



## **NEW COLLEGE**

Report and financial statements for the  
year ended 31 July 2008

## Contents

---

	Pages
Report of the Governing Body	2-4
Responsibilities of the Governing Body	5
Report of the independent auditors to the Governing Body	6
Statement of principal accounting policies	7-8
Income and expenditure account	9
Balance sheet	10
Cashflow statement	11
Notes to the financial statements	12-19

## Report of the Governing Body

---

The Governing Body of New College presents the annual report and financial statements for the year ended 31 July 2008.

### Status

New College is a chartered charitable corporation aggregate. It was founded by William of Wykeham, Bishop of Winchester, under a Royal Charter of Richard the Second, dated 30 June 1379, and a Deed of Foundation dated 26 November 1379. The corporation comprises the Warden and Fellows. New College is an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act).

### Objects

New College exists to provide and promote undergraduate and graduate education within the University of Oxford, and also to provide and promote university academic research. The College is also a Choral Foundation and hence, in accordance with the Deed of Foundation and with the preamble to the Founders Statutes, maintains a Choir and the related Choir School.

Within these Objects, the College also has various permanently endowed trust funds held for special purposes in connection with the development of College facilities and for scholarships, bursaries, prizes and other educational purposes.

### Governance

The Governing Body of the College comprises the Warden and Fellows. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, the Lord Bishop of Winchester. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1379, and the Universities of Oxford and Cambridge Act 1923. The Statutes were extensively revised in 2005-6, and the revisions approved by the Privy Council in July 2006. 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.

### Review of operations and finance

The annual report and financial statements have been drafted in accordance with the reporting requirements for Oxford colleges as contained in Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923. The accounting format complies in all material respects with recognised accounting standards. The basis used for the preparation of the figures is more fully explained in the statement of accounting policies and in the notes to the financial statements.

The income and expenditure account on page 9 of the financial statements shows a surplus for the year of £264k. Over the year, the total net assets of the College decreased from £154m to £150m as detailed in the statement of total recognised gains and losses.

The recently passed charities legislation abolished the status of 'exempt charities'; in the near future, New College will be regulated by the Charity Commission. The process of bringing the colleges of Oxford and Cambridge under the Commission's umbrella is still in train, however. In particular, the implications of the change for the form of college accounts and therefore for the annual Review of Activities are, as they were last year, still being discussed between the staff of the commission and representatives of the colleges of Oxford and Cambridge; this review therefore closely resembles its predecessors, and does not try to anticipate the form that will be expected in future.

Last year, we drew attention to the way in which the increase in the College endowment from the sale of building land at Aylesbury had allowed us to think about doing better than barely keeping pace with the ever-increasing cost of maintaining extensive listed buildings, the greater number of which date from the late 14th Century. Much of the work has been unobtrusive, and often indeed has been subterranean, with improvements to the College's kitchens in the first category and services in the second, while other work has been concerned to make the College more accessible to those with disabilities. More visibly, the College has repaved some previously dilapidated areas, and has taken the first steps in a thirty-year programme to conserve the stained glass windows of the chapel nave; this will cost some £3 million over that time. The pace at which we can proceed is not solely a matter of the financial constraints on the College; stained glass restorers with the necessary skills are not numerous, and the capacity of the firms who can undertake this work is not large. The College has been fortunate to establish a long-term relationship with York Glaziers, whose work can be seen in York Minster and many other places as well as in New College. The College has been able to re-use some old glass in new windows, one of which was last year awarded a prize.

Last year, it was also said that additional resources have been put to good use in supporting graduate students, and this year there is steady progress to report. Previously, the College could not provide graduate bursaries, and struggled to provide support for travel in support of research, or travel to enable students to present their work at conferences. This year, thanks largely to donations to the New College Development Fund, the College has been able to step up its support. Something close to a quarter of the graduates entering the College in the autumn of 2008 will receive scholarship aid ranging from £15,000 to £5,000. In total, the College will be spending £125,000 on these awards. In 2006-7, the College instituted grants – now £325 a year – for any graduate to access for research expenses, and travel grants of up to the same amount.

