

**TEMPLETON COLLEGE**  
**Financial Year ended**  
**31st July 2006**

**The accounts' index (if any), Responsibilities of the Governing Body, Statement of Principal Accounting Policies and Independent Auditors' Report have been omitted from this 150 dpi Akme scan.**

## **TEMPLETON COLLEGE**

### **Report of the Governing Body**

The Governing Body of Templeton College presents the annual report and financial statements for the year ended 31 July 2006

#### **Status**

Templeton College is a chartered charitable corporation. It was granted a Royal Charter on 11th April 1995. The corporation comprises the Fellows and Students. The College is an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act).

#### **Objects**

The objects of the College are to further learning, education and research within the University of Oxford, and to be a College wherein men and women may carry out advanced study or research (particularly but not exclusively) in management studies.

#### **Governance**

The Governing Body of the College comprises the Fellows together with two Students. This body is constituted and regulated in accordance with the College Statutes, subject to the supervisory jurisdiction of the Visitor, Lord Bingham of Cornhill. The College Statutes are as made from time to time by the Governing Body and are given effect by order of Her Majesty in Council in accordance with the Royal Charter of 11th April 1995, and the Universities of Oxford and Cambridge Act 1923. The Governing Body holds to itself the responsibilities for the ongoing strategic direction of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Chairman and is advised by a range of committees.

#### **Scope of financial statements**

The financial statements consolidate the accounts of Templeton College and its subsidiary undertaking, Templeton Services Limited. Templeton Services Limited is the wholly-owned vehicle for trading activities of Templeton College. On November 14th 2005 agreement was reached with The University of Oxford for the disposal by the College of Templeton (Oxford) Ltd, including the Executive Education Activities and its freehold property in Kennington. In return, the College received freehold property situated in Oxford, King Charles House and Rewley Abbey Court. In accordance with FRS3, Reporting Financial Performance, the results of Templeton (Oxford) Ltd. have been included in the Income and Expenditure Account up to the date of disposal.

#### **Review of operations and finance**

The trading surplus for the year amounted to £321,516. In addition £ 7,274,803 surplus was realised on the sale of the freehold property and £7,673,631 for the Templeton (Oxford) Ltd. It is anticipated that rental returns from the College's student accommodation and its investment property will provide adequate funding for the continuing operation of the College.

#### **Investment performance**

The major part of the endowment assets is represented by cash on deposit for which commercial rates of interest are obtained. The permanent endowment is invested in the Global Growth & Income Fund for charities, which is managed by Mellon Investment Funds ICVC. The objective of this fund is to maximise total returns in terms of capital growth and income. The minimum target yield (income) is 3% per annum and the actual yield for the period was 3.4%. In addition the fund increased in value during the period by 13.6%.

#### **Reserves**

The Governing Body seeks to keep its reserves at a reasonable level, given its predicted future commitments.

#### **Risk management**

The major risks to which the College is exposed, as identified by the Risk and Audit Committee, have been reviewed and systems have been established to mitigate these risks.

Approved by the Governing Body on 30th November 2006

J R Sanders - Acting Chairman

TEMPLETON COLLEGE  
Consolidated Income and Expenditure Account  
Year ended 31 July 2006

	Notes	2006 Discontinued £	2006 Continuing £	2005 Discontinued £	2005 Continuing £
<b>INCOME</b>					
Academic fees and tuition income	1		272,715		195,081
Research grants and contracts	2	92,312	111,988	124,767	452,950
Other operating income	3	182,593	1,707,286	519,378	524,200
Executive Programmes		1,895,879		4,099,733	343,457
Endowment return and interest receivable	4		195,373		322,237
<b>Total income</b>		<b>2,170,784</b>	<b>2,287,360</b>	<b>4,743,878</b>	<b>1,837,925</b>
<b>EXPENDITURE</b>					
Staff costs	6	902,587	578,725	1,705,406	1,554,340
Depreciation			132,713		289,976
Other operating expenses		329,644	1,250,109	1,061,148	521,844
Executive Programmes		849,916	0	1,972,355	79,318
Interest payable			4,298		18
Contribution under Statute XV					
<b>Total expenditure</b>	<b>8</b>	<b>2,082,147</b>	<b>1,965,844</b>	<b>4,738,883</b>	<b>2,444,496</b>
Surplus (deficit) for the year on continuing operations before taxation and disposal of fixed assets		88,637	321,516	4,989	(606,571)
Surplus on disposal of fixed assets	5		7,274,603		
Surplus on disposal of subsidiary company	5		7,564,994		
Taxation	9				
<b>Surplus/deficit for the year after taxation</b>	<b>10</b>	<b>88,637</b>	<b>15,181,113</b>	<b>4,989</b>	<b>(606,571)</b>

