

NEWNHAM COLLEGE
CAMBRIDGE

Financial Statements
for the Year Ended 30 June 2005

NEWNHAM COLLEGE

Financial Statements

for the Year Ended 30 June 2005

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NEWNHAM COLLEGE

Financial Statements

for the Year Ended 30 June 2005

Bursar's Report

The College's primary purpose is the provision of education, learning and support for research. There were 535 students at the College during the year, of whom 396 were undergraduates and 139 were graduates, 48 Teaching and Tutorial Fellows (most of whom are actively engaged in research) and 6 Research Fellows.

Financial Performance

The College, like many of the other Cambridge Colleges, runs at a deficit. In 2004-05, this amounted to £476,599 after transfers to and from reserves and funds. Over 90% of this resulted from making provision for the depreciation of fixed assets – mainly the College buildings. The benefit of charging depreciation is to ensure that funds are built up to provide for the major overhaul or replacement of the historic buildings as and when this becomes necessary. The College has to take a long view but such prudent provision is difficult to attain when there are significant limitations on our ability to increase income from our primary activity and when costs are driven up by legislative and regulatory factors largely beyond our control.

The phased reduction imposed by the Government in the real value of the publicly-funded undergraduate fees reached its sixth year in 2004/5. The College's per capita payment for 2004-05 was £ 2,888, an increase of 1.3% on the £2,850 received the previous year. During the same period retail price inflation (RPI) was 2.9% and the average earnings index rose 3.9%. The College's fee income for the year totalled £1,404,751, a 3.5% increase which was the result of there being a fortuitously increased number of non-publicly-funded undergraduates. They pay a per capita fee of £3,408, a fee which has not been subject to the reduction. Expenditure on teaching and educational support rose 4.2%, 0.3% more than national wage inflation, to £3,113,198. College Fee income in 2004-05 represented only 45% of the income needed to cover the education costs, with the remainder made up from the Endowment.

Expenditure on accommodation, catering and conference activities was kept down to an increase of 1.5% while the income generated totalled £2,170,059 - a 5.5% increase over the previous year. However, within these figures the income from external business showed a disappointing drop of 15%. This was largely the result of reduced numbers of summer school students coming from the USA. The College currently has a very small number of en-suited rooms which limits the scope for development of other forms of conferences.

Staff costs (£2,673,463) and building maintenance (£806,851) make up 62% of total expenditure (excluding depreciation). Both of these items are subject to inflation at rates well above RPI and in the case of building costs the local inflation factor has continued at around 10% each year. Extensive work over the past 12 years has put the College's buildings in good order but planned maintenance and decoration, as well as effective responsive maintenance, is necessary to protect that investment and to keep them in good repair.

Benefactions and Donations

The College is extremely grateful to its benefactors and alumnae for their continued generous support. To continue the provision of traditional levels of small group teaching and pastoral support, so essential to the intensive and high standards of education expected of a Cambridge College, the College needs to top up the increasingly inadequate public funding of its educational work and to build up the Endowment funds, both to continue to increase the direct financial support to its students and to provide income into the future. Bequests continued to be a very important source of funds with £931,887 being received in the year.

Financial Statements

for the Year Ended 30 June 2005

Bursar's Report (continued)

After the successful conclusion of the major effort of recent years to raise funds for the new Library, donations fell back to £268,021 in 2004/05. However the College launched the first of annual series of telephone campaigns. This produced results well above expectations and should form the basis of an annual fund which will make a big difference to the ability of the College to maintain its standards of provision into the future.

Investment Performance

The market value of the College's stock exchange portfolio increased by £4.2m to £41.6m during the year. This further step in the recovery of the investments was welcome but given the existing policy of only taking to the Income and Expenditure Account the revenue income from investments and not any part of the capital growth, it was of limited immediate benefit. The College, like other charitable institutions, is considering moving to a policy of taking a part of the capital growth to income through recognising the total return on the investments. There was also a small improvement in the College's relatively modest property investments. In April 2004 the system for reclaiming tax deducted from dividends as ACT relief was ended so 2004/05 was the first full year in which none of this tax was recoverable. Nevertheless investment income showed a small increase of 1.6%. The total return for the year on the investments was 13.4%.

Capital Expenditure Projects

The new College library and refurbishment of the Yates Thompson Library was completed at the end of 2003. This was a large scale project which was funded in large part by a successful appeal and from a major bequest to the College. Late on in the project a dispute arose with HM Customs & Excise with regard to the recovery of VAT. This is still the subject of litigation and the case will be heard in the High Court of Appeal in February 2006. The College's liability arising from this dispute has been included in the College's accounts as it arose and at 30 June 2005 amounted to £893,099.

The refurbishment and rebuilding of the main College Kitchens and Buttery is the next major project. Due to the fundamental nature of the works it was necessary to construct temporary facilities to provide for the catering needs of the College for the expected 18-24 months of building works. Much of this work was carried out during 2004/05 and this, together with design and other preliminary costs amounted to £963,083 at 30 June 2005. The total estimated cost of the project is £8.5m. The College has decided to fund this project by borrowing £6m as a long term bank loan rather than by selling investments, on the view that the long term total return on the investments will more than provide for the interest and repayment costs of the loan.

