

**NEWNHAM COLLEGE**  
**CAMBRIDGE**

**Financial Statements**  
**for the Year Ended 30 June 2004**

# **NEWNHAM COLLEGE**

## **Financial Statements**

**for the Year Ended 30 June 2004**

Contents:	1
Bursar's Report	2 to 3
Responsibilities of the College Council	4
Auditor's Report	5
Statement of Accounting Policies	6 to 8
Income and Expenditure Account	9
Statement of Total Recognised Gains and Losses	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Accounts	13 to 21

# NEWNHAM COLLEGE

## Financial Statements for the Year Ended 30 June 2004

### Bursar's Report

#### Financial Review

In the Income and Expenditure Account, the College managed a small operating surplus of £288,225. After making the transfers to and from funds and reserves, this surplus was transformed to a deficit of £596,651.

The College's primary purpose is as a provider of education, learning and support for research. Unfortunately the income from fees fell 2.7% to £1,493,683. In real terms the nominal increase in the per capita payment from the Higher Education Funding Council (HEFCE) represented a decrease in funding and there was also a slight decrease in student numbers. The phased reduction in the fees paid on behalf of undergraduates eligible for Student Support has reached its midpoint and will continue to decline, at least in real terms, for another five years.

At the same time as fee income reduced, costs increased with expenditure on teaching and educational support for students rising 5.2% to £2,987,150. The College therefore matches from its other income, almost pound for pound, the income received for educational purposes. This other income mainly comes from investment earnings of the College Endowment.

The accommodation, catering and conference activities of the College achieved an improvement in financial results in 2003/04. Income rose 13.4% to £2,056,111 and expenditure reduced by 7.5% to £2,749,019.

#### Staff Costs

Almost half the College's revenue expenditure is spent on staff costs and these rose in the year by 14.5% to £2,616,913. Of this increase about 4% was due to cost of living and other inflationary factors. Other elements included the employer's national insurance contributions which rose from 11.8% to 12.8% (an increase of 8.47%) in April 2003. The College was also forced in April 2003 to increase to 25% the employer's contributions to the Cambridge Colleges Federated Pension Scheme. The College's liabilities within this scheme had been shown by an actuarial valuation in November 2002 to be greater than its share of the assets and, although the recovery of the stock market has improved the position, further steps are being considered by the College to bring the cost of pension support for non-academic staff back under control.

#### Benefactions and Donations

The College is extremely grateful to its benefactors and alumnae for their continued generous support. The College needs to build its funds both to continue to increase the direct financial support to its students and to build its Endowment so that it can continue to provide the facilities which serve the needs of all its members. During this year the College received £983,382 in donations and bequests for a variety of purposes in addition to capital donations amounting to £942,065 for the new library building.

# **NEWNHAM COLLEGE**

## **Financial Statements**

**for the Year Ended 30 June 2004**

### **Bursar's Report (continued)**

#### **Investment**

The market value of the portfolio of securities at 30<sup>th</sup> June 2004 was £37 million, a rise of £3.5m which replaced the loss in value which occurred the previous year. Unfortunately income from the investments declined by 4%, partly because of the reduced recovery of Advanced Corporation Tax. The last transitional phase of tax recovery ended in April 2004 and equates to a loss of income from investments of around £60,000 a year.

#### **Capital Expenditure and Building**

The most significant capital expenditure during the year was a further £1.8 million on the new Library and refurbishment of the Yates Thompson Library. The Library achieved practical completion in November 2004. It represents a major investment in the educational infrastructure of the College. The College also continued its long term programme of refurbishing its accommodation. £10.5 million has been spent over the last ten years on the overhaul and refurbishment of all the buildings both externally and internally. During the year the work on the graduate houses was completed with Whitstead being thoroughly upgraded at a cost of £344,000.

Although the overall condition of the College's buildings has been substantially improved over the past ten years, standards are constantly rising and further investment is planned in the accommodation and the main kitchens.

