

FITZWILLIAM COLLEGE SERVICES LIMITED

Report and Financial Statements

31 July 2009

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FITZWILLIAM COLLEGE SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

D A Cardwell
R A Powell (appointed 01/10/09)

SECRETARY

V D R Monteiro

REGISTERED OFFICE

The Bursary
Fitzwilliam College
Huntingdon Road
Cambridge CB3 0DG

BANKERS

Barclays Bank plc
Bene't Street Branch
P O Box 2
Cambridge CB2 3PZ

SOLICITORS

Hewitsons
Shakespeare House
42 Newmarket Road
Cambridge CB5 8EP

AUDITORS

Peters, Elworthy and Moore
Chartered Accountants
Salisbury House
Station Road
Cambridge CB1 2LA

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 July 2009.

ACTIVITIES

The principal activities of the company are the provision of employee support and conference management services.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are satisfied with the progress of the company during the year, and are optimistic for the company's future prospects.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are set out below. None of the directors had any beneficial interests in the shares of the company.

D A Cardwell
C L M Pratt (retired 30/09/09)

AUDIT ENQUIRIES

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Each of the directors has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DONATIONS

During the year the company made a charitable donation of £424,915 under deed of covenant.

AUDITORS

A resolution to reappoint Peters Elworthy and Moore as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



V D R Monteiro

Secretary
25 November 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FITZWILLIAM COLLEGE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FITZWILLIAM COLLEGE SERVICES LIMITED

We have audited the financial statements of Fitzwilliam College Services Limited for the year ended 31 July 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

QUALIFIED OPINION ON FINANCIAL STATEMENTS ARISING FROM NON-COMPLIANCE WITH FRS 17

Financial Reporting Standard 17 'Retirement Benefits' (FRS 17) requires disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities. As explained in note 8 the company has not obtained and disclosed the necessary information for the year ended 31 July 2009 and it is therefore not possible to quantify the effect of this departure. Except for the effect of not complying with FRS 17, in our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

R D C Guthrie (Senior statutory auditor)

for and on behalf of

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditor

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 11 December 2009

FITZWILLIAM COLLEGE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 July 2009

	Note	2009 £	2008 £
TURNOVER		3,437,136	3,274,486
Cost of sales		(3,011,494)	(2,870,704)
		-----	-----
Gross profit		425,642	403,782
Administrative costs		(727)	(729)
		-----	-----
OPERATING PROFIT	2	424,915	403,053
Amounts covenanted to charitable body		(424,915)	(403,053)
		-----	-----
PROFIT FOR THE FINANCIAL PERIOD			
CARRIED FORWARD		0	0
		=====	=====

All amounts relate to continuing activities.

There were no recognised gains or losses other than the result for the period.

There were no differences between the historical cost profits and those recognised through the profit and loss account.

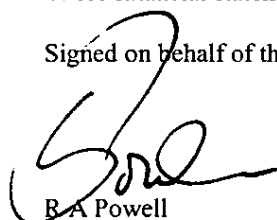
FITZWILLIAM COLLEGE SERVICES LIMITED

BALANCE SHEET 31 July 2009

	Note	2009 £	2008 £
CURRENT ASSETS			
Debtors	4	519,344	528,681
Cash at bank and in hand		6,929	37,175
		<u>526,273</u>	<u>565,856</u>
CREDITORS			
Amounts falling due within one year	5	<u>526,271</u>	<u>565,854</u>
NET ASSETS		<u>2</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	6	2	2
Profit and loss account		0	0
EQUITY SHAREHOLDERS' FUNDS		<u>2</u>	<u>2</u>

These financial statements were approved by the Board of Directors on 25 November 2009.

Signed on behalf of the Board of Directors



R A Powell

Director

ACCOUNTING POLICIES

Year ended 31 July 2009

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the small companies' exemption and a statement of cash flows for the period has not been prepared.

Turnover

The turnover and operating profit for the period are stated net of Value Added Tax and were derived from the company's principal activities carried out wholly in the UK.

Pension scheme

The Company pays contributions to two pension schemes which provide benefits to its members based on final pensionable salary. The assets of these schemes are held separately from those of the Company.

Universities Superannuation Scheme

The Company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Fitzwilliam College Assistant Staff Superannuation Fund

The Company also contributes to the Fitzwilliam College Assistant Staff Superannuation Fund, which is a similar defined benefit pension scheme. Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are matched evenly, so far as possible, to the service lives of the employees concerned.

