

WOLFSON COLLEGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

FINANCIAL STATEMENTS

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FINANCIAL REVIEW

Financial Review

The headline figure on the Consolidated Income and Expenditure account is a deficit of £195,000 (inclusive of depreciation at £895,000), being an improvement on the previous two years. The Statement of Recognised Gains and Losses shows an improvement of £899,000 during the year attributable to a continuing favourable trend in the Stock Market, and a grant from the Colleges Fund. The Balance Sheet identifies the loan facility of £620,000, which is in place as part of the funding for the Chancellor's Centre, and is currently being repaid at £100,000 pa. The account also requires the disclosure of the actuarial valuation identifying a liability of £425,000, an increase of £55,000 in the year, on the defined benefit pension scheme.

Benefactions and Donations

The College received just over £106,000 in donations during the year. Additionally a grant of £435,000 for corporate Capital was received from the Colleges' Fund.

Investments

Market valuation of the portfolio at 30 June 2006 was £7,155,000.

Buildings

Although there was no new building work during the year, there were major refurbishments to Morrison House, Bredon House, Plommer House and 42 Barton Road as well as an untimely replacement lift mechanism for the library. The laundry was upgraded and the "older" college buildings had cavity wall insulation installed. Preparation work is already in hand.

RESPONSIBILITIES OF THE GOVERNING BODY

In accordance with the College's Statutes, the Governing Body is responsible for the administration of the College's affairs.

It 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.

The Governing Body is responsible for the preparation of the financial statements in accordance with applicable United Kingdom accounting standards and to send an abstract of its accounts in the form prescribed by the University Statutes to the University.

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; and

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.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the College and the Group as at 30 June 2006 and of the Group's income and expenditure for the year then ended and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statutes of the College and the University.

In our opinion, the contribution due from the College to the University as set out in note 23 has been correctly calculated in accordance with the provisions of University Statute G, II.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**Basis of preparation**

The accounts have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge. In addition, the Accounts comply with the Statement of Recommended Accounting Practice for accounting in Further and Higher Education ('the SORP') with the exception of the Balance Sheet, which has been presented in the different format set out in the relevant section of the Statutes and Ordinances of the University of Cambridge (the RCCA). The provisions of the SORP require Endowments, Deferred Grants and Revaluation Reserves to be disclosed on the face of the Balance Sheet, whereas the RCCA requires that part of this information be

Tangible fixed assets

Stocks

Stocks are stated 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.

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.

DEFINITION OF TERMS

Capital and Reserves are classified under the following terms:

Restricted Funds – funds, the income of which may only be used for a particular purpose, i.e. subject to a legally binding restriction such as a trust deed or will, or an implied trust.

Unrestricted Funds - funds, the income of which may be used for any purpose.

Designated Funds – unrestricted funds, the income of which the Governing Body has decided to use for a particular purpose.

Undesignated Funds – unrestricted funds, the income of which may be used for any purpose.

Permanent Capital – capital which the Governing Body has no power to convert to income and apply as such.

Expendable Capital – capital which the Governing Body has the power to convert to income and apply as such.

General Capital – capital which can be used for revenue purposes.

Corporate Capital – capital which cannot be used for revenue purposes.

Trust Funds – funds, the use of which is governed by the terms of a trust deed or an implied trust.

Revaluation Reserve – a reserve comprised of the market value of investment assets less their historic cost.

Consolidated Income and Expenditure Account

Year to 30 June		2006	2005
		£' 000	restated £' 000
	Note		
INCOME			
Academic	2	1,371	1,345
Residential and Catering	3	2,412	2,185
Endowment	4	203	174
Other	5	156	289
Total Income		<u>4,142</u>	<u>3,993</u>
EXPENDITURE			
Education	6	1,611	1,656
Residential and Catering	7	2,670	2,581
Other	8	56	59
Total Expenditure		<u>4,337</u>	<u>4,296</u>
Operating Deficit		<u>(195)</u>	<u>(303)</u>
Contribution to Colleges' Fund	9	Nil	Nil
NET Deficit		<u><u>(195)</u></u>	<u><u>(303)</u></u>

Income and expenditure are in respect of continuing activities.