Risk Management

The College maintains a strong system of financial and management controls. The detailed estimates for the year ahead and a rolling five year forecast are scrutinised by the Finance Committee prior to consideration and approval by the College Council in June each year. Monthly departmental management accounts are produced including comparison of budget with actual and revised Forecasts of Outturn are produced to allow for overall review of the progress of each year's finances. The College, through its senior management and committees reporting to the College Council, is active in identifying, reviewing and documenting its exposure to other major risks with a view to eliminating, reducing and/or controlling them.

Mr I. Le M. Du Quesnay (Bursar)

11 November 2005

NEWNHAM COLLEGE

For the year ended 30 June 2005

Responsibilities of the College Council

In accordance with the College's Statutes, the College Council is responsible for the administration and management 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, which appoints the auditors, receives the audited financial statements from the Council.

In causing the financial statements to be prepared, the College Council has ensured that:

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

The College Council 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 College Council 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.

NEWNHAM COLLEGE

Auditors' Report to the Governing Body of Newnham College, Cambridge

We have audited the financial statements of the College for the year ended 30 June 2005 on pages 9 to 22 which have been prepared under the historical cost convention, as modified by the revaluation of certain investment assets, and the accounting policies set out on pages 6 to 8.

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

Respective Responsibilities of the College's Council and auditors

As described in the Statement of Responsibilities, the College Council is responsible for the preparation of financial statements in accordance with the applicable law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting policies set out therein, with the provision of the Statutes of the College and with the Statutes of the University of Cambridge.

We also report if, in our opinion, the College has not kept proper accounting records, or if we have not received the information and explanations we require for our audit

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board and Audit Code of Practice issued by the Higher Education Funding Council for England. 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 College Council 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.

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 contribution due from the College to the University has been correctly computed in accordance with the provision of Statute G II of the University of Cambridge and in all material respects income received from the University of Cambridge out of grants from the Higher Education Funding Council for England during the year ended 30 June 2005 has been applied to the purposes for which it was received.

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

Prentis & Co

Chartered Accountants and Registered Auditors
115c Milton Road, Cambridge CB4 1XE

22 November 2005

NEWNHAM COLLEGE

for the year ended 30 June 2005

Statement of Principal Accounting Policies

(i) Basis of preparation

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

In addition, the financial statements comply with the Statement of Recommended Practice "Accounting for Further and Higher Education Institutions" (the SORP) with the exception of the Balance Sheet which has been presented in the different format set out in the relevant sections 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.

(ii) 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.

(iii) Exemption from consolidation

The College has three wholly owned subsidiary companies. These financial statements contain information about Newnham College only and not about its group. The basis for exemption is that the group has gross income of less than £10m and employs less than 250 staff and therefore would qualify as a medium sized group under the Companies Act 1985 s.248. The activities of student societies have also not been consolidated.

(iv) Recognition of income

Donations and bequests 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. All income from short-term deposits and the investment of unrestricted funds is credited to the Income and Expenditure Account on a receivable basis. Unrestricted funds and bequests received are designated as capital or as income in the year of receipt by Council following its annual strategic review.

(v) Pension schemes

The College participates in the Universities Superannuation Scheme (USS) and the Cambridge Colleges Federated Pension Scheme (CCFPS). These are both defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme. The funds are valued every three years by professionally qualified independent actuaries 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.

NEWNHAM COLLEGE
for the year ended 30 June 2005
Statement of Accounting Policies - continued

(vi) Tangible fixed assets

a. Land and buildings

The land comprising the College's main site has not been included in the balance sheet. The buildings on the College's main site have been treated as tangible fixed assets and valued on the basis of their depreciated replacement cost. The valuation on 31 December 2003 was carried out by Gerald Eve, Chartered Surveyors. Freehold buildings are depreciated on a straight line basis over their expected useful economic life of 100 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 the Balance Sheet date. They are not depreciated until they are brought into use.

b. Maintenance of premises

The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred. The College also sets aside sums to meet major maintenance costs which occur on an irregular basis. These are disclosed as designated funds.

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
Major Computer Software	10% per annum
Computer equipment	25% per annum

Where equipment is acquired with the aid of specific bequests or donations the income is credited to a deferred capital account and income released to the Income and Expenditure Account over the same period of depreciation as the furniture or equipment to which it relates.

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

All these assets are deemed to be inalienable and are not included in the balance sheet.

NEWNHAM COLLEGE

for the year ended 30 June 2005

Statement of Accounting Policies - continued

(vii) Investments

Stock Exchange investments are included in the balance sheet at market value. All College properties off the main site are treated as investment assets and shown as estate properties. They are valued at market value once every five years by a professional valuer (Gerald Eve) and revalued on the balance sheet accordingly.

(viii) Stocks

Stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

(ix) 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.

(x) 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.

(xi) 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.

(xii) 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.

(xiii) Reserves

These accounts distinguish from each other those reserves and funds received which are:

- Permanent Capital (which the College cannot spend but can only use the income generated) rather than Expendable capital;
- Restricted Reserves (which have a requirement by the donor that they be only used for a specific purpose) and Unrestricted Reserves;
- Designated Funds (which the College Council has decided should be used for a particular purpose) and Undesignated Funds.