Mr I. Le M. Du Quesnay (Bursar)

3<sup>rd</sup> December 2004

# **NEWNHAM COLLEGE**

**For the year ended 30 June 2004**

## **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 2004 on pages 6 to 21 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 Governing Body. 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 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 have been appointed as auditors by the Governing Body and report to it in accordance with the College Statutes.

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 provisions of the Statutes of the College. We also report to you if, in our opinion, the Bursar's Report is not consistent with the financial statements, if the College has not kept 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 or College Statutes is not disclosed.

We read the information contained in the Bursar's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 members 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 financial statements give a true and fair view of the state of the College's affairs as at 30 June 2004 and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards, including the Statement of Recommended Practice 'Accounting for Further and Higher Education Institutions' as interpreted by the University of Cambridge in their Recommended Cambridge College Accounts (RCCA).

### **Prentis and Co**

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

Date 9<sup>th</sup> December 2004

# **NEWNHAM COLLEGE**

## **for the year ended 30 June 2004**

### **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 2004

## 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 30 June 2002 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 2004**

## **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.

# NEWNHAM COLLEGE

## Income and Expenditure Account for the Year Ended 30 June 2004

		<b>2003/04</b>	<b>2002/03</b>
		<b>£</b>	<b>£</b>
<b>INCOME</b>	Note		
Academic Fees and Charges	1	1,493,683	1,534,504
Residences, Catering, and Conferences	2	2,056,111	1,812,723
Endowment Income	3	2,438,473	3,253,778
Other Charges and Income	4	132,887	74,900
Total Income		<u>6,121,154</u>	<u>6,675,905</u>
<b>EXPENDITURE</b>			
Education	5	2,987,150	2,839,850
Residences, Catering and Conferences	6	2,749,019	2,973,291
Other	7	111,781	140,669
Total Expenditure		<u>5,847,950</u>	<u>5,953,810</u>
Operating Surplus		273,205	722,095
Release of Capital Grants from Deferred Capital Reserve		23,860	
Contribution to Colleges Fund Under Statute G,II	10	(8,840)	(6,092)
<b>NET SURPLUS before transfers</b>		<u><b>288,225</b></u>	<u><b>716,003</b></u>
Transfers to Reserves and Funds		(2,916,562)	(3,617,773)
Transfers from Reserves and Funds		2,031,687	2,456,582
<b>NET DEFICIT to General Capital</b>		<u><b>(596,651)</b></u>	<u><b>(445,188)</b></u>

# NEWNHAM COLLEGE

## Statement of Total Recognised Gains and Losses

for the Year Ended 30 June 2004

	Restricted Funds £	Unrestricted Funds		Total 30 June 04 £	Total 30 June 03 £
		Designated Funds £	Undesignated Funds £		
Balance brought forward 1 July	17,426,537	1,946,405	58,766,125	78,139,067	80,717,884
Appreciation of Investment Assets	1,366,915	283,980	2,360,827	4,011,722	(3,590,180)
Appreciation of Fixed Assets on Revaluation (note 17)	0	0	1,165,211	1,165,211	0
Capital donations for Library project put to Deferred Capital Reserve	942,065	0	0	942,065	276,382
Capital Grant from Colleges Fund	0	0	23,100	23,100	0
Transfers	490,498	978,651	(598,459)	870,690	1,180,168
Retained Income and Expenditure Account deficit for the year	0	0	(596,651)	(596,651)	(445,188)
Release of capital grants from Deferred Capital Reserve to I&E Account	(23,860)	0	0	(23,860)	0
<b>Total Recognised Gains / (Losses) for the Year</b>	<b>2,775,618</b>	<b>1,262,631</b>	<b>2,354,028</b>	<b>6,392,277</b>	<b>(2,578,818)</b>
Balance carried forward at 30 June	<b>20,202,155</b>	<b>3,209,036</b>	<b>61,120,153</b>	<b>84,531,343</b>	<b>78,139,066</b>