## Report of the Governing Body

---

Special arrangements apply for medical students on electives. We have instituted teaching and research assistantships for graduate students with the intention both that they will benefit from the financial assistance and that the experience will assist them when they apply for positions in the academy or elsewhere; the budget for these is £40,000. In conjunction with the University, we intend to give four Clarendon Scholarships each year – for which students from outside the UK/EU only are eligible; up to twelve students could benefit when the scheme is mature, at a cost of £60,000 a year to the College. This year we have elected three Clarendon Scholars. We have also instituted two Wykeham Scholarships a year, where the College will split the cost of a research student with different departments each year; when fully implemented the scheme would mean six scholarships at a total annual cost of around £50,000 a year.

The third area mentioned last year was support for Junior Research Fellows. The College has always been in the forefront of Oxford colleges in the number of such fellows elected, but has for some years lagged comparable colleges in Oxford and Cambridge in the salaries we have paid. We have closed the gap with most other colleges, and hope to be among the most generous colleges in the near future. We have also expanded the scheme of 'non-stipendiary' Junior Research Fellows, which connects to the College young researchers who have positions in departments but no other college connection, and who value the social and intellectual ties that membership of the College provides.

As pre-figured in previous reviews, we are still coming to terms with the funding regime that required students to pay £3,000 from October 2006. The change has not benefitted the College directly, since the higher fees are paid to the University rather than the colleges; but in alleviating the problems of the whole collegiate university, it will benefit the College indirectly over time. The University has taken over responsibility for the basic bursary provision that was a condition of being allowed by the Office of Fair Access to charge the higher fee; New College was happy to see that the University's way of calculating the bursary and of an appropriate 'taper' of provision was identical to that which the college had employed. In 2006-7, the College paid its own bursaries to the students paying the lower fees of the previous funding regime, and will be doing so until students on four-year courses leave in June 2009. Increasingly, however, the College will be able to spend its funds on the more individualised provision that 'broad gauge' solutions such as a uniform bursary do not reach. As announced last year, the College has also increased the value of academic scholarships and exhibitions by fifty percent.

The College is conscious of the pressures on Oxford and other highly selective universities to recruit from the widest possible pool of talent. Our very active Access programme over the past few years was ably led by Ms Lynn Featherstone and Dr Joy Boyce, and supported by the College and an enthusiastic and devoted team of undergraduates. Although Ms Featherstone is now in charge of undergraduate admissions at Christ Church, she continues to lead our Access programme part-time, with the aid of Ms Danielle Luers, and the College's efforts in this field will continue. In terms of increasing state school applicants to the College, these efforts will take some time to show results, but as a contribution to encouraging state school students to remain at school for A level, and to regard higher education as a natural next step after secondary school, they are already showing results.

It has been a paradoxical consequence of recent access efforts university-wide that while they have increased state school applications by some fifty percent over five years, they have increased private school applications even more, so that percentage outcomes have gone backwards even while numerical outcomes have not. The College takes a long view; even in the short run it is a useful contribution to the British educational system to encourage children to aim as high as they can and higher than they thought they could. There is, to be sure, a limit to how much one small institution can achieve; but if enough small institutions do something, the results will not be insignificant.

After much discussion, the University and the colleges collectively reached agreement on a new methodology for distributing public funding among the central university, its academic departments and services, and the colleges. The intention is to acknowledge the contribution of colleges to the research endeavours of the whole university as well as the varied contributions of departments and colleges to the teaching efforts of the university collectively. As expected last year, the scheme as modified makes little difference to New College and no more than it would have done in its original form: the way the University thinks of the composition of the income paid to the College from public funds will change, but the overall amount will be scarcely affected.

It remains to say something about the College's discharge of its 'public benefit' duty. Until it becomes clearer what the Charity Commission will be looking for, what follows is somewhat speculative. However, we think that in the first instance, the College satisfies the negative requirement that nobody should be barred from access to what it provides for lack of financial resources. Not only do EU/UK students benefit from public funding, but the College in addition is spending something close to half a million pounds in graduate support and undergraduate bursaries and hardship relief. No undergraduate has left the College for financial reasons in the past decade, and only one – North American – graduate student. Positively, the support of high quality research benefits both the economic and the cultural future of the country; we think the maintenance of some astonishing buildings and grounds, the care and conservation of manuscripts, rare books, mediaeval plate, and works of art of several kinds contributes to the cultural heritage of the country; the value of our major reason for existence, the provision of the best undergraduate education in the world, hardly needs emphasis. The College is well known to the outside world for its chapel choir, which wins prizes, features in radio programmes, and illuminates chapel services. The College recently appointed an Assistant Organist whose task is to spread an appreciation of music and especially choral music throughout schools in Oxford and Oxfordshire. And, of course, New College Chapel is a public place of worship, invariably filled with worshippers from outside the college on Sunday evenings.