NEWNHAM COLLEGE

Income and Expenditure Account for the Year Ended 30 June 2005

		2004/05 £	2003/04 £
INCOME	Note		
Academic Fees and Charges	1	1,508,659	1,493,683
Residences, Catering, and Conferences	2	2,170,059	2,056,111
Endowment Income	3	2,715,934	2,438,473
Other Charges and Income	4	181,287	132,887
Total Income		<u>6,575,940</u>	<u>6,121,154</u>
EXPENDITURE			
Education	5	3,113,198	2,987,150
Residences, Catering and Conferences	6	2,789,901	2,749,019
Other	7	134,870	111,781
Total Expenditure		<u>6,037,970</u>	<u>5,847,950</u>
Operating Surplus		537,971	273,204
Release of Capital Grants from Deferred Capital Reserve		48,180	23,860
Contribution to Colleges Fund Under Statute G,II	10	(10,929)	(8,840)
NET SURPLUS before transfers		<u>575,222</u>	<u>288,224</u>
Transfers to Reserves and Funds		(2,919,946)	(2,916,562)
Transfers from Reserves and Funds		1,868,126	2,031,687
NET DEFICIT to General Capital		<u>(476,598)</u>	<u>(596,651)</u>

NEWNHAM COLLEGE

Statement of Total Recognised Gains and Losses

for the Year Ended 30 June 2005

	Restricted Funds £	Unrestricted Funds		Total 30 June 05 £	Total 30 June 04 £
		Designated Funds £	Undesignated Funds £		
Balance brought forward 1 July	20,202,155	3,209,036	61,120,153	84,531,344	78,139,067
Appreciation of Investment Assets	1,831,218	360,810	2,090,203	4,282,231	4,011,722
Appreciation of Fixed Assets on Revaluation (note 17)	0	0	0	0	1,165,211
Capital donations for Library project put to Deferred Capital Reserve	46,533	0	0	46,533	942,065
Capital Grant from Colleges Fund	0	0	0	0	23,100
Transfers	1,437,317	(124,604)	(320,131)	992,583	870,690
Retained Income and Expenditure Account deficit for the year	0	0	(476,598)	(476,598)	(596,651)
Release of capital grants from Deferred Capital Reserve to I&E Account	(48,180)	0	0	(48,180)	(23,860)
Total Recognised Gains / (Losses) for the Year	3,266,888	236,206	1,293,475	4,796,569	6,392,277
Balance carried forward at 30 June	23,469,043	3,445,242	62,413,628	89,327,913	84,531,344

NEWNHAM COLLEGE

Balance Sheet

At 30 June 2005

	Note		2004/05 £	2003/04 £	
FIXED ASSETS	11				
Tangible Assets			44,088,902	43,564,980	
Investments			46,199,067	41,593,647	
			<u>90,287,969</u>	<u>85,158,627</u>	
CURRENT ASSETS					
Stock	12	135,749		123,796	
Debtors	13	344,947		608,580	
Cash		187,610		35,432	
		<u>668,306</u>		<u>767,808</u>	
CURRENT LIABILITIES					
Creditors: Amounts Falling Due Within One Year	14	(1,628,361)		(1,395,091)	
Net Current Assets/(Liabilities)			<u>(960,055)</u>	<u>(627,283)</u>	
Total Assets less Current Liabilities			<u>89,327,913</u>	<u>84,531,344</u>	
CAPITAL AND RESERVES	18				
		Expendable Capital Funds £	Permanent Capital Funds £	Total 2004/05 £	Total 2003/04 £
Restricted Funds held for:					
Collegiate Purposes		7,349,070	14,614,244	21,963,314	18,852,514
Non-Collegiate Purposes		23,041	1,482,688	1,505,729	1,349,641
		<u>7,372,111</u>	<u>16,096,932</u>	<u>23,469,043</u>	<u>20,202,155</u>
Unrestricted Funds:					
Designated		3,101,013	344,229	3,445,242	3,209,036
Undesignated		46,765,310	15,648,318	62,413,628	61,120,153
		<u>49,866,323</u>	<u>15,992,547</u>	<u>65,858,870</u>	<u>64,329,189</u>
TOTAL		<u>57,238,434</u>	<u>32,089,479</u>	<u>89,327,913</u>	<u>84,531,344</u>

These financial statements were approved by Newnham College Council on
and signed on its behalf by:

11th November 2005

Professor O.O'Neill (Principal)

Mr I. Le M. Du Quesnay (Bursar)

NEWNHAM COLLEGE

Cash Flow Statement

for the Year Ended 30 June 2005

	2004/05 £	2003/04 £
Reconciliation of operating deficit to net cash inflow from operating activities		
Operating Deficit	(476,598)	(596,651)
Add: Depreciation	439,161	406,511
Capital Grants released in year	(48,180)	(23,860)
Surplus on sale of investment assets	(58,193)	(32,930)
Transfers	992,583	870,690
Investment income and interest received	(1,218,079)	(1,453,742)
(Increase) / Decrease in Stocks	(11,951)	4,576
(Increase) / Decrease in Debtors	263,633	(85,403)
Increase / (Decrease) in Creditors	233,270	(369,018)
Net Cash (Outflow) / Inflow from Operating Activities	<u>115,646</u>	<u>(1,279,827)</u>