Consolidated statement of total recognised gains and losses  
Year ended 31 July 2006

	Notes	2006 £	2005 £
<b>Reserves</b>			
Surplus (deficit) for the year		15,269,750	(601,592)
Elimination of reserves on disposal of subsidiary company		(2,489)	
<b>Endowments</b>			
Endowment return transferred to income and expenditure account	18	(176,203)	(308,138)
Appreciation of endowment asset investments	18	12,779	23,075
New endowments received	19	42,744	15,853
<b>Other</b>			
Net reduction to deferred capital	17	(3,592)	(1,127)
<b>Total recognised gains/(losses) relating to the year</b>		<b>15,142,990</b>	<b>(871,919)</b>
Opening fund balances		4,048,208	4,920,127
Closing fund balances		<b>19,191,198</b>	<b>4,048,208</b>

TEMPLETON COLLEGE

Balance Sheet

As at 31 July 2006

	Notes	CONSOLIDATED		COLLEGE	
		2006 £	2005 £	2006 £	2005 £
<b>Fixed assets</b>					
Tangible assets	11	5,993,971	4,188,928	5,993,971	4,188,928
Investments	12	11,849,700	-	11,849,701	100
		<u>17,843,671</u>	<u>4,188,928</u>	<u>17,843,672</u>	<u>4,189,028</u>
<b>Endowment asset investments</b>					
Securities and cash deposits		598,717	719,397	598,717	719,397
Land and property		-	-	-	-
	13	<u>598,717</u>	<u>719,397</u>	<u>598,717</u>	<u>719,397</u>
<b>Current assets:</b>					
Stocks		-	56,662	-	-
Debtors	14	1,816,085	1,752,323	1,720,151	305,005
Cash at bank and in hand		-	-	-	-
		<u>1,816,085</u>	<u>1,808,985</u>	<u>1,720,151</u>	<u>305,005</u>
<b>Creditors:</b>					
Amounts falling due within one year	15	(1,053,793)	(2,647,916)	(957,859)	(1,146,524)
<b>Net current assets/ liabilities</b>		<u>762,292</u>	<u>(838,931)</u>	<u>762,292</u>	<u>(841,519)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>19,204,680</u>	<u>4,069,394</u>	<u>19,204,681</u>	<u>4,066,906</u>
<b>Creditors:</b>					
Amounts falling due after more than one year	16	(13,482)	(21,186)	(13,482)	(21,186)
<b>TOTAL NET ASSETS</b>		<u>19,191,198</u>	<u>4,048,208</u>	<u>19,191,199</u>	<u>4,045,720</u>
<b>Deferred Capital</b>	17	13,276	16,868	13,276	16,868
<b>Endowments</b>					
Specific		598,717	719,397	598,717	719,397
General		-	-	-	-
	18	<u>598,717</u>	<u>719,397</u>	<u>598,717</u>	<u>719,397</u>
<b>Reserves</b>					
Designated reserves		78,476	103,640	78,476	103,640
General reserves	19	18,500,729	3,208,303	18,500,729	3,205,815
		<u>18,579,205</u>	<u>3,311,943</u>	<u>18,579,205</u>	<u>3,309,455</u>
<b>TOTAL FUNDS</b>		<u>19,191,198</u>	<u>4,048,208</u>	<u>19,191,198</u>	<u>4,045,720</u>

The financial statements were approved by the Governing Body of Templeton College on 30th November 2006