# NEWNHAM COLLEGE

## Balance Sheet

At 30 June 2004

	Note		2003/04 £	2002/03 £	
<b>FIXED ASSETS</b>	11				
Tangible Assets			43,564,980	40,946,740	
Investments			41,593,647	38,334,452	
			<u>85,158,627</u>	<u>79,281,192</u>	
<b>CURRENT ASSETS</b>					
Stock	12	123,796		128,372	
Debtors	13	608,580		523,177	
Cash		35,432		(29,566)	
		<u>767,808</u>		<u>621,983</u>	
<b>CURRENT LIABILITIES</b>					
Creditors: Amounts Falling Due Within One Year	14	(1,395,091)		(1,764,109)	
<b>Net Current Assets/(Liabilities)</b>			<u>(627,283)</u>	<u>(1,142,126)</u>	
<b>Total Assets less Current Liabilities</b>			<u><b>84,531,344</b></u>	<u><b>78,139,066</b></u>	
<b>CAPITAL AND RESERVES</b>	16				
		<b>Expendable Capital Funds £</b>	<b>Permanent Capital Funds £</b>	<b>Total 2003/04 £</b>	<b>Total 2002/03 £</b>
Restricted Funds held for:					
Collegiate Purposes		7,272,791	11,579,723	18,852,514	16,208,973
Non-Collegiate Purposes		12,411	1,337,230	1,349,641	1,217,563
		<u>7,285,202</u>	<u>12,916,953</u>	<u>20,202,155</u>	<u>17,426,536</u>
Unrestricted Funds:					
Designated		2,902,264	306,772	3,209,036	1,946,404
Undesignated		46,541,365	14,578,788	61,120,153	58,766,126
		<u>49,443,629</u>	<u>14,885,560</u>	<u>64,329,189</u>	<u>60,712,530</u>
<b>TOTAL</b>		<u><b>56,728,831</b></u>	<u><b>27,802,513</b></u>	<u><b>84,531,344</b></u>	<u><b>78,139,066</b></u>

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

3rd December 2004

Professor O.O'Neill (Principal)

Mr I. Le M. Du Quesnay (Bursar)

# NEWNHAM COLLEGE

## Cash Flow Statement

for the Year Ended 30 June 2004

	2003/04 £	2002/03 £
<b>Reconciliation of operating deficit to net cash inflow from operating activities</b>		
Operating Deficit	(596,651)	(445,188)
Add: Depreciation	406,511	349,746
Capital Grants released in year	(23,860)	0
Surplus on sale of investment assets	(32,930)	0
Transfers	870,690	1,180,168
Investment income and interest received	(1,453,742)	(1,496,598)
(Increase) / Decrease in Stocks	4,576	7,242
(Increase) / Decrease in Debtors	(85,403)	(154,296)
Increase / (Decrease) in Creditors	(369,018)	1,031,568
Net Cash (Outflow) / Inflow from Operating Activities	<u>(1,279,827)</u>	<u>472,642</u>

### CASH FLOW STATEMENT

Net Cash (Outflow) / Inflow from Operating Activities	(1,279,827)	472,642
<b>Returns on Investments and Servicing of Finance</b>		
Investment Income	1,451,735	1,459,870
Interest Received	2,007	36,728
Interest Paid	0	0
<b>Net cash inflow from returns on investment</b>	<u>1,453,742</u>	<u>1,496,598</u>
<b>Capital Expenditure and Financial Investment</b>		
Receipts from sale of investment properties	1,178,431	2,702,903
Receipts from capital donations to Library project	942,065	276,382
Capital grant from Colleges Fund	23,100	0
Expenditure on tangible fixed assets	(1,859,540)	(4,107,866)
Expenditure on investment assets	(392,973)	(1,798,500)
<b>Net Cash Outflow from capital transactions</b>	<u>(108,917)</u>	<u>(2,927,081)</u>
<b>Increase / (Decrease) in Cash in the year</b>	<u><u>64,998</u></u>	<u><u>(957,841)</u></u>

### Reconciliation of net cash flow to movement in net liquid assets

Increase in Cash in the year	64,998	(957,841)
Net liquid funds brought forward at 1 July	(29,566)	928,275
Net liquid funds carried forward at 30 June	<u><u>35,432</u></u>	<u><u>(29,566)</u></u>