## Report of the Governing Body

---

The greater problem for a small institution such as New College in satisfying public expectations is that the pace of regulatory and management change is such that the burdens on its management team outweigh whatever benefit the changes might yield if given long enough to yield them. It would be an exaggeration to suggest that the College is 'drowning' in new obligations; at worst, it sometimes feels as if we are swimming against a stronger tide than is comfortable. It would be foolish on the other hand not to recognize that the past decade has been financially easier, both in terms of public funding and in terms of the increase in the College's endowment than were the three previous decades, and that this is unlikely to be true of the next decade.

### Investment powers and performance

The investments held by the College are managed in accordance with the powers given to the Warden and Fellows by Statutes XV (Investment Powers) and XVI (Delegation of Investment Management), and also in accordance with the Universities and College Estates Act 1925 (as amended in 1964).

The investment strategy for endowment assets is to produce income equivalent to a spend rate of between 3.0% and 4.0% of asset value per annum whilst also preserving the real value of capital. For the year to 31 July 2008, total investment return on all endowment assets was negative at 0.2% expressed as a percentage of endowments at the start of the year. The investments are held mainly in three portfolios of shares and securities, the day-to-day management of which is delegated to Newton Asset Management, Midas Capital Partners and Oxford Investment Partners (OXIP). The College has also committed some £7m of capital to private equity with Doughty Hanson. Regular review of the portfolios is conducted by an Endowment Committee which meets with the investment managers half-yearly and assesses their performance against agreed benchmarks and in the light of the income target advised for the year.

### Reserves

The balance on reserves at the year end amounted to £12.2m. After allowing for the amounts invested in fixed assets and amounts designated for special purposes, the College's general reserve was £491k (note 16). The Governing Body has reviewed the reserves of the College and has concluded that, ideally, a minimum balance of £500k should be maintained in such a "free" reserve to allow the College to be managed efficiently and to provide for the risk of interruption to the sources of College income or for the need to make emergency expenditure.

### Risk management

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

Approved by the Governing Body on 22 October 2008

Alan Ryan  
Warden

## Responsibilities of the Governing Body

---

In accordance with the College's Statutes, the Governing Body 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 is also responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

In preparing the financial statements, the Governing Body 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;
- ◆ it is satisfied that it has adequate resources to continue in operation for the foreseeable future: accordingly the financial statements are prepared on a going concern basis.

The Governing Body 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;
- ◆ secure the economical, efficient and effective management of the College's resources and expenditure.

Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

Under the Charities Act 1993 the College is an exempt charity and the members of the Governing Body must ensure that the property and income of the College are applied only in support of purposes which are charitable in law.



## Report of the Independent Auditors to the Governing Body of New College

---

We have audited the financial statements of New College for the year ended 31 July 2008 which comprise the principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with the College's statutes. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it 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 College and the College's Governing Body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Governing Body and Auditors

The Governing Body's responsibilities for preparing the Report of the Governing Body and the financial statements in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder, are set out in the Responsibilities of the Governing Body. The Governing Body is also responsible for the preparation of the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Report of the Governing Body and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements, or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 Governing Body 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2008 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder; and
- in all material respects, income received from the University of Oxford out of grants from the Higher Education Funding Council for England during the year ended 31 July 2008 has been applied to the purposes for which it was received.

Critchleys  
Registered Auditors  
Chartered Accountants  
Oxford

22 October 2008

## Statement of Principal Accounting Policies

### Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of endowment asset investments, and in accordance with both applicable accounting standards and according to the University of Oxford Statute XV to meet specific requirements imposed by University and College statutes. These specific requirements reflect the provisions set out in the Statement of Recommended Practice ("SORP"): Accounting for Further and Higher Education issued in July 2003 but have not been updated for the introduction of the amended version of this SORP issued in June 2007. Due to the proposed future movement of the College financial statements to the Charities SORP, which is expected to be implemented in conjunction with the registration of the Oxford Colleges with the Charity Commission, the University of Oxford College Accounts Committee has concluded that there is no benefit in amending the specific requirements this year.