J R Sanders  
Acting Chairman

M Dudley  
Chief Financial Officer

TEMPLETON COLLEGE  
Consolidated Cashflow Statement  
Year ended 31 July 2006

	Note	2006 £	2005 £
<b>Net cash outflow from operating activities</b>	22	<u>(1,124,844)</u>	<u>(627,485)</u>
Returns on investments and servicing of finance			
Income from endowments received		19,170	14,099
Other income from investments and interest received		-	0
		<u>19,170</u>	<u>14,099</u>
Interest paid		(4,298)	(18)
Net cash inflow from returns on investments and servicing of finance		<u>14,872</u>	<u>14,081</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		5,334,359	(182,066)
Net acquisition of fixed asset investments		(4,176,069)	
Endowments received		42,744	15,853
Deferred capital deduction		(3,592)	(1,127)
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>1,197,442</u>	<u>(167,340)</u>
<b>Net cash outflow before use of liquid resources and financing</b>		87,470	(780,744)
Management of liquid resources	23	(1,505)	(992)
<b>Increase/(decrease) in cash</b>	24	<u>85,965</u>	<u>(781,736)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash for the year		85,965	(781,736)
Change in net funds		<u>85,965</u>	<u>(781,736)</u>
Net funds at 1 August		(32,095)	749,641
<b>Net surplus/(deficiency) of funds at 31 July</b>		<u>53,870</u>	<u>(32,095)</u>

TEMPLETON COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

	2006 Discontinued £	2006 Continuing £	2005 Discontinued £	2005 Continuing £
<b>1 ACADEMIC FEES AND TUITION INCOME</b>				
Tuition fees from UK and European Union students		71,487		64,044
Tuition fees from overseas students		201,228		131,037
Other fees				
Other tuition income				
	-	272,715	-	195,081
The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £0.				
<b>2 RESEARCH GRANTS AND CONTRACTS</b>	£	£	£	£
Research councils		68		60,317
UK based charities				
European commission		32,421		95,220
Other grants and contracts	92,312	79,497	124,767	297,413
	92,312	111,986	124,767	452,950
<b>3 OTHER OPERATING INCOME</b>	£	£	£	£
Residential income from college members		308,937	8,573	104,523
Conference and function income	143,926		486,015	
Grants and donations	38,667	376,097		419,677
Other income	0	1,022,252	24,790	
	182,593	1,707,286	519,378	524,200
<b>4 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>	£	£	£	£
Transferred from specific endowments (note 18)		195,373		322,237
Other investment income				
Other interest receivable				
	-	195,373	-	322,237
<b>5 Surplus on disposal of Fixed Assets and Subsidiary Company</b>	£	£	£	£
Surplus on Sale of Fixed Assets		7,278,186	-	
Surplus on Sale of Subsidiary Company		7,584,904	-	
Disposal of Fixed Assets		(3,583)		
	0	14,869,597	-	-
<b>6 STAFF COSTS</b>	£	£	£	£
Gross pay	738,551	483,958	1,443,545	1,263,573
Social Security costs	66,072	39,588	104,010	127,406
Other pension costs	97,964	54,779	157,851	163,361
	902,587	578,725	1,705,406	1,554,340

7 PENSION SCHEMES

The college participates in two principal pension schemes for its staff - the Universities Superannuation Scheme ('USS') and the University of Oxford Staff Pension Scheme ('OSPS'). The two schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and final pensionable salary), and are contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. The two schemes are multi-employer schemes and the college is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, as required by the accounting standard FRS17 "Retirement Benefits", the college accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

The college has also made available a Stakeholder Scheme for individual employees, but does not contribute to that scheme.

The Schemes are periodically valued by qualified actuaries. Both USS and OSPS were valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficiencies in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The assumptions which have the most significant effect on the result of the latest valuations and the determination of the contribution levels were those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salaries and pensions, as follows:

• USS: The latest actuarial valuation of the scheme was at 31 March 2005.

It was assumed that salary increases would be 3.9% per annum (plus an additional allowance for increases in salary due to age and promotion in line with recent experience) and pensions would increase by 2.9% per annum.

In relation to past service liabilities it was assumed that the valuation rate of return would be 4.5% per annum, and in relation to future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum.

• OSPS: The latest actuarial valuation of the scheme was at 31 July 2004.

It was assumed that salary increases would be 4.4% per annum and pensions would increase by 3.0% per annum.