CASH FLOW STATEMENT

Net Cash (Outflow) / Inflow from Operating Activities	115,646	(1,279,827)
Returns on Investments and Servicing of Finance		
Investment Income	1,217,286	1,451,735
Interest Received	793	2,007
Interest Paid	0	0
Net cash inflow from returns on investment	<u>1,218,079</u>	<u>1,453,742</u>
Capital Expenditure and Financial Investment		
Receipts from sale of investment properties	208,193	1,178,431
Receipts from capital donations to Library project	46,533	942,065
Capital grant from Colleges Fund		23,100
Expenditure on tangible fixed assets	(963,083)	(1,859,540)
Expenditure on investment assets	(473,190)	(392,973)
Net Cash Outflow from capital transactions	<u>(1,181,547)</u>	<u>(108,917)</u>
Increase / (Decrease) in Cash in the year	<u>152,178</u>	<u>64,998</u>

Reconciliation of net cash flow to movement in net liquid assets

Increase in Cash in the year	152,178	64,998
Net liquid funds brought forward at 1 July	35,432	(29,566)
Net liquid funds carried forward at 30 June	<u>187,610</u>	<u>35,432</u>

NEWNHAM COLLEGE

Notes to the Accounts

At 30 June 2005

1. ACADEMIC FEES AND CHARGES	2004/05	2003/04
	£	£
COLLEGE FEES		
Fee Income paid on behalf of Undergraduates eligible for Student Support (per Capita Fee £2,888; 2003/4 £2,850)	1,064,844	1,074,528
Other Undergraduate Fee Income (per Capita Fee £3,408; 2003/4 £3,192))	158,037	111,273
Graduate Fee Income (per Capita Fee £1,950; 2003/4 £1,911)	181,870	171,770
	<u>1,404,751</u>	<u>1,357,571</u>
Teaching Grants	24,483	40,768
Recoveries from other Colleges	71,567	86,596
Other Fees and Charges	7,858	8,748
	<u>1,508,659</u>	<u>1,493,683</u>
Total	<u><u>1,508,659</u></u>	<u><u>1,493,683</u></u>

2. RESIDENCES, CATERING, AND CONFERENCES INCOME	2004/05	2003/04
	£	£
Accommodation		
College Members	1,172,198	1,077,580
Conferences	211,776	239,576
Catering		
College Members	485,880	470,441
Conferences	134,365	167,744
Rents from College Subsidiaries	165,840	100,770
	<u>2,170,059</u>	<u>2,056,111</u>
Total	<u><u>2,170,059</u></u>	<u><u>2,056,111</u></u>

3. ENDOWMENT INCOME	Restricted Funds	Unrestricted Funds	2004/05 Total	2003/04 Total
	£	£	£	£
<u>Income from:</u>				
Freehold Land and Buildings	0	182,707	182,707	161,997
Property Investment Fund	0	82,315	82,315	78,941
Quoted Securities	539,187	672,878	1,212,065	1,204,945
Cash	8,647	10,791	19,438	9,208
Donations and Bequests	173,917	1,045,492	1,219,409	983,382
	<u>721,751</u>	<u>1,994,183</u>	<u>2,715,934</u>	<u>2,438,473</u>

4. OTHER INCOME	2004/05	2003/04
	£	£
College Events	29,859	25,252
Non-Collegiate income	13,962	10,769
Surplus on Disposal of Property	58,193	32,930
Sundry charges and other income	79,273	63,936
	<u>181,287</u>	<u>132,887</u>
Total	<u><u>181,287</u></u>	<u><u>132,887</u></u>

NEWNHAM COLLEGE

Notes to the Accounts - continued

5. EDUCATION EXPENDITURE	2004/05 £	2003/04 £
Teaching	1,702,687	1,583,893
Tutorial	500,396	496,022
Admissions	217,903	213,580
Research	290,919	306,441
Scholarships and Awards	201,450	198,826
Other Educational Facilities	199,843	188,388
Total	<u>3,113,198</u>	<u>2,987,150</u>

6. RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE	2004/05 £	2003/04 £
Accommodation	2,064,805	1,987,770
College Members		
Conferences	26,920	66,915
Catering	698,176	694,334
Total	<u>2,789,901</u>	<u>2,749,019</u>

7. OTHER EXPENDITURE	2004/05 £	2003/04 £
Treasury and Investment Administration	25,545	26,302
Estates costs	18,781	28,459
Charitable Donations	1,827	3,229
Fellowship costs	8,782	8,584
Non-Collegiate expenditure	79,935	45,207
Total	<u>134,870</u>	<u>111,781</u>