Consolidated Statement of Total Recognised Gains and Losses

Year to 30 June	2006		2006		2006	2005
	Restricted Funds	Unrestricted Funds		Total	Total	
		Designated	Undesignated			£' 000
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
Balance at 1 July 2005	2,786	977	43,200	46,963	46,371	
Unrealised gain on investment assets	139	64	557	760	706	
Net withdrawal from funds	(98)	-	(25)	(123)	(125)	
Surplus / (deficit) for the year	-	26	(221)	(195)	(303)	
Donations	65	-	-	65	123	
Capital grants from Colleges' Fund	-	-	435	435	375	
Actuarial loss in pension scheme	-	-	(43)	(43)	(184)	
Total recognised gains for the year	106	90	703	899	592	
Balance at 30 June 2006	2,892	1,067	43,903	47,862	46,963	
Total recognised gains for the year	106	90	703	899		
Prior year adjustments	-	-	(370)	(370)		
Total recognised gains since last annual report	106	90	333	529		

Balance Sheets

As at 30 June		College 2006	Group 2006	College 2005 restated	Group 2005 restated
		£' 000	£' 000	£' 000	£' 000
	Note				
FIXED ASSETS					
Tangible Assets	11	40,997	40,997	41,453	41,466
Investments	12	7,156	7,155	5,854	5,853
Total Fixed Assets		<u>48,153</u>	<u>48,152</u>	<u>47,307</u>	<u>47,319</u>
CURRENT ASSETS					
Stocks		87	87	85	85
Debtors	13	242	242	282	278
Cash		1,076	1,076	949	951
Total Current Assets		<u>1,405</u>	<u>1,405</u>	<u>1,316</u>	<u>1,314</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	657	650	584	580
Net Current Assets		<u>749</u>	<u>756</u>	<u>732</u>	<u>734</u>
Total Assets less Current Liabilities		48,901	48,907	48,039	48,053
Creditors: amounts falling due after more than one year	15	620	620	720	720
NET ASSETS excluding pension liability		<u>48,281</u>	<u>48,287</u>	<u>47,319</u>	<u>47,333</u>
Defined benefit pension liability	24	425	425	370	370
NET ASSETS including pension liability		<u>47,856</u>	<u>47,862</u>	<u>46,949</u>	<u>46,963</u>
CAPITAL and RESERVES					
Restricted funds	16	2,892	2,892	2,786	2,786
Unrestricted funds	16	44,964	44,970	44,163	44,177
TOTAL		<u>47,856</u>	<u>47,862</u>	<u>46,949</u>	<u>46,963</u>

Approved on behalf of the Council

Bursar
1 November 2006

Consolidated Cash Flow Statement

Year to 30 June		2006 £' 000	2005 £' 000
	Note		
Net cash inflow from operating activities	21a	816	388
Net cash outflow from returns on investments and servicing of finance	21b	(192)	(162)
Net cash outflow from capital transactions	21c	(399)	(464)
Net cash inflow/(outflow) before financing		225	(238)
Net cash (outflow)/inflow from financing	21d	(100)	620
Net cash inflow after financing		125	382
 Reconciliation of net cash flow to movement in net liquid funds			
Increase in cash in year	22	125	382
Change in net debt	22	100	(620)
Cash flow relating to purchase and sale of investments	22	544	12
Non-cash movements in investments	22	758	690
Movement in net funds during the year		1,527	464
Opening net funds	22	6,084	5,620
Closing net funds	22	7,611	6,084

Notes to the Accounts
Year to 30 June

1 RESTATEMENT OF COMPARATIVES

The adoption of FRS17 Retirement Benefits protocol has required a change to the accounting treatment of pensions and the prior year results have been restated accordingly, as follows:

Balance Sheet

	Pension Liability £'000	General Capital £'000
As previously reported at 30 June 2005	-	36,734
Adoption of FRS17 at 30 June 2005	370	(370)
At 30 June 2005 restated	370	36,364

Under FRS 17 the difference between the market value of the assets of the College's pension fund in the Combined Colleges Federal Pension Scheme (CCFPS) and the present value of accrued pension liabilities is shown as a liability on the balance sheet. Previously there were no entries relating to the pension scheme at year end in the balance sheet.