FITZWILLIAM COLLEGE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

1. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average number of persons, including directors, employed by the company during the year was 100 (2008 82), all of whom were engaged in the provision of services.

	2009 £	2008 £
Staff costs		
Wages and salaries	2,237,274	2,054,047
Social security costs	153,623	144,507
Other pension costs	361,449	390,470
	<u>2,752,346</u>	<u>2,589,024</u>

The directors received no emoluments during the year.

2. OPERATING PROFIT

	2009 £	2008 £
Operating profit is after charging:		
Auditors' remuneration	<u>687</u>	<u>689</u>

3. TAXATION

No charge arises for the year as the company has no taxable profit.

4. DEBTORS

	2009 £	2008 £
Trade debtors	10,998	15,486
Amounts owed by parent undertaking	508,346	513,195
	<u>519,344</u>	<u>528,681</u>

5. CREDITORS

	2009 £	2008 £
Amounts owed to parent undertaking	424,915	403,053
Other creditors	101,356	162,801
	<u>526,271</u>	<u>565,854</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

6. CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised 100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted and fully paid 2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

7. FINANCIAL COMMITMENTS

No capital expenditure had been committed or authorised by the year end.

8. PENSIONS

Universities Superannuation Scheme

The Company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. USS has over 130,000 active members and the Company has 72 active members participating in the scheme.

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

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which included an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

8. PENSIONS (continued)

Universities Superannuation Scheme

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The Company's contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the Company's contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

Surpluses or deficits which arise at future valuations may impact on the Company's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2009, USS had over 130,000 active members and the company had 72 active members participating in the scheme.

The total pension cost for the Company was £210,673 (2008: £237,834). The contribution rate payable by the Company was 14% of pensionable salaries.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

8. PENSIONS (continued)

Fitzwilliam College Assistant Staff Superannuation Fund

The Company also operates an insured pension fund providing defined benefits to employees based on their final pensionable salary. Contributions to the fund are based on the recommendation of professional advisors and with the agreement of the fund's actuary. The assets of the Fund are principally invested in a Unitised With-Profits policy with Norwich Union.

The fund was valued by an independent actuary as at 1 August 2006. The valuation was carried out using the Defined Accrued Benefit method which is more appropriate for a Scheme which has ceased accrual.

The past service liability is calculated by estimating the future benefit payments from the Scheme based on pensionable service up to the date accrual ceased and final pensionable salaries projected to retirement. These are then discounted back to the valuation date at the valuation rate of interest. This gives the present value of the liabilities accrued up to the valuation date.

The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increase in salary and pensions. It was assumed that the yield up to retirement would be 5.75% per annum, salary increases would be 4.75% per annum and pensions would increase by 3.25% per annum.

At the valuation date, the value of the assets of the scheme was £1,930,000 and the value of the past service liabilities was £3,230,000 indicating a deficit of £1,300,000. The assets therefore were sufficient to cover 60% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The last full actuarial valuation showed a deficit of £1,090,000. The main reasons for the change between this deficit and the actual deficit produced now of £1,300,000 related mainly to changes in the assumptions previously made.

The actuary also valued the scheme on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date). On this basis the actuary estimated that the funding level would have been approximately 52%.

Due to the current deficit a recovery plan has been put in place to ensure the statutory funding objective is met within a stated period. To eliminate the funding deficit, the employer agreed to contribute £179,000 each year from 1 October 2007 to 31 July 2016. The next formal triennial actuarial valuation is due as at 1 August 2009.

The net charge to the profit and loss account during the year was £179,000.

Financial Reporting Standard 17 requires disclosure in the financial statements of the fair value of the assets and liabilities arising from the company's retirement benefit obligations and any related funding at each balance sheet date. It also requires disclosure of key actuarial assumptions, the costs of providing retirement benefits, the related finance costs and any other changes in value of the assets and liabilities. The information shown is to be updated by the scheme's actuary at each balance sheet date. The directors have concluded that it is not in their interests to incur the costs of an annual actuarial valuation. The above note therefore includes corresponding information from the most recent triennial valuation performed by the actuary for the pension scheme. It is not practicable to quantify the effect of this departure from accounting standards.

9. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Fitzwilliam College, Cambridge. All profits, as defined in the deed, are payable to the parent under a deed of covenant.

The amounts owing to and by the company at 31 July 2009 are shown in notes 4 and 5 to the financial statements. The whole of the turnover for the year relates to transactions with the parent.

The parent publishes consolidated accounts.