8. ANALYSIS OF EXPENDITURE BY ACTIVITY	Staff Costs (Note 9) £	Other Operating Expenses £	Depreciation £	2004/05 Total £	2003/04 Total £
Education (Note 5)	1,478,149	1,509,769	125,280	3,113,198	2,987,150
Residences, Catering & Conferences (Note 6)	1,177,166	1,298,854	313,881	2,789,901	2,749,019
Other (Note 7)	18,147	116,723		134,870	111,781
	<u>2,673,463</u>	<u>2,925,346</u>	<u>439,161</u>	<u>6,037,970</u>	<u>5,847,950</u>
Including: Auditors Fees - as auditors				8,500	7,685
- for other work				0	0
Cost of Fundraising				171,851	127,737

9. STAFF AND FELLOWS	College Fellows 2004/05 £	Academics 2004/05 £	Non - Academics 2004/05 £	Total 2004/05 £	Total 2003/04 £
Staff Costs *					
Emoluments	646,793	27,386	1,529,929	2,204,108	2,183,320
Social Security Costs	47,346	1,954	115,067	164,367	160,743
Other Pension Costs	96,551	2,482	205,955	304,988	272,850
	<u>790,690</u>	<u>31,822</u>	<u>1,850,951</u>	<u>2,673,463</u>	<u>2,616,913</u>

* No officer or employee of the College, including the Head of House, received emoluments of over £70,000

Average Staff Numbers

Academic	45	3	0	48	51
Non-Academics	0	0	87	87	83
	<u>45</u>	<u>3</u>	<u>87</u>	<u>135</u>	<u>134</u>
Fellows - full time stipendary	14		full time		
Fellows - part time stipendary	31		equivalents		
Fellows - non-stipendary	25				

NEWNHAM COLLEGE

Notes to the Accounts - continued

10. CONTRIBUTION TO COLLEGES FUND UNDER UNIVERSITY STATUTE G II	2004/05	2003/04
	£	£
Endowment Income as per Income and Expenditure Account	2,715,934	2,438,473
Add: Internal Interest Transfer	16,810	56,973
Less costs	(170,325)	(207,858)
	<u>2,562,419</u>	<u>2,287,588</u>
Less: Items not Assessable to Contribution:		
Donations and Bequests	1,219,409	983,382
Income of Funds held for non-Collegiate purposes	55,691	58,555
Assessable Income	<u>1,287,319</u>	<u>1,245,651</u>
Less: Deductible Items	923,028	950,986
Net Assessable Income	<u><u>364,292</u></u>	<u><u>294,664</u></u>
Contribution Payable @ 3%	10,929	8,840
	<u><u>10,929</u></u>	<u><u>8,840</u></u>
ASSESSABLE INCOME		
External Revenue		
Rents from College Estates	182,707	161,997
Dividends from Property Investments Fund	82,315	78,941
Dividends and Interest	439,111	483,094
	<u>704,133</u>	<u>724,032</u>
Less Costs:		
Professional fees and other property running costs	18,781	28,459
Management Costs	25,545	26,302
Insurance and Rates	70,039	57,674
Interest Payments	16,810	56,973
Transfer to Estates Repairs Fund	39,150	207,858
	<u>170,325</u>	<u>38,450</u>
	533,808	516,173
Income from Trust and Other Funds subject to Contribution	915,979	929,273
Less: Trust and Other Funds not subject to Contribution	55,691	58,555
Transfer from Consolidated Investment Income Reserve	106,777	141,240
	<u>106,777</u>	<u>141,240</u>
Net Assessable Income	<u><u>1,287,319</u></u>	<u><u>1,245,651</u></u>
DEDUCTIBLE ITEMS	<u>University Statute</u>	
Sinking Fund transfers and income	GII 4(iv)	85,165
Half sum paid to Scholars and Research Students	GII 4(iv)	64,364
Prizes	GII 4(vi)	10,825
Building Maintenance (per capita)	GII 4(vii)	154,250
Student Medical Counselling and Childcare Services	GII 4(xii)	16,020
Donations for University Purposes	GII 4(xii)	200
College Teaching Officers Additional Stipends	GII 4(xix)	250,173
Net Expenditure on Library Services	GII 4(xvii)	207,572
Expenditure on College Library Maintenance	GII 4(xvii)	3,498
Expenditure on Temporary Library	GII 4(xvii)	16,707
College Research Fellows	GII 4(xviii)	73,044
College Archives	GII 4(xxiii)	41,210
		<u>923,028</u>
		<u>950,986</u>

NEWNHAM COLLEGE

Notes to the Accounts - continued

11. FIXED ASSETS

Tangible Assets

	College Buildings £	Information Technology £	2004/05 Total £	2003/04 Total £
COST/VALUATION				
At 30 June 2004	44,270,000	51,237	44,321,237	41,296,486
Additions	963,083	-	963,083	1,859,540
Revaluation During the Year	-	-	-	1,165,211
At 30 June 2005	<u>45,233,083</u>	<u>51,237</u>	<u>45,284,320</u>	<u>44,321,237</u>
DEPRECIATION				
At 30 June 2004	738,100	18,157	756,257	349,746
Provided for the year	429,150	10,011	439,161	406,511
At 30 June 2005	<u>1,167,250</u>	<u>28,168</u>	<u>1,195,418</u>	<u>756,257</u>
Net Book value				
At 30 June 2005	<u>44,065,833</u>	<u>23,069</u>	<u>44,088,902</u>	<u>43,564,980</u>
At 30 June 2004	<u>43,531,900</u>	<u>33,080</u>	<u>43,564,980</u>	<u>40,946,740</u>