# NEWNHAM COLLEGE

## Notes to the Accounts

At 30 June 2004

1. ACADEMIC FEES AND CHARGES		2003/04	2002/03
		£	£
<b>COLLEGE FEES</b>			
Fee Income paid on behalf of Undergraduates eligible for Student Support (per Capita Fee £2,850.)		1,074,528	1,114,144
Other Undergraduate Fee Income (per Capita Fee £3,192)		111,273	96,875
Graduate Fee Income (per Capita Fee £1,911 )		171,770	190,545
		<hr/>	<hr/>
		1,357,571	1,401,564
Teaching Grants		40,768	45,210
Recoveries from other Colleges		86,596	82,541
Other Fees and Charges		8,748	5,189
		<hr/>	<hr/>
Total		<b><u>1,493,683</u></b>	<b><u>1,534,504</u></b>
2. RESIDENCES, CATERING, AND CONFERENCES INCOME		2003/04	2002/03
		£	£
Accommodation	College Members	1,077,580	972,927
	Conferences	239,576	206,388
Catering	College Members	470,441	444,919
	Conferences	167,744	152,789
Rents from College Subsidiaries		100,770	35,700
		<hr/>	<hr/>
Total		<b><u>2,056,111</u></b>	<b><u>1,812,723</u></b>
3. ENDOWMENT INCOME		2003/04	2002/03
		Total	Total
		£	£
<u>Income from:</u>			
Freehold Land and Buildings	0	161,997	161,997
Property Investment Fund	0	78,941	78,941
Quoted Securities	556,811	830,425	1,204,946
Cash	3,696	5,512	9,208
Donations and Bequests	511,673	471,709	983,382
		<hr/>	<hr/>
		<b><u>999,012</u></b>	<b><u>1,439,462</u></b>
		<b><u>2,438,473</u></b>	<b><u>3,253,778</u></b>
4. OTHER INCOME		2003/04	2002/03
		£	£
College Events		25,252	22,482
Non-Collegiate income		10,769	13,860
Surplus on Disposal of Property		32,930	0
Sundry charges and other income		63,936	38,558
		<hr/>	<hr/>
		<b><u>132,887</u></b>	<b><u>74,900</u></b>

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

5. EDUCATION EXPENDITURE	2003/04 £	2002/03 £
Teaching	1,583,893	1,470,136
Tutorial	496,022	438,769
Admissions	213,580	207,111
Research	306,441	299,148
Scholarships and Awards	198,826	227,029
Other Educational Facilities	188,388	197,658
<b>Total</b>	<b><u>2,987,150</u></b>	<b><u>2,839,850</u></b>

6. RESIDENCES, CATERING, AND CONFERENCES EXPENDITURE	2003/04 £	2002/03 £
Accommodation	1,987,770	2,264,402
College Members	66,915	57,040
Conferences	694,334	651,849
Catering	694,334	651,849
<b>Total</b>	<b><u>2,749,019</u></b>	<b><u>2,973,291</u></b>

7. OTHER EXPENDITURE	2003/04 £	2002/03 £
Treasury and Investment Administration	26,302	25,466
Estates costs	28,459	39,317
Charitable Donations	3,229	6,136
Fellowship costs	8,584	8,307
Non-Collegiate expenditure	45,207	61,443
<b>Total</b>	<b><u>111,781</u></b>	<b><u>140,669</u></b>

8. ANALYSIS OF EXPENDITURE BY ACTIVITY	Staff Costs (Note 9) £	Other Operating Expenses £	Depreciation £	2003/04 Total £	2002/03 Total £
Education (Note 5)	1,469,374	1,402,077	115,699	2,987,150	2,839,850
Residences, Catering & Conferences (Note 6)	1,095,943	1,362,264	290,812	2,749,019	2,973,291
Other (Note 7)	51,596	60,184		111,781	140,669
	<b><u>2,616,913</u></b>	<b><u>2,824,525</u></b>	<b><u>406,511</u></b>	<b><u>5,847,950</u></b>	<b><u>5,953,810</u></b>