It was assumed that the valuation rate of interest would be 6.95% per annum in relation to the period up to retirement and 4.95% per annum in relation to the period after retirement.

Results of the latest actuarial valuations of the two schemes are:

	USS	OSPS
Date of valuation:	31/03/05	31/07/04
Value of past service liabilities	£28,308m	£218m
Value of assets	£21,740m	£167m
Funding Surplus/(Deficit)	(£6,568m)	(£51m)
Funding Ratios:		
Scheme valuation basis	77%	76%
Statutory minimum funding requirement basis	126%	110%
Statutory pension protection fund basis	110%	n/a
Recommended Employer's contribution rate (as % of pensionable salaries):	14%	17.50%

Notes:

1. The latest OSPS valuation was carried before the statutory pension protection fund basis was implemented.

Universities Superannuation Scheme (USS):

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of total pensionable salaries but the Trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of total pensionable salaries.

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

The next formal triennial actuarial valuation is due as at 31 March 2008. There will also be an actuarial valuation carried out as at 31 March 2006 and annually thereafter on the "technical provisions" basis under the Pensions Act 2004, as required by the Occupational Pensions Schemes (Cross-Border Activities) Regulations 2005, reflecting the scheme's status as a cross-border scheme. The contribution rate will be reviewed as part of each valuation.

The contributions payable by the college during the accounting period were equal to 14% of total pensionable salaries, in accordance with the decision of the trustee company. The pension charge recorded by the college during the accounting period was equal to the contributions payable of £81k (2005: £201k).

7. PENSION SCHEMES (continued)

University of Oxford Staff Pension Scheme (OSPS):

The actuarial valuation as at 31 July 2004 identified a required long-term employer contribution rate of 15.8% of total pensionable salaries, but also a funding deficit of £51.3m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by maintaining the employer contribution rate at the previously agreed rate of 17.5% until 31 July 2008, at which time it is expected to increase to 21.5%, subject to any revision resulting from the next triennial actuarial valuation of the scheme due as at 31 July 2007.

The contributions payable by the college during the accounting period were equal to 17.5% of total pensionable salaries (2005: 13.75%), in accordance with the agreement between the University and the trustees. The pension charge recorded by the college during the accounting period was equal to the contributions payable of £71k (2005: £120k).

FRS 17:

The schemes in which the college participates are either defined contribution schemes or are multi-employer schemes where the share of assets and liabilities applicable to each employer are not identified. The college therefore accounts for all its pension costs on a defined contribution basis as permitted by FRS17

8 ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other operating expenses	2006 Total	2005 Total
	£	£	£	£	£
Academic	302,078	-	316,024	618,102	1,705,827
Residences, catering and conferences	8,937	-	223,060	231,997	56,691
Premises	173,059	122,806	251,305	547,170	206,620
College administration	71,853	9,273	184,511	255,637	314,923
Endowment management	-	-	0	0	74,941
Fundraising	22,798	-	214,206	237,004	139,689
Executive Programmes	-	-	0	0	78,318
Other	-	634	61,002	61,636	30,874
	578,725	132,713	1,250,108	1,961,546	2,507,883
Discontinued activities	902,587	-	1,268,197	2,170,784	4,575,484
	1,481,312	132,713	2,518,305	4,132,330	7,183,367
Interest payable				4,298	18
Contribution under Statute XV				-	-
<b>Total expenditure</b>				<b>4,136,628</b>	<b>7,183,385</b>
				£	£
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable within 5 years				-	-
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				7,000	10,250
in respect of other services				1,350	500

TEMPLETON COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

9 TAXATION	2006 £	2005 £
United Kingdom corporation tax	-	-
10 SURPLUS/(DEFICIT) FOR THE YEAR	£	£
College's surplus/(deficit) for the year	15,181,113	(606,571)
Surplus generated by the subsidiary undertaking	88,637	4,989
	<u>15,269,750</u>	<u>(601,582)</u>