The financial statements do not consolidate the accounts of the affiliated student bodies (including New College Junior and Graduate Common Rooms) because the College does not control these activities.

### Recognition of income

Fees and other income for services provided are credited to the income and expenditure account on a receivable basis. Income from specific endowments and other restricted income is included to the extent of the relevant expenditure incurred during the year. Income from general endowments (the use of which is not legally restricted to a specific purpose or activity) is determined by a spending rule which currently permits the transfer of income of not less than 3.0 per cent and not more than 4.0 per cent of the moving average of the latest 5 years' year-end market valuations of the endowment.

### General donations

Unrestricted donations and benefactions are credited to general endowment on receipt.

### Pension costs

Contributions to the pension schemes provided for employees of the College are charged to the income and expenditure account on the basis of the contribution rates payable for the year, as determined by the scheme actuaries. (See also note 5 to the financial statements).

### Tangible fixed assets

Tangible fixed assets are stated at cost and are depreciated on a straight line basis over the following periods:

Freehold buildings	50 years
Leasehold properties	50 years or period of lease if shorter
Building improvements	30 years
Equipment	4 - 10 years

Freehold land is not depreciated. The cost of freehold land associated with the main historic site is not included in the balance sheet, but is unlikely to be material.

The cost of major renovation projects which increase the service potential of buildings is capitalised and depreciated over applicable periods.

Donations received to finance the acquisition of tangible fixed assets are treated as deferred capital and released to income on a straight line basis over the same period as the related asset is depreciated.

The College operates a "de minimis" limit of £5,000 for the capitalisation of expenditure on equipment. Works of art and other valuable artefacts that can be regarded as inalienable are not included in the financial statements.

### Investments

Listed investments and properties held as fixed asset and endowment asset investments are stated at market value. Other investments are stated at the lower of cost and net realisable value.

Surpluses or deficits arising on the revaluation or realisation of endowment asset investments are added to or subtracted from the funds concerned.



## Statement of Principal Accounting Policies

---

### (Continued)

#### Stocks

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

#### Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

#### 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 obligation.

#### Endowments

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.

#### Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

#### 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 of exchange or, where there are related forward foreign exchange contracts, at contract rates. The resultant exchange differences are included in the income and expenditure account for the year.

#### Taxation status

As an exempt charity within the meaning of Schedule 2 of the Charities Act 1993, New College is potentially exempt from taxation in respect of income or capital gains received within 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. Trading activities are liable to Corporation Tax. The College receives no exemption in respect of Value Added Tax.

#### College Contribution Scheme

The College is liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The College Contribution Fund is used to make grants and loans to colleges on the basis of need. Contribution is calculated annually in accordance with regulations made by the Council of the University.

## Income and Expenditure Account

	Notes	2008 £'000	2007 £'000
<b>INCOME</b>			
Academic fees and tuition income	1	2,515	2,411
Research grants and contracts		-	-
Other operating income	2	3,602	3,248
Choir school		1,342	1,425
Endowment return and interest receivable	3	4,238	3,874
<b>Total income</b>		<b>11,697</b>	<b>10,958</b>
<b>EXPENDITURE</b>			
Staff costs	4	5,820	5,457
Depreciation		620	584
Other operating expenses		3,593	3,103
Choir school		1,191	1,130
Interest payable		13	73
Contribution under Statute XV		196	355
<b>Total expenditure</b>	6	<b>11,433</b>	<b>10,702</b>
Surplus for the year on continuing operations before taxation and disposal of fixed assets		264	256
Taxation	7	-	-
<b>Surplus for the year after taxation</b>		<b>264</b>	<b>256</b>

## Statement of Total Recognised Gains and Losses

	Notes	2008 £'000	2007 £'000
<b>Reserves</b>			
Surplus for the year	16	264	256
<b>Endowments</b>			
Income receivable from endowment asset investments	15	4,396	3,597
Endowment return transferred to income and expenditure account	15	(4,178)	(3,705)
(Depreciation)/appreciation of endowment asset investments	15	(4,717)	10,530
New endowments received	15	-	-
<b>Other</b>			
Net additions to/(deductions from) deferred capital	14	870	(130)
<b>Total recognised gains relating to the year</b>		<b>(3,365)</b>	<b>10,548</b>
Opening fund balances		153,598	143,050
<b>Closing fund balances</b>		<b>150,233</b>	<b>153,598</b>