The Freehold Buildings at 30 June 2005 were insured at reinstatement costs of £77,200,000

<u>Investment Assets</u>	Securities	Property	Subsidiary Companies	2004/05 £	2003/04 £
At 30 June 2004	37,005,641	4,208,000	380,006	41,593,647	38,334,452
Additions	398,190	75,000	-	473,190	392,973
Disposals	-	(150,000)	-	(150,000)	(1,145,500)
Appreciation/(Depreciation) on Disposals or Revaluation	4,170,330	111,900	-	4,282,230	4,011,722
At 30 June 2005	<u>41,574,161</u>	<u>4,244,900</u>	<u>380,006</u>	<u>46,199,067</u>	<u>41,593,647</u>

Represented by:

Estate Properties	4,244,900	4,208,000
Quoted Securities - Equities	35,734,735	30,993,515
Quoted Securities - Fixed Interest	5,001,034	5,258,000
Cash Held For Reinvestment	838,392	754,126
Investment in Subsidiary Companies	380,006	380,006
	<u>46,199,067</u>	<u>41,593,647</u>

The valuation of College buildings and investment properties at 31 December 2003 was carried out by Gerald Eve, Chartered Surveyors. The stock exchange investments were valued at mid-market price at the Balance Sheet dates.

The College has three subsidiary companies, all wholly owned by the College and registered in the UK:

Activity	Level of Reserves	
	2004/05 £	2003/04 £
Newnham College Limited	(1,171)	1,103
Newnham College Management Limited	10,845	2,147
Newnham College Library Co Limited	350,380	330,886

NEWNHAM COLLEGE

Notes to the Accounts - continued

12. STOCK	2004/05 £	2003/04 £
Food and Drink	11,579	11,689
Wine	104,518	107,375
Linen, Cleaning Materials and Other	19,652	4,732
	<u>135,749</u>	<u>123,796</u>

13. DEBTORS	2004/05 £	2003/04 £
Taxes due from Government Departments	14,585	96,846
Due from Subsidiary Companies	13,529	11,556
Trade Debtors	106,716	313,983
Sundry Debtors and Prepayments	210,117	186,195
	<u>344,947</u>	<u>608,580</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2004/05 £	2003/04 £
Trade Creditors	342,592	325,873
Potential VAT liability	893,099	893,099
Due to Subsidiary Companies	95,491	17,677
Taxes and social security costs	57,130	54,520
Accruals and Sundry Creditors	240,049	103,922
	<u>1,628,361</u>	<u>1,395,091</u>

15. RELATED PARTY TRANSACTIONS	2004/05 £	2003/04 £
The following transactions took place during the year between the College and its subsidiaries		
Newnham College Limited		
Sales and charges by the College to the Company	2,829	2,666
Purchases by the College from the Company	856	870
Outstanding Debt due to / (from) the Company at the balance sheet date	(13,529)	(11,556)
Newnham College Management Limited		
Sales and charges by the College to the Company	529,352	0
Purchases by the College from the Company	963,083	0
Outstanding Debt due to / (from) the Company at the balance sheet date	37,086	2,166
Newnham College Library Co Limited		
Sales and charges by the College to the Company	218,056	253,060
Purchases by the College from the Company	378,684	265,482
Outstanding Debt due to / (from) the Company at the balance sheet date	58,405	15,511

Owing to the nature of the College's operations and the composition of the College Council and 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 College Council or Governing Body may have an interest are conducted at arm's length and in accordance with the College's normal procedures

16. CAPITAL COMMITMENTS

At 30 June 2005 the College had the following capital commitments not provided for in these accounts:

- contracted for	£801,359	£529,068
- not yet contracted for	£6,748,814	-

17. FINANCIAL COMMITMENTS

At 30 June 2005 and 30 June 2004 the College had no annual commitments under non-cancellable operating leases.

NEWNHAM COLLEGE

Notes to the Accounts - continued

18. CAPITAL AND RESERVES

	Expendable Capital Fund £	Permanent Capital Fund £	Total 2004/05 £	Total 2003/04 £
Restricted Funds:				
Funds for Collegiate Purposes	2,602,633	14,614,244	17,216,877	14,104,430
Funds for Non-Collegiate Purposes	23,041	1,482,688	1,505,729	1,349,641
Deferred Capital Funds	4,746,437	0	4,746,437	4,748,084
	7,372,111	16,096,932	23,469,043	20,202,155
Unrestricted Funds:				
<u>Designated Funds:</u>				
Funds for Collegiate Purposes	2,576,184	344,229	2,920,413	2,656,279
Funds for Non-Collegiate Purposes	77,747	0	77,747	69,731
Amalgamated Building & Maintenance Funds	447,082	0	447,082	483,026
	3,101,013	344,229	3,445,242	3,209,036
<u>Undesignated Funds:</u>				
Corporate Capital	0	14,914,506	14,914,506	13,993,969
Building Sinking Fund	0	733,812	733,812	584,819
Revaluation Reserve (note 19)	36,355,211	0	36,355,211	36,355,211
Donations & Benefactions	5,941,890	0	5,941,890	5,783,434
Revenue Reserve	562,001	0	562,001	549,372
General Capital	3,906,208	0	3,906,208	3,853,348
	46,765,310	15,648,318	62,413,628	61,120,153
	57,238,434	32,089,479	89,327,913	84,531,344