11 TANGIBLE FIXED ASSETS

CONSOLIDATED AND COLLEGE

	Land & buildings			Total £
	Freehold £	Long leasehold £	Equipment £	
<b>Cost</b>				
At start of year	6,425,135	100,951	1,458,918	7,985,004
Additions	6,000,700	-	29,532	6,030,232
Disposals	(6,425,135)	-	(1,389,470)	(7,814,605)
At end of year	<u>6,000,700</u>	<u>100,951</u>	<u>98,980</u>	<u>6,200,631</u>
<b>Depreciation</b>				
At start of year	2,766,134	14,133	1,015,809	3,796,076
Charge for period	120,014	2,019	10,680	132,713
On disposals	(2,766,134)	-	(955,995)	(3,722,129)
At end of year	<u>120,014</u>	<u>16,152</u>	<u>70,494</u>	<u>206,660</u>
<b>Net book value</b>				
At end of year	<u>5,880,686</u>	<u>84,799</u>	<u>28,486</u>	<u>5,993,971</u>
At start of year	<u>3,659,001</u>	<u>86,818</u>	<u>443,109</u>	<u>4,188,928</u>

12 FIXED ASSET INVESTMENTS

	CONSOLIDATED £	COLLEGE £
At start of year	-	100
Net Investments	11,849,700	11,849,601
	<u>11,849,700</u>	<u>11,849,701</u>

	CONSOLIDATED		COLLEGE	
	2006 £	2005 £	2006 £	2005 £
At cost				
Investment in subsidiary company	-	-	†	100
Property	11,849,700	-	11,849,700	-
Total at end of year	<u>11,849,700</u>	<u>-</u>	<u>11,849,701</u>	<u>100</u>

The College owns 100% of the issued share capital of Templeton Services Limited, a company incorporated in England and Wales. The principal business activity of Templeton Services Limited is the provision of maintenance of the grounds and estates of Egrove Park.

TEMPLETON COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

13 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED			COLLEGE		
	Securities & cash	Land & property	Total	Securities & cash	Land & property	Total
	£	£	£	£	£	£
<b>At market value</b>						
At start of year	719,397	-	719,397	719,397	-	719,397
Purchases at cost	4,517	-	4,517	4,517	-	4,517
Sales proceeds	(3,012)	-	(3,012)	(3,012)	-	(3,012)
Decrease in cash	(134,964)	-	(134,964)	(134,964)	-	(134,964)
Revaluation gains	12,779	-	12,779	12,779	-	12,779
<b>At end of year</b>	<b>598,717</b>	<b>-</b>	<b>598,717</b>	<b>598,717</b>	<b>-</b>	<b>598,717</b>
Analysed as						
Fixed interest stocks (listed)	-	-	-	-	-	-
Equities (listed)	144,025	-	144,025	144,025	-	144,025
Unlisted securities	-	-	-	-	-	-
Cash	454,692	-	454,692	454,692	-	454,692
	<b>598,717</b>		<b>598,717</b>	<b>598,717</b>		<b>598,717</b>
Historical cost at end of year	<b>544,224</b>		<b>544,224</b>	<b>544,224</b>		<b>544,224</b>

14 DEBTORS

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Amounts falling due within one year				
Trade debtors	49,971	1,342,749	49,934	146,487
Amounts owed by College members	9,105	36,365	9,105	5,861
Amounts owed by group undertakings	49,883	-	49,883	-
Loans	49	196	49	196
Prepayments and accrued income	377,077	373,013	281,180	152,461
Owed by University of Oxford	1,330,000	-	1,330,000	-
	<b>1,816,085</b>	<b>1,752,323</b>	<b>1,720,151</b>	<b>305,005</b>

Note: Other debtor falls due after more than one year.

TEMPLETON COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

15 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	400,822	621,751	393,945	633,787
Obligations under finance leases	-	-	-	-
Unsecured loans	7,704	7,704	7,704	7,704
Trade creditors	173,623	432,635	147,995	120,679
College Contribution	-	-	-	-
Corporation tax	-	-	-	-
Other taxation and social security	32,381	221,124	29,343	221,124
Amounts owed to group undertakings	49,883	-	0	66,940
Accruals and deferred income	389,380	1,364,702	378,872	96,290
Other creditors	-	-	-	-
	<u>1,053,793</u>	<u>2,647,916</u>	<u>957,859</u>	<u>1,146,524</u>