# Balance Sheet

	Notes	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Tangible assets	8	16,943	16,348
Investments	9	1	1
		<u>16,944</u>	<u>16,349</u>
<b>Endowment asset investments</b>			
Securities and cash deposits		104,231	114,313
Land and property		27,408	21,935
	10	<u>131,639</u>	<u>136,248</u>
<b>Current assets:</b>			
Stocks		329	316
Debtors	11	1,437	1,389
Short term investments		966	1,296
Cash at bank and in hand		864	768
		<u>3,596</u>	<u>3,769</u>
<b>Creditors:</b>			
Amounts falling due within one year	12	(1,946)	(1,782)
		<u>1,650</u>	<u>1,987</u>
<b>Net current assets</b>			
		<u>1,650</u>	<u>1,987</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		150,233	154,584
<b>Creditors:</b>			
Amounts falling due after more than one year	13	-	(986)
		<u>150,233</u>	<u>153,598</u>
<b>TOTAL NET ASSETS</b>			
		<u>150,233</u>	<u>153,598</u>
<b>Deferred capital</b>	14	6,393	5,523
<b>Endowments</b>			
Specific		6,227	6,727
General		125,412	129,520
	15	<u>131,639</u>	<u>136,247</u>
<b>Reserves</b>			
Designated reserves		1,910	1,839
General reserves		10,291	9,989
	16	<u>12,201</u>	<u>11,828</u>
<b>TOTAL FUNDS</b>		<u>150,233</u>	<u>153,598</u>

The financial statements were approved by the Governing Body of New College on 22 October 2008

Alan Ryan  
Warden

David Palfreyman  
Bursar

**Cashflow Statement**

	Notes	2008 £'000	2007 £'000
<b>Net cash outflow from operating activities</b>	21	<u>(3,368)</u>	<u>(2,966)</u>
Returns on investments and servicing of finance			
Income from endowments		4,396	3,597
Other income from investments and interest received		<u>60</u>	<u>169</u>
		4,456	3,766
Interest paid		<u>(13)</u>	<u>(73)</u>
Net cash inflow from returns on investments and servicing of finance		<u>4,443</u>	<u>3,693</u>
Capital expenditure and financial investment			
Net acquisition of tangible fixed assets		(1,215)	(2,360)
Net realisation of fixed asset investments		-	-
Net realisation/acquisition of endowment asset investments		6,767	(18)
Endowments received		-	-
Deferred capital received		1,000	-
Net cash inflow/outflow from capital expenditure and financial investment		<u>6,552</u>	<u>(2,378)</u>
<b>Net cash inflow/outflow before use of liquid resources and financing</b>		7,627	(1,651)
Management of liquid resources	22	330	(259)
Financing	23	(986)	-
<b>Increase in cash</b>	24	<u>6,971</u>	<u>(1,910)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/decrease in cash for the year		6,971	(1,910)
Decrease/increase in liquid resources and current asset investments		(330)	259
Decrease in debt		986	-
Change in net funds		<u>7,627</u>	<u>(1,651)</u>
Net surplus of funds at 1 August		2,799	4,450
<b>Net surplus of funds at 31 July</b>		<u>10,426</u>	<u>2,799</u>

## Notes to the Financial Statements

	2008 £'000	2007 £'000
<b>1 ACADEMIC FEES AND TUITION INCOME</b>		
Tuition fees from UK and European Union students	1,984	1,834
Tuition fees from overseas students	176	152
Other fees	253	263
Other tuition income	102	162
	<u>2,515</u>	<u>2,411</u>

The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £1,811,555 (2007 - £1,684,504).

