University of Cambridge

COUNCIL

Finance Committee

Minutes of the meeting held on Wednesday 29 November 2006.

Present: Professor Minson in the Chair, Dr Clark, Ms Coutu, Dr Dissanaike, Professor Hunter, Mr Johnston, Ms Lowther, Dr Reid and Mr Thompson, with the Administrative Secretary as Secretary, the Registrary, the Academic Secretary, the Director of Finance, the Director of Estate Management and Mr Troupe.

The Vice-Chancellor was unable to attend, at her request Professor Minson, a member of the Committee, took the chair.

Members of the Committee stood in silence in tribute to Mr Larkum.

PART A: INTRODUCTORY

17. Minutes

The minutes of the meeting held on 8 November 2006 were approved.

18. Straightforward and reported business: agenda items starred as straightforward

A paper listing straightforward and reported business was received and is attached to the minutes. The Committee approved any matters for decision contained in the confirmed list of straightforward or reported business, and received the other material.

19. Future business and work plan

An updated statement was received (Paper FC(06)179). The Committee noted that there may be an additional meeting on 12 December 2006 for final approval of the accounts.

PART B: SUBSTANTIVE BUSINESS

20. Accounts

(a) Financial Statements 2005-06

The Deputy Director of Finance, members of the Audit Committee and Mr Stuart Henderson, Mr Matthew Hall and Mr Paul Adkins from Deloitte & Touche, the University’s External Auditors, attended for this item. The following papers were received:-

Paper FC(06)181  A paper introducing the Financial Statements 2005-06.
The Director of Finance reminded the Committee that it had reviewed the first draft financial statements for ‘Little U’ and ‘Big U’ at its meeting on 8 November, and outlined the accounts preparation process. He gave a presentation on the full University group draft statements. The following points were noted:-

(i) the Cambridge University Press accounts for the purpose of inclusion in the University’s accounts had been received on 22 November, over three weeks late;
(ii) Deloitte’s audit was not well advanced because of this delay, consequently it was not likely that the Audit Committee and Council would be in a position to sign off the accounts following the usual timetable;
(iii) as a contingency, meetings of the Finance Committee had been scheduled for 12 December, the Audit Committee on 15 December and the Council on 21 December for final approval of the accounts;
(iv) there had been a number of small changes to the draft accounts since the last meeting held on 8 November. A number of typographical points and points for clarification had been identified by members of the Audit Committee and the Finance Division, and would be incorporated in the final version of the financial statements;
(v) a number of adjustments for the ‘stub’ period (difference between the CUP year-end date of 30 April and the University year-end date of 31 July) had been made;
(vi) the consolidated accounts (‘Grand U’) showed a surplus of £8.3m (0.9% of income), income of £886m, net assets of £2,171m, an £113m gain from investment values;
(vii) there had been significant intra-group transactions, which were eliminated on consolidation;
(viii) the external auditors, Deloitte and Touche, commented that all work on ‘Little U’ and ‘Big U’ was largely complete, the details of which would be reported to the Audit Committee on 7 December. As the Press accounts were over three weeks late the auditors of the Press (KPMG) had not yet submitted a report on the Press’ accounts but it was expected shortly. Deloitte and Touche did not however, at present, anticipate any major issues or additional work. The external auditors presented their report in detail; there were no major issues;
(ix) the Vice-Chancellor had written to the Chair of the Press Syndicate indicating that a review of how the Press had failed to meet its deadline would be undertaken in the New Year; and
(x) the Committee considered the draft Letter of Management Representations.

The Committee noted that the drafting of the financial statements was largely complete and no significant further adjustments were expected, however Deloitte still had work to complete before they would be in a position to confirm a satisfactory audit opinion. The Committee agreed to recommend to the Council that the Letter of Management Representations be signed. The Chairman thanked the Audit Committee and the auditors for their attendance and expressed regret that all the required work had not yet been completed due to the CUP delay.

**Action**: Director of Finance

(b) Quarterly Management Accounts

The Management Accounts for Quarter 1, 2006-07 were received as Paper FC(06)172.

The Committee noted that:

(i) phased budgets had been introduced this year, providing a better comparison with a budget;
(ii) there was nothing remarkable to note;
(iii) there was a £3.7m deficit for the quarter but a balanced position was predicted by the end of the year;
(iv) research income was down on budget, this was primarily due to the end of the FEC transitional funding and the slight delay in implementing FEC fully;
(v) Capital Expenditure well below budget year to date;
(vi) the debtors trend was satisfactory although credit control of research debtors could be improved further; and
(vii) there seemed to have been an increase in the research staff head count which required further investigation.

**Action**: Director of Finance

21. **NW Cambridge**

The Minutes of the first meeting of the North West Cambridge Strategy Committee held on 8 November 2006 were received as Paper FC(06)177. Mr. Johnston, as Chairman, reported that:

(i) the first meeting had gone well and had taken the form of a briefing on the progress of the project;
(ii) the Master plan would need to be updated to ensure it was what the University wanted; and
(iii) Mr. Johnston commented that the housing element should go ahead as soon as planning permission was secured, as could a number of other smaller developments, but any major academic building in the next few years would almost certainly be on the West Cambridge site.
22. **Finance Committee**

**Membership**

At its meeting on 8 November 2006 the Committee had agreed to set up a sub-committee to consider whether to fill one or both of the vacant places available for co-option. The Committee now agreed the suggested membership as set out in Paper FC(06)176 as follows: Ms Coutu, Ms Lowther, Dr. Reid. It was noted that the Sub-Committee would report to the Finance Committee in the Lent Term 2007

*Action*: Administrative Secretary

23. **800th Campaign**

Withdrawn. This item would be rescheduled to the 10 January 2007 meeting.

*Action*: Director of Finance

Vice-Chancellor
10 January 2007
Finance Committee 29 November 2006: Straightforward and reported business submitted for decision or report

1. **Investments**

   (iii) Investment Board Minutes – 1 November 2006.

2. **Accounts**

   (i) University Centre  
       Annual Report and Accounts of the University Centre for the year ended 31 July 2006.  
   (ii) Fitzwilliam Museum  
       A summary statement of Accounts for the year to 31 July 2006 received under Regulation 4(d).


4. **Pensions**

   (i) CPS: JBSEEL  
       Approved that JBSEEL be an employer for the purposes of participation in the CPS.  
   (ii) CPS – Statement of Investment Principles  
       With reference to Minute 13(c) of 8 November 2006, the response from the CPS Managing Committee was noted.

5. **Sealings**