Income and Expenditure Account

	Residential and Catering Expenditure £'000	Other Expenditure £'000	Net Deficit £'000
As previously reported for the year to 30 June 2005	1,656	67	(302)
Adoption of FRS17 for the year to 30 June 2005	8	(8)	(1)
Year end 30 June 2005 restated	1,664	59	(303)

The income and expenditure charge under SSAP24 comprised a regular pension cost consisting of contributions made to the scheme. Under FRS 17 three new items are included in the income and expenditure account.

Included in Residential and Catering Expenditure:

the full service cost of pension provision for the year and the costs of any benefits relating to past service.

Included in Other Expenditure:

a charge equal to the expected increase in the present value of the scheme liabilities arising because the benefits are closer to settlement and, netted against this, a credit equivalent to the College's long term expected return on assets based on the market value of the scheme assets at the start of the year.

Statement of Total Recognised Gains and Losses

Included in the statement of total recognised gains and losses are:

the difference between the expected return on pension assets and that actually achieved.
differences which arise from experience or changes in assumptions for pension liabilities.

Notes to the Accounts**Year to 30 June****2006**
£' 000**2005**
£' 000

Notes to the Accounts

Year to 30 June	2006	2005
	£' 000	restated £' 000
6 EDUCATION EXPENDITURE		
Teaching	522	538
Tutorial	291	276
Admissions	223	212
Research	211	216
Scholarships and Awards	66	53
Other Educational Facilities	163	154
College Courses	135	207
	<u>1,611</u>	<u>1,656</u>
7 RESIDENTIAL and CATERING EXPENDITURE		
Accommodation	1,916	1,817
Catering	754	764
	<u>2,670</u>	<u>2,581</u>
Expenditure redounds to College Members		
8 OTHER EXPENDITURE		
Loan Interest, etc	42	34
Finance deficit / (surplus) on defined benefit pension	5	(8)
Amenities	9	33
	<u>56</u>	<u>59</u>
Expenditure includes auditors' remuneration of:		
External audit	22	22
Other services	3	5
Expenditure includes £9,682 (£18,250 in 2005) as the cost of fundraising. This expenditure includes some of the the costs of alumni relations.		
9 CONTRIBUTION UNDER STATUTE GII	Note	
Endowment Income as per Income & Expenditure Account	4	203
Less: Items not Assessable to Contribution		(212)
Assessable Income	23	(9)
Less: Deductible Items	23	(314)
Net Assessable Income		<u>Nil</u>
		<u>Nil</u>

Notes to the Accounts

Year to 30 June

10 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Note	2006 £' 000	2006 £' 000	2006 £' 000	2006 £' 000
Education	6	449	946	216	1,611
Residential and Catering	7	1,290	701	679	2,670
Other		5	51	-	56
		1,744	1,698	895	4,337
		2005 restated £' 000	2005 restated £' 000	2005 restated £' 000	2005 restated £' 000

Notes to the Accounts

Year to 30 June

	2006	2006	2005	2005
	College	Group	College	Group
	£' 000	£' 000	£' 000	£' 000
12 INVESTMENT ASSETS				

Notes to the Accounts

Year to 30 June

16 CAPITAL AND RESERVES

GROUP	Note	Expendable Capital Funds £' 000	Permanent Capital Funds £' 000	Total 2006 £' 000	Total 2005 restated £' 000
Restricted Funds					
Trust Funds	17a	1,282	-	1,282	1,121
Deferred Capital Grants	17b	1,610	-	1,610	1,665
Unrestricted Funds					
Designated Funds:					
Trust Funds	17d	1,067	-	1,067	977
Undesignated Funds:					
Revaluation Reserve	17c	1,028	-	1,028	861
Corporate Capital	17d	-	6,410	6,410	5,975
General Capital	17d	36,465	-	36,465	36,364
Total Funds - used for Collegiate purposes		41,452	6,410	47,862	46,963

COLLEGE

College capital and reserves differ from the Group's reserves by £6,000 (£14,000 in 2005). This difference is attributable to the retained profits of the college's subsidiary company Lee Library Ltd. These retained profits are expendable, unrestricted and undesignated general capital. This general capital is invested in fixed assets and net current assets. Accordingly, notes 16 to 19 have not been replicated for the college.