	£'000	£'000
<b>2 OTHER OPERATING INCOME</b>		
Residential income from college members	2,100	1,707
Conference and function income	836	777
Grants and donations	439	481
Release of deferred capital contributions	130	130
VAT refund	-	-
Other income	97	153
	<u>3,602</u>	<u>3,248</u>

	£'000	£'000
<b>3 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>		
Transferred from specific endowments (note 15)	196	183
Transferred from general endowments (note 15)	3,982	3,522
Other investment income	2	-
Other interest receivable	58	169
	<u>4,238</u>	<u>3,874</u>

	£'000	£'000
<b>4 STAFF COSTS</b>		
Gross pay	4,906	4,590
Social Security costs	360	334
Other pension costs	515	494
Other benefits	39	39
	<u>5,820</u>	<u>5,457</u>

The emoluments of the Warden, excluding pension contributions, were £85,413 (2007: £81,082). Pension contributions paid by the College in respect of the Warden amounted to £12,982 (2007: £12,510).

**5 PENSION SCHEMES**

The two principal pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the University of Oxford Staff Pension Scheme (OSPS). The schemes are contributory, are contracted out from the State Second Pension (S2P), and provide benefits based on length of service and final pensionable salary. The assets of USS and OSPS are each held in separate trustee-administered funds. The schemes are periodically valued by qualified actuaries using the "projected unit" method, embracing a market value approach. The levels of contribution take account of actuarial surpluses or deficiencies in each scheme. The underlying material assumptions and the results of the most recent actuarial valuations of the two schemes are listed on page 13. Financial assumptions were derived from market conditions prevailing at the valuation date.

## Notes to the Financial Statements

## 5 PENSION SCHEMES (CONTINUED)

	USS	OSPS
	31/03/2005	31/07/2007
Date of latest actuarial valuation		
Assumptions:		
Salary increases per annum (see note below)	3.90%	4.80%
Pension increases per annum	2.90%	3.30%
Valuation rate of interest - past service liabilities/periods up to retirement	4.50%	6.90%
Valuation rate of interest - future service liabilities/periods after retirement	6.20%	4.90%
Results:		
Value of past service liabilities	£28,308m	£325m
Value of assets	£21,740m	£282m
Funding deficit	(£6,568m)	(£43m)
Funding ratios:		
Scheme valuation basis	77%	87%
Statutory pension protection fund basis	110%	95%
"Buy-out" basis	74%	71%
Estimated FR17 basis	90%	89%

USS has also factored in an additional allowance for increases in salaries due to age and promotion in line with recent experience.

Contributions payable by the College in respect of USS and OSPS were equal to 14.0% and 17.5% respectively of pensionable salaries during the year. The 2005 valuation for USS identified an employer contribution rate of 14.3% for future service benefits alone, but the Trustee company, on the advice of the actuary, decided to maintain the rate at 14% subject to annual review. The 2007 valuation for OSPS identified a required long-term employer contribution rate of 17.85%, but also identified a funding deficit of £42.9m. To address this situation, the employer contribution rate was increased to 21.5% with effect from 1 August 2008.

USS and OSPS are multi-employer schemes where the share of assets and liabilities applicable to each employer is not identified. The College will therefore account for its pension costs for each scheme on a defined contribution basis as permitted by FRS 17. (See also note 18 to the financial statements).

## 6 ANALYSIS OF EXPENDITURE

	Staff costs	Dep'n	Other operating expenses	2008 Total	2007 Total
	£'000	£'000	£'000	£'000	£'000
Academic	3,007	2	620	3,629	3,422
Residences, catering and conferences	1,770	32	1,236	3,038	2,774
Premises	247	551	798	1,596	1,371
College administration	421	3	199	623	632
Endowment management	35	4	365	404	336
Fundraising (see note below)	91	-	90	181	103
Other	249	28	285	562	506
	5,820	620	3,593	10,033	9,144
Choir school				1,191	1,130
Interest payable				13	73
Contribution under Statute XV				196	355
<b>Total expenditure</b>				<b>11,433</b>	<b>10,702</b>

Fundraising for the College is also carried out by the New College Development Fund, an independent charitable trust not controlled by the College (see note 19).

The above analysis includes expenditure in respect of UK and European Union students met by publicly funded fee income amounting to £1,811,555 (2007 - £1,684,504).