9. STAFF AND FELLOWS	College Fellows 2003/04 £	Academics 2003/04 £	Non - Academics 2003/04 £	Total 2003/04 £	Total 2002/03 £
<b>Staff Costs *</b>					
Emoluments	764,100	36,662	1,382,558	2,183,320	1,957,806
Social Security Costs	58,277	3,265	99,201	160,743	141,892
Other Pension Costs	86,389	1,157	185,304	272,850	185,650
	<b><u>908,766</u></b>	<b><u>41,084</u></b>	<b><u>1,667,063</u></b>	<b><u>2,616,913</u></b>	<b><u>2,285,348</u></b>
<b>Average Staff Numbers (Full-Time Equivalents)</b>					
Academic	49	2	0	51	51
Non-Academics	0	0	83	83	85
	<b><u>49</u></b>	<b><u>2</u></b>	<b><u>83</u></b>	<b><u>134</u></b>	<b><u>136</u></b>

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

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

10. CONTRIBUTION TO COLLEGES FUND UNDER UNIVERSITY STATUTE G II	2003/04		2002/03
	£		£
Endowment Income as per Income and Expenditure Account	2,438,473		3,253,778
Add: Internal Interest Transfer	56,973		18,968
Less costs	(207,858)		(192,953)
	<u>2,287,588</u>		<u>3,079,793</u>
Less: Items not Assessable to Contribution:			
Donations and Bequests	983,382		1,779,301
Income of Funds held for non-Collegiate purposes	58,555		51,339
Assessable Income	<u>1,245,651</u>		<u>1,249,153</u>
Less: Deductible Items	950,986		1,237,036
Net Assessable Income	<u>294,664</u>		<u>12,117</u>
Contribution Payable @ 3%	8,840		363
Contribution for 2001/02			5,729
	<u>8,840</u>		<u>6,092</u>
<b>ASSESSABLE INCOME</b>			
External Revenue			
Rents from College Estates	161,997		171,951
Dividends from Property Investments Fund	78,941		50,710
Dividends and Interest	483,094		550,798
	<u>724,032</u>		<u>773,459</u>
Less Costs:			
Professional fees and other property running costs	28,459	19,222	
Management Costs	26,302	54,281	
Insurance and Rates	57,674	38,963	
Interest Payments	56,973	40,158	
Transfer to Estates Repairs Fund	38,450	40,329	192,953
	<u>207,858</u>	<u>40,329</u>	<u>192,953</u>
	516,173		580,506
Income from Trust and Other Funds subject to Contribution	929,273	868,922	
Less Trust and Other Funds not subject to Contribution	58,555	51,339	
Transfer from Consolidated Investment Income Reserve	141,240	148,936	668,647
	<u>141,240</u>	<u>148,936</u>	<u>668,647</u>
Net Assessable Income	<u>1,245,651</u>		<u>1,249,153</u>
<b>DEDUCTIBLE ITEMS</b>			
	<u>University Statute</u>		
Sinking Fund transfers and income	GII 4(iv)	81,289	76,593
Half sum paid to Scholars and Research Students	GII 4(iv)	66,337	76,430
Prizes	GII 4(vi)	8,890	8,665
Building Maintenance (per capita)	GII 4(vii)	149,250	154,250
Student Medical Counselling and Childcare Services	GII 4(xii)	14,069	13,603
Donations for University Purposes	GII 4(xii)	1,308	0
College Teaching Officers Additional Stipends	GII 4(xix)	312,162	292,786
Net Expenditure on Library Services	GII 4(xvii)	161,469	157,037
Expenditure on College Library Maintenance	GII 4(xvii)	3,177	347,018
Expenditure on Temporary Library	GII 4(xvii)	2,350	2,680
College Research Fellows	GII 4(xviii)	105,397	100,879
College Archives	GII 4(xxiii)	45,288	7,095
		<u>950,986</u>	<u>1,237,036</u>