	2006 £' 000	2005 £' 000			
17 MOVEMENTS IN CAPITAL AND RESERVES					
a Restricted Funds					
Balance at 1 July 2005	1,121	994			
Donations received	64	69			
Income from Investments	41	27			
Expenditure from funds	(83)	(98)			
Increase in market value of investment assets	139	129			
Balance at 30 June 2006	1,282	1,121			
b Deferred Capital Grants					
Balance at 1 July 2005	1,665	1,665			
Donations received	1	54			
Expenditure from funds	(56)	(54)			
Balance at 30 June 2006	1,610	1,665			
c Revaluation Reserve					
Balance at 1 July 2005	861	476			
Increase in unrealised gain for the year	526	478			
Transfer of realised losses	(359)	(93)			
Balance at 30 June 2006	1,028	861			
d General Reserves					
	Corporate Capital £' 000	Designated Reserves £' 000	General Capital £' 000	Total 2006 £' 000	Total 2005 restated £' 000
Balance at 1 July 2005 as previously stated	5,975	977	36,734	43,686	43,421
Prior year adjustments as per Note 1	-	-	(370)	(370)	(185)
Balance at 1 July 2005 as re-stated	5,975	977	36,364	43,316	43,236
Grant from Colleges Fund	435	-	-	435	375
Deficit for the year	-	-	(195)	(195)	(303)
Transfers	-	26	296	322	(51)
Increase in market value of investments	-	64	-	64	59
Balance at 30 June 2006	6,410	1,067	36,465	43,942	43,316

Notes to the Accounts

Year to 30 June

17 MOVEMENTS IN CAPITAL AND RESERVES (contd.)

e Summary	Balance at	Movement in Year		Balance at
	01/07/2005 restated	Reduction	Increase	30/06/2006
	£' 000	£' 000	£' 000	£' 000
Restricted Funds				
Expendable Capital	2,786	55	161	2,892
Unrestricted Funds				
Designated Funds:				
Expendable capital	977	32	122	1,067
Undesignated Funds:				
Expendable capital	37,225	135	403	37,493
Permanent capital	5,975	-	435	6,410
	46,963	222	1,121	47,862

18 ANALYSIS OF RESTRICTED AND DESIGNATED UNRESTRICTED FUNDS

	Restricted Funds	Unrestricted Funds	Total 2006	Total 2005
	£' 000	£' 000	£' 000	£' 000
Fellowships Funds	268	122	390	360
Scholarships Funds	237	535	772	732
Library Funds	159	2	161	154
Support Funds	342	58	400	366
Travel Grants Funds	27	4	31	28
Prizes Funds	3	4	7	7
Building Grants	1,610	-	1,610	1,665
Revaluation Reserves	246	113	359	236
Other Funds	-	229	229	215
	2,892	1,067	3,959	3,763

19 CAPITAL ALLOCATION

Capital is invested in the following categories of assets:

	Fixed Assets	Investment Assets	Total 2006	Total 2005 restated
	£' 000	£' 000	£' 000	£' 000
Restricted Funds				
Expendable Capital	1,625	1,267	2,892	2,786
Unrestricted Funds				
Designated Funds:				
Expendable capital	483	584	1,067	977
Undesignated Funds:				
Expendable capital	35,229	2,264	37,493	37,225
Permanent capital	3,370	3,040	6,410	5,975
Total at 30 June 2006	40,707	7,155	47,862	
Total at 1 July 2005	41,110	5,853		46,963