16 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Unsecured Loan - Carbon Trust	13,482	21,186	13,482	21,186
	<u>13,482</u>	<u>21,186</u>	<u>13,482</u>	<u>21,186</u>

17 DEFERRED CAPITAL

	CONSOLIDATED	COLLEGE
	£	£
At start of year	16,868	16,868
New capital	-	-
Released to income and expenditure account	(3,592)	(3,592)
<b>At end of year</b>	<u>13,276</u>	<u>13,276</u>

TEMPLETON COLLEGE  
Notes to the Financial Statements  
Year ended 31 July 2006

18 ENDOWMENTS

	CONSOLIDATED			COLLEGE		
	Specific	General	Total	Specific	General	Total
	£	£	£	£	£	£
At start of year	719,397	-	719,397	719,397	-	719,397
Endowments received	42,744	-	42,744	42,744	-	42,744
Appreciation of endowment investments	12,779	-	12,779	12,779	-	12,779
Income receivable from endowment asset investments	19,170	-	19,170	19,170	-	19,170
Transferred to income and expenditure account (note 4)	(195,373)	-	(195,373)	(195,373)	-	(195,373)
<b>At end of year</b>	<b>598,717</b>	<b>-</b>	<b>598,717</b>	<b>598,717</b>	<b>-</b>	<b>598,717</b>

Endowments comprise those funds which are regarded as for the long term and which fundamentally underpin and sustain the operation of the College at its desired level of activity.

Specific Endowments are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity. General Endowments represent the corporate capital of the College and include bequests and gifts where the use of the capital and income, or only the income is for the general purposes of the College. Part of these funds may have been designated for a particular purpose by the Governing Body.

19 RESERVES

DESIGNATED RESERVES	CONSOLIDATED	COLLEGE
	£	£
At start of year	103,640	103,640
Transfers to general reserve	(25,164)	(25,164)
<b>At end of year</b>	<b>78,476</b>	<b>78,476</b>

Designated reserves are those reserves set aside by the College to be used for a special purpose, and which do not form part of College endowments. At 31 July 2006 they comprised:

	£	£
Reserve for replacement and maintenance of functional buildings	-	-
Other designated reserves	78,476	78,476
	<b>78,476</b>	<b>78,476</b>

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19 RESERVES (continued)

GENERAL RESERVES

	CONSOLIDATED £	COLLEGE £
At start of year	3,208,303	3,205,815
Elimination of reserves on disposal of subsidiary company	(2,488)	
Surplus from income and expenditure account	15,269,750	15,269,750
Transfers from designated reserves	25,164	25,164
<b>At end of year</b>	<b>18,500,729</b>	<b>18,500,729</b>

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Representing:				
Unappreciated cost of tangible fixed assets financed out of general reserve	5,993,971	4,188,928	5,993,971	4,188,928
College general reserve	12,506,758	(980,625)	12,506,758	(983,113)
	<u>18,500,729</u>	<u>3,208,303</u>	<u>18,500,729</u>	<u>3,205,815</u>

20 CAPITAL COMMITMENTS

The College had no capital commitments contracted for at 31st July 2006 (2005 - NIL)

21 FINANCIAL COMMITMENTS

The College had no financial commitments at 31st July 2006 (2005 - NIL)

22 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH  
INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Surplus/(Deficit) for the year	15,269,750	(601,582)
Depreciation	132,713	289,976
Endowment income and interest receivable	(195,373)	(322,237)
Interest payable	4,298	18
Decrease in stocks	56,662	2,506
Increase in debtors	(63,762)	(294,444)
(Decrease)/Increase in creditors	(1,380,898)	298,278
Profit on disposal of fixed assets	(14,948,234)	
	<u>(1,124,844)</u>	<u>(627,495)</u>

23 MANAGEMENT OF LIQUID RESOURCES

	£	£
Net purchase of investments	(1,505)	(992)
	<u>(1,505)</u>	<u>(992)</u>

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24 ANALYSIS OF CHANGES IN NET FUNDS

	2006 £	Changes £	2005 £
Cash at bank and in hand	-	-	-
Bank overdrafts	(400,822)	220,929	(621,751)
Endowment assets cash	454,692	(134,964)	589,656
	<u>53,870</u>	<u>85,965</u>	<u>(32,095)</u>