# NEWNHAM COLLEGE

## Notes to the Accounts - continued

### 11. FIXED ASSETS

#### Tangible Assets

	College Buildings £	Information Technology £	2003/04 Total £	2002/03 Total £
<b>COST/VALUATION</b>				
At 30 June 2003	41,263,902	32,584	41,296,486	37,188,620
Additions	1,840,887	18,653	1,859,540	4,107,866
Revaluation During the Year	1,165,211	0	1,165,211	0
At 30 June 2004	<u>44,270,000</u>	<u>51,237</u>	<u>44,321,237</u>	<u>41,296,486</u>
<b>DEPRECIATION</b>				
At 30 June 2003	341,600	8,146	349,746	0
Provided for the year	396,500	10,011	406,511	349,746
At 30 June 2004	<u>738,100</u>	<u>18,157</u>	<u>756,257</u>	<u>349,746</u>
<b>Net Book value</b>				
At 30 June 2004	<u>43,531,900</u>	<u>33,080</u>	<u>43,564,980</u>	<u>40,946,740</u>
At 30 June 2003	<u>40,922,302</u>	<u>24,438</u>	<u>40,946,740</u>	<u>37,188,620</u>

The Freehold Buildings at 30 June 2004 were insured at reinstatement costs of £62,700,000

<u>Investment Assets</u>	Securities	Property	Subsidiary Companies	2003/04 £	2002/03 £
At 30 June 2003	34,458,946	3,645,500	230,006	38,334,452	42,829,035
Additions	57,973	185,000	150,000	392,973	1,798,500
Disposals	(1,023,000)	(122,500)	0	(1,145,500)	(2,702,903)
Appreciation/(Depreciation) on Disposals or Revaluation	3,511,722	500,000	0	4,011,722	(3,590,180)
At 30 June 2004	<u>37,005,641</u>	<u>4,208,000</u>	<u>380,006</u>	<u>41,593,647</u>	<u>38,334,452</u>

Represented by:

Estate Properties	4,208,000	3,645,500
Quoted Securities - Equities	30,993,515	28,945,824
Quoted Securities - Fixed Interest	5,258,000	5,176,584
Cash Held For Reinvestment	754,126	336,538
Investment in Subsidiary Companies	380,006	230,006
	<u>41,593,647</u>	<u>38,334,452</u>

The valuation of College buildings and investment properties at 30 June 2002 and 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	
		2003/04 £	2002/03 £
Newnham College Limited	Sale of College memorabilia	1,103	(783)
Newnham College Management Limited	Management of Development Projects	2,147	2,208
Newnham College Library Co Limited	Provision of Library Services	330,886	227,332

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

12. STOCK	2003/04	2002/03
	£	£
Food and Drink	11,689	10,636
Wine	107,375	108,142
Cleaning materials and other	4,732	5,594
Prospectus	0	4,000
	<u>123,796</u>	<u>128,372</u>
13. DEBTORS	2003/04	2002/03
	£	£
Taxes due from Government Departments	96,846	206,905
Due from Subsidiary Companies	11,556	8,261
Trade Debtors	313,983	126,648
Sundry Debtors and Prepayments	186,195	181,363
	<u>608,580</u>	<u>523,177</u>
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2003/04	2002/03
	£	£
Trade Creditors	380,393	715,667
Potential VAT liability	893,099	893,099
Due to Subsidiary Companies	17,677	16,656
Taxes and social security costs	54,520	55,326
Accruals and Sundry Creditors	49,402	83,361
	<u>1,395,091</u>	<u>1,764,109</u>
15. RELATED PARTY TRANSACTIONS	2003/04	2002/03
	£	£
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	2,666	2,234
Purchases by the College from the Company	870	374
Outstanding Debt due to / (from) the Company at the balance sheet date	(11,556)	(8,261)
Newnham College Management Limited		
Sales and charges by the College to the Company	0	0
Purchases by the College from the Company	0	0
Outstanding Debt due to / (from) the Company at the balance sheet date	2,166	2,166
Newnham College Library Co Limited		
Sales and charges by the College to the Company	253,060	151,052
Purchases by the College from the Company	265,482	191,094
Outstanding Debt due to / (from) the Company at the balance sheet date	15,511	14,490