Reconciliation of Movement in Capital and Reserves:

	<u>Restricted Reserves</u>		<u>Unrestricted Reserves</u>				Total 2004/05 £	Total 2003/04 £
	Expendable Capital Fund £	Permanent Capital Fund £	<u>Designated Reserves</u>		<u>Undesignated Reserves</u>			
			Expendable Capital Fund £	Permanent Capital Fund £	Expendable Capital Fund £	Permanent Capital Fund £		
At 30 June 2004	7,285,202	12,916,953	2,902,264	306,772	46,541,365	14,578,788	84,531,344	78,139,066
Increase in Year	86,909	3,179,979	198,749	37,457	223,945	1,069,530	4,796,569	6,392,278
At 30 June 2005	7,372,111	16,096,932	3,101,013	344,229	46,765,310	15,648,318	89,327,913	84,531,344

Capital is invested in the following categories of assets

Tangible Fixed Assets	4,746,436	0	0	0	37,328,938	2,013,528	44,088,902	43,564,980
Investment Assets	2,594,151	15,914,551	3,306,197	339,758	10,627,979	13,416,427	46,199,063	41,593,648
Net Current Assets	31,524	182,381	(205,184)	4,471	(1,191,607)	218,363	(960,052)	(627,284)
Total at 30 June 2005	7,372,111	16,096,932	3,101,013	344,229	46,765,310	15,648,318	89,327,913	84,531,344

19. REVALUATION RESERVE

	2004/05 £	2003/04 £
Included in Undesignated Reserves (note 18)		
Balance brought forward 1 July	36,355,211	35,190,000
Surplus on Revaluation at 31 December 2003	-	1,165,211
Balance carried forward 30 June	36,355,211	36,355,211

NEWNHAM COLLEGE

Notes to the Accounts - continued

20. PENSION SCHEMES

(a) Universities Superannuation Scheme

The institution participates in the University Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31st March 2002. The assumptions which have the most significant effect on the result of the valuation are those related to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5.0 per annum, salary increases would be 3.7 per annum and pensions would increase by 2.7 per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.0 per annum, including an additional investment return assumption of 1 per annum, salary increases would be 3.7 per annum and pensions would increase by 2.7 per annum. The valuation was carried out using the projected unit method.

At the valuation date, the value of the assets of the scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25 for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

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

The total pension cost for the College was £149,903 (2003/4 £109,211). This includes outstanding contributions of £NIL at the balance sheet dates. The contribution rate payable by the institution was 14% of pensionable salaries.

(b) Cambridge Colleges Federated Pension Scheme

The College is 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 that 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 I 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 date of the most recent full actuarial valuation, on which the amounts in these notes to the financial statements are based, was as at 31 March 2002. These FRS17 valuation results use the same valuation data updated at 31 March 2005 by an Actuary who is not an employee or officer of the College and/or its subsidiaries. A valuation taken at 31 March 2005 has been used as the College considers there is not a material movement between that date and 30 June 2005.

FRS17 is mandatory from 2006, but additional disclosures (set out below) are required under transitional arrangements which show the effect of this alternative treatment on the balance sheet, reserves and pension costs. FRS17 uses the yield on AA rated (or equivalent status) corporate bonds in order to arrive at a measure for the liabilities of the scheme.

At the last Minimum Funding Requirement valuation at 31 March 2002 there was a surplus of £52,616. The contribution made by the College in respect of the accounting period ended 30 June 2005 was £155,084 (2004: £166,984).

NEWNHAM COLLEGE

Notes to the Accounts - continued

20 (b) Cambridge Colleges Federated Pension Scheme (continued)

The major assumptions used by the Actuary were:	2005	2004	2003
Discount rate	5.4%	5.8%	5.5%
Inflation assumption	3.0%	3.1%	2.3%
Rate of increase in salaries	3.75%	3.5%	3.5%
Rate of increase in pensions in deferment			
- Guaranteed Minimum Pension (GMP)	3.75%	3.5%	3.5%
- Excess pension over GMP and pension accrued after 5 April 1997	3.0%	3.1%	2.1%
Rate of increase in pensions in payment			
- GMP accrued up to 5 April 1988	0.0%	0.0%	0.0%
- GMP accrued between 6 April 1988 and 5 April 1997	2.25%	2.3%	2.3%
- Excess pension over GMP and pension accrued after 5 April 1997	3.0%	3.1%	3.1%

The assets in the scheme and the expected rates of return are:

Long-term rate of return expected at 30th June 2005

	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>	<u>2003</u>	<u>2003</u>
	Rate	Value	Rate	Value	Rate	Value
	%	£	%	£	%	£
Equities	8.0	1,096,250	8.0	899,540	8.0	817,276
Bonds (Including cash)	5.1	411,942	4.5	468,486	4.5	359,439
Property	7.0	<u>46,484</u>	7.0	<u>104,294</u>	7.0	<u>79,331</u>
		<u>1,554,676</u>		<u>1,472,320</u>		<u>1,256,046</u>

The Scheme administrators provided asset values and the overall Scheme cash details.