## Notes to the Financial Statements

## 6 ANALYSIS OF EXPENDITURE (CONTINUED)

	2008 £'000	2007 £'000
Interest payable relates to -		
Bank loans, overdrafts and other loans:		
Repayable within 5 years	13	15
Repayable wholly or partly in more than 5 years	-	58
Finance leases	-	-
	<u>13</u>	<u>73</u>
Other operating expenses include auditors' remuneration:		
in respect of the audit of these financial statements	15	14
in respect of other services	-	-
	<u>15</u>	<u>-</u>

## 7 TAXATION

	£'000	£'000
United Kingdom corporation tax	<u>-</u>	<u>-</u>

## 8 TANGIBLE FIXED ASSETS

	Land & buildings		Equipment	Total
	Freehold £'000	Long leasehold £'000	£'000	£'000
<b>Cost</b>				
At start of year	20,523	-	1,003	21,526
Additions	1,113	-	102	1,215
Disposals	-	-	(516)	(516)
At end of year	<u>21,636</u>	<u>-</u>	<u>589</u>	<u>22,225</u>
<b>Depreciation</b>				
At start of year	4,337	-	841	5,178
Charge for period	536	-	84	620
On disposals	-	-	(516)	(516)
At end of year	<u>4,873</u>	<u>-</u>	<u>409</u>	<u>5,282</u>
<b>Net book value</b>				
At end of year	<u>16,763</u>	<u>-</u>	<u>180</u>	<u>16,943</u>
At start of year	<u>16,186</u>	<u>-</u>	<u>162</u>	<u>16,348</u>

No assets were held under finance leases during the year.

## 9 FIXED ASSET INVESTMENTS

	2008 £'000	2007 £'000
At cost		
Investment in subsidiary company	<u>1</u>	<u>1</u>

The College owns 100% of the issued share capital of Longwall Limited, a dormant company incorporated in England and Wales.

## Notes to the Financial Statements

### 10 ENDOWMENT ASSET INVESTMENTS

	Securities & cash £'000	Land & property £'000	Total £'000
<b>At market value</b>			
At start of year	114,313	21,935	136,248
Purchases at cost	27,575	244	27,819
Sales proceeds	(33,926)	(660)	(34,586)
Increase in cash held by fund manager	6,875		6,875
Revaluation gains	(10,606)	5,889	(4,717)
At end of year	<u>104,231</u>	<u>27,408</u>	<u>131,639</u>
Analysed as			
Fixed interest stocks (listed)	10,030		
Equities (listed)	63,446		
Unlisted securities	22,159		
Cash (including in transit)	8,596		
	<u>104,231</u>		
Historical cost at end of year	<u>101,376</u>		

Estates land and property valuations as at 31 July have been made by Miles Tuely FRICS, the College land agent, the basis being market value.

### 11 DEBTORS

	2008 £'000	2007 £'000
Amounts falling due within one year		
Trade debtors	631	502
Amounts owed by College members	82	112
Loans	42	31
Prepayments and accrued income	660	703
Other debtors	-	-
Amounts falling due after more than one year		
Loans	22	41
Other debtors	-	-
	<u>1,437</u>	<u>1,389</u>

## Notes to the Financial Statements

### 12 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Bank loans and overdrafts	-	-
Obligations under finance leases	-	-
Unsecured loans	576	486
Trade creditors	749	682
College Contribution	240	268
Corporation tax	-	-
Other taxation and social security	145	137
Accruals and deferred income	148	130
Other creditors	88	79
	<u>1,946</u>	<u>1,782</u>

### 13 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	£'000	£'000
Bank loans	-	986
Obligations under finance leases	-	-
Other creditors	-	-
	<u>-</u>	<u>986</u>

Bank loan at 0.5 per cent over LIBOR repaid September 2007.

### 14 DEFERRED CAPITAL

	£'000
At start of year	5,523
New capital	1,000
Released to income and expenditure account	(130)
<b>At end of year</b>	<u>6,393</u>

The balance on deferred capital represents donations received to finance the purchase or refurbishment of tangible fixed assets. Amounts are released to the income and expenditure account over the lives of the related assets on the same basis as the charge for depreciation.

## Notes to the Financial Statements

## 15 ENDOWMENTS

	Specific £'000	General £'000	Total £'000
At start of year	6,727	129,520	136,247
Endowments received	-	-	-
Appreciation of endowment investments	(518)	(4,199)	(4,717)
Income receivable from endowment asset investments	214	4,182	4,396
Transferred to income and expenditure account (note 3)	(196)	(3,982)	(4,178)
Capital grant from the University	-	-	-
Transfer to reserves	-	(109)	(109)
<b>At end of year</b>	<b>6,227</b>	<b>125,412</b>	<b>131,639</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.