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

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

### 16. CAPITAL AND RESERVES

	Expendable Capital Fund £	Permanent Capital Fund £	Total 2003/04 £	Total 2002/03 £
<b>Restricted Funds:</b>				
Funds for Collegiate Purposes	2,524,707	11,579,723	14,104,430	12,379,094
Funds for Non-Collegiate Purposes	12,411	1,337,230	1,349,641	1,217,563
Deferred Capital Funds	4,748,084	0	4,748,084	3,829,879
	<b>7,285,202</b>	<b>12,916,953</b>	<b>20,202,155</b>	<b>17,426,536</b>
<b>Unrestricted Funds:</b>				
<u>Designated Funds:</u>				
Funds for Collegiate Purposes	2,349,507	306,772	2,656,279	2,409,828
Funds for Non-Collegiate Purposes	69,731	0	69,731	62,982
Amalgamated Building & Maintenance Funds	483,026	0	483,026	(526,406)
	<b>2,902,264</b>	<b>306,772</b>	<b>3,209,036</b>	<b>1,946,404</b>
<u>Undesignated Funds:</u>				
Corporate Capital	0	13,993,969	13,993,969	12,724,509
Building Sinking Fund	0	584,819	584,819	457,680
Revaluation Reserve (note 17)	36,355,211	0	36,355,211	35,190,000
Donations & Benefactions	5,783,434	0	5,783,434	4,881,430
Revenue Reserve	549,372	0	549,372	538,452
General Capital	3,853,348	0	3,853,348	4,974,055
	<b>46,541,365</b>	<b>14,578,788</b>	<b>61,120,153</b>	<b>58,766,126</b>
	<b>56,728,831</b>	<b>27,802,513</b>	<b>84,531,344</b>	<b>78,139,066</b>

### Reconciliation of Movement in Capital and Reserves:

	<u>Restricted Reserves</u>		<u>Unrestricted Reserves</u>				Total 2003/04 £	Total 2002/03 £
	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 2003	5,736,797	11,689,739	1,672,977	273,427	45,583,937	13,182,189	78,139,066	81,048,792
Increase in Year	1,548,405	1,227,214	1,229,287	33,345	957,428	1,396,599	6,392,278	(2,909,726)
At 30 June 2004	<b>7,285,202</b>	<b>12,916,953</b>	<b>2,902,264</b>	<b>306,772</b>	<b>46,541,365</b>	<b>14,578,788</b>	<b>84,531,344</b>	<b>78,139,066</b>

### Capital is invested in the following categories of assets

Tangible Fixed Assets	4,748,084	0	0	0	34,608,896	4,208,000	43,564,980	40,946,740
Investment Assets	2,098,754	12,840,153	2,857,627	300,312	13,553,832	9,942,970	41,593,648	38,334,452
Net Current Assets	438,364	76,800	44,637	6,460	(1,621,362)	427,818	(627,284)	(1,142,126)
Total at 30 June 2004	<b>7,285,202</b>	<b>12,916,953</b>	<b>2,902,264</b>	<b>306,772</b>	<b>46,541,365</b>	<b>14,578,788</b>	<b>84,531,344</b>	<b>78,139,066</b>

### 17. REVALUATION RESERVE

	2003/04 £	2002/03 £
Included in Undesignated Reserves (note 16)		
Surplus on Revaluation at 30 June 2002		35,190,000
Balance brought forward 1 July	35,190,000	35,190,000
Surplus on Revaluation at 31 December 2003	1,165,211	0
<b>Balance carried forward 30 June</b>	<b>36,355,211</b>	<b>35,190,000</b>

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

### 18. 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 £109,211 (2002/3 £103,578). 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 30 June 2004 by an Actuary who is not an employee or officer of the College and/or its subsidiaries.

