATEMENTS (CONT)

#### FOR THE YEAR ENDED 30 JUNE 2006

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There are 111 fellows on the Governing Body of which 31 are stipendiary. Their remuneration is included in the above figures.

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 43 (2005: 40).

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

#### 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). The total pension cost for the year was £367,601 (2005: £331,698).

##### Universities Superannuation Scheme

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

The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion in line with recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets were therefore sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pension Act 2004 it was 110% funded; on a buy-out basis (ie. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer, the actuary estimated that the funding level would have been

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution

## CHURCHILL COLLEGE, CAMBRIDGE

### NOTES TO FINANCIAL STATEMENTS (CONT)

#### FOR THE YEAR ENDED 30 JUNE 2006

#### 18 PENSION SCHEMES (CONT)

contribution rate at 14% of pensionable salaries but it was agreed that the institution contribution rate would be maintained at 14% of salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

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

The total pension cost for the College was £148,457. The contribution rate payable by the College was 14% of pensionable salary.

##### 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).

The funding of the scheme is based upon regular triennial actuarial valuations; a qualified independent actuary carried out the last full valuation as at 31 March 2005. The actuary confirmed that there were no material movements in the scheme between the valuation of 31 March 2005 and the College year end of 30 June 2005, so this valuation has been incorporated in to the College results as at 30 June 2005. The Financial Reporting Standard 17 (FRS17)

The total pension cost for the College was £218,336.. The contribution rate payable by the College was 18.12% until 31 March 2006 and 25.16% thereafter.

The major assumptions used by the actuary were:	30/06/06	31/03/05	30/06/04
Discount rate	5.25%	5.40%	5.80%
Inflation assumption	3.10%	3.00%	3.10%
Rate of increase in salaries	3.85%	3.75%	3.80%
Rate of increase in pensions in deferment			
- Guaranteed minimum pension (GMP)	3.85%	3.75%	3.80%
- Excess pension over GMP and pension accrued after 5 April 1997	3.10%	3.00%	3.10%
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	2.30%	2.25%	2.30%
- Excess pension over GMP and pension accrued after 5 April 1997			
- For service up to 31 March 2004	3.10%	3.00%	3.10%
- For service on or after 1 April 2004	2.60%	2.50%	2.60%

**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2006**

**18 PENSION SCHEMES (CONT)**

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

	Long term rate of return expected at 30/06/06	Value £	Long term rate of return expected at 31/03/05	Value £
Equities	7.5%	4,249,217	7.5%	3,530,181
Bonds (including cash)	4.7%	1,297,436	4.7%	1,339,343
Property	6.5%	180,180	6.5%	149,691
		<u>5,726,833</u>		<u>5,019,215</u>

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

	<b>2006</b> £	<b>2005</b> £
Total market value of assets	5,726,833	5,019,215
Present value of scheme liabilities	(6,636,151)	(6,145,870)
Net pension liability	<u>(909,318)</u>	<u>(1,126,655)</u>

The following amounts have been included within the accounts:

Analysis of amounts charged to operating profit	<b>2006</b> <b>15 Months</b> £	<b>2005</b> <b>9 Months</b> £
Current service cost	208,948	120,826
Life assurance premium	36,220	9,507
Total operating charge	<u>245,168</u>	<u>130,333</u>

Analysis of amount credited to other finance income	<b>2006</b> £	<b>2005</b> £
Expected return on pension scheme assets	418,511	243,505
Interest on pension scheme liabilities	(412,194)	(232,898)
Net return	<u>6,317</u>	<u>10,607</u>

Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL)	<b>2006</b> <b>15 Months</b> £	<b>2005</b> <b>9 Months</b> £
Actual return less expected return on pension scheme assets	306,786	153,271
Experience gains and losses arising on scheme liabilities	124,519	(132,803)
Changes in assumptions underlying the present value of the scheme liabilities	(214,741)	(328,475)
Actuarial gain/(loss) recognised in STRGL	<u>216,564</u>	<u>(308,007)</u>



**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2006**

**18 PENSION SCHEMES (CONT)**

	<b>2006</b>	<b>2005</b>
	£	£
Movement in surplus during the year		
Surplus in scheme at beginning of the year	(1,126,655)	(847,707)
Movement in year:		
Current service costs including life assurance	(245,168)	(130,333)
Contributions	239,624	148,785
Other finance income	6,317	10,607
Actuarial gain/(loss)	216,564	(308,007)
Surplus/(deficit) in scheme at end of the year	<u>(909,318)</u>	<u>(1,126,655)</u>

The FRS17 actuarial valuation at 30 June 2006 showed a deficit of £909,318 (£1,126,655 at 31 March 2005).