Cash is held in the Scheme bank account and with Foreign and Colonial Investment Management (F&C). A full split between each College is not available, although this year we have been provided with the College's cash balance at the valuation year end. We have divided the non-attributable cash balance in proportion to the number of F&C units held in other assets.

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

(see tables below and movement in deficit for the year)

	2005	2004
	£	£
Total market value of assets	1,554,676	1,472,320
Present value of scheme liabilities	<u>(2,019,668)</u>	<u>(1,786,662)</u>
(Deficit) in scheme	<u>(464,992)</u>	<u>(314,342)</u>
Analysis of the amount charged to operating profit		
Current service cost	(77,413)	(89,333)
Life assurance premium	(10,252)	(4,847)
Past service cost	<u>0</u>	<u>0</u>
Total operating charge (see below)	<u>(87,665)</u>	<u>(94,180)</u>
Analysis of the amount credited to other finance income		
Expected return on pension scheme assets	75,641	87,819
Interest on pension scheme liabilities	<u>(79,152)</u>	<u>(90,269)</u>
Net return (see below)	<u>(3,511)</u>	<u>(2,450)</u>
Analysis of the amount recognisable in a Statement of Total Recognised Gains and Losses (STRGL)		
Actual return less expected return on pension scheme assets	36,009	130,785
Experience gains and losses arising on the scheme liabilities	(57,723)	(54,266)
Changes in assumptions underlying present value of the scheme liabilities	<u>(138,434)</u>	<u>(48,617)</u>
Actuarial surplus / (deficit) recognisable in a STRGL (see below)	<u>(160,148)</u>	<u>27,902</u>

NEWNHAM COLLEGE

Notes to the Accounts - continued

20 (b) Cambridge Colleges Federated Pension Scheme (continued)

	2005	2004
Movement in deficit during the year:	£	£
Deficit in scheme in beginning of the year	(314,342)	(412,598)
Movement in year:		
Current service cost including Life Assurance (see above)	(87,665)	(94,180)
Contributions (see above)	100,674	166,984
Past service costs	0	0
Other finance income (see above)	(3,511)	(2,450)
Actuarial surplus / (deficit) recognisable in the STRGL (see above)	<u>(160,148)</u>	<u>27,902</u>
Deficit in scheme at end of the year	<u>(464,992)</u>	<u>(314,342)</u>
History of experienced gains and losses:	2005	2004
Difference between the expected and actual return on scheme assets:		
Amount	£36,009	£(130,785)
Percentage of scheme assets at 31 March 2005 (30 June 2004)	2.0%	9.88%
Experienced gains and losses on scheme liabilities:		
Amount	£(57,723)	£(54,266)
Percentage of present value of scheme liabilities at 31 March 2005 (30 June 2004)	-3.0%	-3.04%
Total amount recognisable in a statement of total recognised gains and losses:		
Amount	(160,148)	£27,902
Percentage of present value of scheme liabilities at 31 March 2005 (30 June 2004)	-8.0%	1.56%
Balance Sheet presentation under FRS17	2005	2004
	£	£
Net assets excluding pension assets/liabilities	89,327,913	84,531,344
FRS17 pension liability	(464,992)	(314,342)
Net assets including FRS17 deficit	<u>88,862,921</u>	<u>84,217,002</u>
Reserves note under FRS17		
Restricted Funds	<u>23,469,043</u>	<u>20,202,155</u>
Unrestricted Funds	65,858,870	64,329,189
FRS17 pension liability	(464,992)	(314,342)
	<u>65,393,878</u>	<u>64,014,847</u>
Total Reserves	<u>88,862,921</u>	<u>84,217,002</u>

NEWNHAM COLLEGE

Notes to the Accounts - continued

20 (b) Cambridge Colleges Federated Pension Scheme (continued)

SSAP24 Disclosure

The College operates a funded defined benefit scheme for all qualifying employees. The assets of the scheme are held in a separately administered fund. The market valuation of the scheme's assets at the date of the triennial valuation on 31 March 2002 by qualified independent actuaries was £1.36m

The following assumptions were applied:

Investment returns	7%
Salary growth	5%
Pension increases (where applicable)	4%

At the date (31 March 2002) of the latest actuarial valuation the market value of the scheme's assets was £1.36m and this was sufficient to cover 97% of the benefits accrued to members, after allowing for expected future increases in earnings.

At the last Minimum Funding Requirement valuation (31 March 2002) there was a surplus of £52,616. The contribution made by the College in respect of the accounting period ended 30 June 2005 was £155,084 (2004: £166,984).

During the year ended 30 June 2005 the College contributed to the scheme at the rate of 25% of members' pensionable salaries. The rate is subject to review at future actuarial valuations.