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 2004 was £166,984 (2003: £85,245).

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

### 18 (b) Cambridge Colleges Federated Pension Scheme (continued)

The major assumptions used by the Actuary were:	2004	2003	2002
Discount rate	5.8%	5.5%	6.0%
Inflation assumption	3.1%	2.3%	2.5%
Rate of increase in salaries	3.5%	3.5%	4.0%
Rate of increase in pensions in deferment			
- Guaranteed Minimum Pension (GMP)	3.5%	3.5%	4.0%
- Excess pension over GMP and pension accrued after 5 April 1997	3.1%	3.1%	2.5%
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	2.3%	2.3%	2.2%
- Excess pension over GMP and pension accrued after 5 April 1997	3.1%	3.1%	2.5%

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

Long-term rate of return expected at 30th June 2004

	<u>2004</u>	<u>2004</u>	<u>2003</u>	<u>2003</u>	<u>2002</u>	<u>2002</u>
	Rate	Value	Rate	Value	Rate	Value
	%	£	%	£	%	£
Equities	8.0	899,540	8.0	817,276	7.0	862,237
Bonds (Including cash)	5.1	468,486	4.5	359,439	4.5	269,176
Property	7.0	<u>104,294</u>	7.0	<u>79,331</u>	7.0	<u>76,309</u>
		<u>1,472,320</u>		<u>1,256,046</u>		<u>1,207,722</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)

	2004	2003
	£	£
Total market value of assets	1,472,320	1,256,046
Present value of scheme liabilities	<u>(1,786,662)</u>	<u>(1,668,644)</u>
(Deficit) in scheme	<u>(314,342)</u>	<u>(412,598)</u>

#### Analysis of the amount charged to operating profit

Current service cost	(89,333)	(83,432)
Life assurance premium	(4,847)	(4,483)
Past service cost	<u>0</u>	<u>0</u>
Total operating charge (see below)	<u>(94,180)</u>	<u>(87,915)</u>

#### Analysis of the amount credited to other finance income

Expected return on pension scheme assets	87,819	80,941
Interest on pension scheme liabilities	<u>(90,269)</u>	<u>(83,640)</u>
Net return (see below)	<u>(2,450)</u>	<u>(2,699)</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	130,785	(165,706)
Experience gains and losses arising on the scheme liabilities	(54,266)	(22,860)
Changes in assumptions underlying present value of the scheme liabilities	<u>(48,617)</u>	<u>35,827</u>
Actuarial surplus / (deficit) recognisable in a STRGL (see below)	<u>27,902</u>	<u>(152,739)</u>

# NEWNHAM COLLEGE

## Notes to the Accounts - continued

### 18 (b) Cambridge Colleges Federated Pension Scheme (continued)

	2004	2003
<b>Movement in deficit during the year:</b>		
Deficit in scheme in beginning of the year	(412,598)	(254,490)
Movement in year:		
Current service cost including Life Assurance (see above)	(94,180)	(87,915)
Contributions (see above)	166,984	85,245
Past service costs	0	0
Other finance income (see above)	(2,450)	(2,699)
Actuarial surplus / (deficit) recognisable in the STRGL (see above)	<u>27,902</u>	<u>(152,739)</u>
Deficit in scheme at end of the year	<u>(314,342)</u>	<u>(412,598)</u>
History of experienced gains and losses:	<b>2004</b>	<b>2003</b>
Difference between the expected and actual return on scheme assets:		
Amount	£130,785	£(165,706)
Percentage of scheme assets at 30 June 2004	9.88%	-13.19%
Experienced gains and losses on scheme liabilities:		
Amount	£(54,266)	£(22,860)
Percentage of present value of scheme liabilities at 30 June 2004	-3.04%	-1.37%
Total amount recognisable in a statement of total recognised gains and losses:		
Amount	27,902	£(152,739)
Percentage of present value of scheme liabilities at 30 June 2004	1.56%	-9.15%

### 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 2004 was £166,984 (2003: £85,245).

During the year ended 30 June 2004 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.