Notes to the Accounts

Year to 30 June

20 STAFF

		College Fellows	Non- Academic	Total 2006	Total 2005 restated
	Note	£' 000	£' 000	£' 000	£' 000
Staff Costs:					

Notes to the Accounts

Year to 30 June

22 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2005 £' 000	Cash Flows £' 000	Other Changes £' 000	At 30 June 2006 £' 000
Cash at Bank and in hand	951	125	-	1,076
Bank loan and pension provision	(720)	100	-	(620)
Net liquid funds	231	225	-	456
Investments in securities	5,282	825	753	6,860
Short term investments	571	(281)	5	295
Net funds	6,084	769	758	7,611

	2006 £' 000	2006 £' 000	2005 £' 000
23 CONTRIBUTION ASSESSMENT			
a Assessable Income			
External Revenue			
Dividends and Interest gross		172	154
Less:			
Insurance of College Buildings	30		
Agency and Management Charges	52		
Sinking Fund payments under Statute GII,4(iv)	130		
		(212)	(204)
Trust and Other Funds subject to Contribution		31	20
		(9)	(30)
b Deductible Items			
Half sums paid to Research Students	11		
Prizes	1		

Notes to the Accounts

24 PENSION SCHEMES

Cambridge Colleges Federated Pension Scheme:

The College's share of the underlying assets and liabilities of the scheme is separately identifiable and is shown below, as at 31 March 2006.

The contribution made by the College in respect of the accounting period ended 30 June 2006 was £135,348 (£129,409 in 2005), excluding PHI contributions. The College's contribution rate required for future service benefits alone was 18.43% of salaries during the nine months to 31 March 2006, and 25.7% of salaries during the three months to 30 June 2006.

The College has obtained a valuation of the assets as at 31 March 2006. In the opinion of the independent actuary providing this valuation, there have been no material changes relating to the college's FRS17 position between 1 April and 30 June 2006, the end of the current accounting year.

FRS 17 Disclosures

The most recent full actuarial valuation of the scheme was as at 31 March 2005. These FRS 17 valuation results use the same valuation data obtained by an independent actuary who is not an

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

	30 June 2006 £'000	30 June 2005 £'000	30 June 2004 £'000
Total market value of assets	1,756	1,339	1,163
Present value of scheme liabilities	(2,181)	(1,709)	(1,348)
Net pension liability	(425)	(370)	(185)

Analysis of the amount charged to operating profit

	30 June 2006 £'000	30 June 2005 £'000
Current service cost	117	104
Life assurance premium	12	16
Total operating charge	129	120

Analysis of the amount credited to other finance income

	30 June 2006 £'000	30 June 2005 £'000
Expected return on pension scheme assets	92	83
Interest on pension scheme liabilities	(97)	(76)
Net return	(5)	7

Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)

	30 June 2006 £'000	30 June 2005 £'000	30 June 2004 £'000
Actual return less expected return on pension scheme assets	135	22	50
Experience gains and losses arising on the scheme liabilities	18	(99)	(25)
Changes in assumptions underlying the present value of the scheme liabilities	(196)	(107)	(78)
Actuarial loss recognised in STRGL	(43)	(184)	(53)

Movement in deficit during the year

	30 June 2006 £'000	30 June 2005 £'000	30 June 2004 £'000
Deficit in scheme at beginning of the year	(370)	(185)	(148)
Movement in year:			
Current service cost including Life Assurance premium	(129)	(120)	(95)
Contributions	122	112	106
Past service costs	-	-	-
Other finance income	(5)	7	5
Actuarial loss	(43)	(184)	(53)
	<u>(425)</u>	<u>(370)</u>	<u>(185)</u>

The FRS17 actuarial valuation at 31 March 2006 showed a deficit of £425,216.

History of experience gains and losses

	30 June 2006 £'000	30 June 2005 £'000	30 June 2004 £'000
Difference between expected and actual return on scheme assets	135 8%	22 2%	50 4%
Experience gains and losses arising on the scheme liabilities	(18) 1%	(99) -6%	(25) -2%
Total amount recognised in statement of total recognised gains and losses	(43) -2%	(184) -11%	(53) -4%