	<b>2006</b>	<b>2005</b>
	£	£
History of experience gains and losses		
Difference between expected and actual return on scheme assets:		
Amount	306,786	153,271
Percentage of scheme assets	5.0%	3.0%
Experience gains and losses on scheme liabilities:		
Amount	124,519	(132,803)
Percentage of scheme liabilities	5.0%	-2.0%
Total amount recognised in statement of total recognised gains and losses:		
Amount	216,564	(308,007)
Percentage of scheme liabilities	3.0%	-5.0%

The College prepared its financial statements in accordance with RCCA for the first time in respect of the year ended 30 June 2004. For accounting periods prior to that the accounts prepared in accordance with Statute GIII did not require compliance with accounting standards. This means that information that would be necessary in order to comply fully with FRS17 was not collated in those earlier years. Some of the requirements of FRS17 have been implemented in these financial statements but it is not possible to fully comply for the reasons stated.

**Prior Year Adjustment**

The College has implemented FRS17 in full for the year ended 30 June 2006. As a result, a prior year adjustment arises in respect of the introduction of the scheme liability as at 30 June 2005 in the sum of £1,126,655. The comparative figures have been adjusted accordingly.

**19a CONTRIBUTION ASSESSMENT**

	<b>2006</b>	<b>2005</b>
	£	£
External Revenue:		
Rent of Land and Freehold Property	74,883	617,227
Dividends and Interest Gross	1,173,109	522,263
	<u>1,247,992</u>	<u>1,139,490</u>

**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2006**

<b>19a CONTRIBUTION ASSESSMENT (CONT)</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Less:		
Agency and management charges	222,616	189,945
Transfer to Estates Repairs and Improvements Fund	-	61,723
Sinking Fund Payments under Statute GII,4(iv)	98,992	96,483
Insurance	14,475	16,203
	<u>336,083</u>	<u>364,354</u>
Revenue from Trust & Other Funds subject to contribution	299,994	192,456
Assessable Income	<u>1,211,903</u>	<u>967,592</u>
<b>19b DEDUCTIBLE ITEMS</b>		
Half sums paid to Scholars, Exhibitioners and Research Students	54,484	80,760
Prizes	3,725	4,109
Building A/C (Stat G,II,4)	231,500	225,750
Research Fellows	115,454	109,797
Stipendiary College Teaching Officers	154,832	155,045
College Library	83,902	98,836
Insurance	23,752	24,099
University Counselling Service	9,833	9,330
Sports Injury Clinic	-	681
	<u>677,482</u>	<u>708,407</u>
Net Assessable Income	<u>534,421</u>	<u>259,185</u>
<b>20 BUILDING FUND UNDER STATUTE GII,4(vii)</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Balance at 1 July 2005	-	-
Transfer for 2005/06 approved under GII,4(vii)	231,500	225,750
Improvements	(231,500)	(225,750)
Balance as at 30 June 2006	<u>Nil</u>	<u>Nil</u>
<b>21 ESTATES REPAIRS AND IMPROVEMENTS FUND</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Balance at 1 July 2005	1,905,903	1,678,322
Transfer for 2004/05 approved under GII,4(v)	-	61,723
Revaluation Surplus	182,125	151,540
Income	62,688	39,922
Less: Repairs and Improvements on Estates	(3,910)	(25,603)
University Contribution 2005/06 and 2004/05	(4,265)	-
Balance as at 30 June 2006	<u>2,142,541</u>	<u>1,905,904</u>

**CHURCHILL COLLEGE, CAMBRIDGE**

**NOTES TO FINANCIAL STATEMENTS (CONT)**

**FOR THE YEAR ENDED 30 JUNE 2006**

**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.

	<b>Churchill Conferences</b>	<b>Churchill Residences II</b>	<b>Moller Centre</b>
<u>Share Capital</u>			
At 30 June 2006 and 30 June 2005	100	100	1,300,100
<u>Reserves</u>			
At 30 June 2006	100	182	1,534,516
At 30 June 2005	100	210	1,555,746
<u>Profit/(Loss)</u>			
Year ended 30 June 2006	-	(28)	(21,230)
Year ended 30 June 2005	-	110	26,101
<u>Gift Aid Donation from Subsidiary Companies</u>			
Year ended 30 June 2006	700	-	490,532
Year ended 30 June 2005	1,750	-	441,884
<u>Sales to Subsidiary Companies (excl gift aid)</u>			
Year ended 30 June 2006	430,097	-	1,146,573
Year ended 30 June 2005	297,865	-	1,078,711
<u>Purchases made from Subsidiary Companies</u>			
Year ended 30 June 2006	1,722	1,391	39,721
Year ended 30 June 2005	6,044	-	70,730
<u>Amounts due from Subsidiary Companies</u>			
At 30 June 2006	102,967	-	603,196
At 30 June 2005	116,913	-	458,790
<u>Amounts due to Subsidiary Companies</u>			
At 30 June 2006	2,023	-	1,885
At 30 June 2005	7,051	-	1,278

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.