Specific endowments include funds valued at £134k which provide income for purposes that lie outside the objects of the College. Income arising amounted to £5k.

The net transfer to reserves of £109k relates to internal lending to finance the building refurbishment programme. The loan is being repaid by sinking fund at 3.5% over 40 years.

## 16 RESERVES

## DESIGNATED RESERVES

	£'000
At start of year	1,839
Transfers from general reserve	71
<b>At end of year</b>	<b>1,910</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 2008 they comprised:

	2008 £'000	2007 £'000
Reserve for replacement and maintenance of functional buildings	1,038	1,288
Other designated reserves	872	551
	<b>1,910</b>	<b>1,839</b>

## Notes to the Financial Statements

## 16 RESERVES (continued)

## GENERAL RESERVES

	£'000
At start of year	9,989
Surplus from income and expenditure account	264
Transfer from endowment	224
Capital repaid to endowment	(115)
Transfers to designated reserves	(71)

At end of year	10,291
----------------	--------

	2008 £'000	2007 £'000
Representing:		
Undepreciated cost of tangible fixed assets financed out of general reserve	9,800	9,701
College general reserve	491	288
	10,291	9,989

## 17 CAPITAL COMMITMENTS

The College had no capital commitments at 31 July 2008 (2007 - £nil).

## 18 FINANCIAL COMMITMENTS

The College has an annual pensions commitment to a number of retired employees whose service predated the introduction of the main occupational schemes (see note 5). These payments, which are subject to annual inflationary increases, currently total £15,000 per annum, and the net present value of future payments is estimated to be of the order of £150,000.

## 19 RELATED PARTY TRANSACTIONS

New College is in receipt of donations from New College Development Fund, an independent trust registered as a charity with the Charity Commission under the Charities Act 1993 (charity registration number 900202). The principal but not exclusive purpose of the Trust is the provision of funds for educational and related purposes at New College. The College is represented on the Board of Trustees of the Fund, but does not exercise financial and operational control over the charity; accordingly the assets of the Fund have not been consolidated in these financial statements. The following figures have been extracted from the audited financial statements of New College Development Fund for the year ended 31 July 2008, computed in accordance with UK Accounting Standards.

	2008 £'000	2007 £'000
Total net assets at 31 July	11,068	10,921
Total incoming resources for the year	3,190	841
Total resources donated to New College in the year	1,568	583

New College is recognised as a college of the University of Oxford and is part of the collegiate University. Material inter-dependencies of the University and of the colleges arise as a consequence of this relationship. For reporting purposes, the University and the other colleges are not treated as related parties as defined in FRS8 ("Related party disclosures").

## Notes to the Financial Statements

### 19 RELATED PARTY TRANSACTIONS (CONTINUED)

Members of the Governing Body receive remuneration and facilities as employees of New College. Normal remuneration of, and standard arrangements with, members of the Governing Body are not treated as related party transactions.

### 20 POST BALANCE SHEET EVENTS

No material event occurred after the date of the balance sheet the disclosure of which is deemed to be required for a proper understanding of the financial position.

### 21 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £'000	2007 £'000
Surplus for the year	264	256
Depreciation	620	584
Deferred capital released to income (note 2)	(130)	(130)
Endowment income and interest receivable (note 3)	(4,238)	(3,874)
Interest payable	13	73
Increase in stocks	(13)	(22)
Increase in debtors	(48)	(62)
Increase in creditors	164	209
	<u>(3,368)</u>	<u>(2,966)</u>

### 22 MANAGEMENT OF LIQUID RESOURCES

	£'000	£'000
Net sale of investments	11	43
Net decrease/increase in deposits	319	(302)
	<u>330</u>	<u>(259)</u>

### 23 FINANCING

	£'000	£'000
Repayments of amounts borrowed	(986)	-
Capital element of finance lease rental payments	-	-
	<u>(986)</u>	<u>-</u>

### 24 ANALYSIS OF CHANGES IN NET FUNDS

	2008 £'000	Changes £'000	2007 £'000
Cash at bank and in hand	864	96	768
Endowment assets cash	8,596	6,875	1,721
	<u>9,460</u>	<u>6,971</u>	<u>2,489</u>
Current asset investments	966	(330)	1,296
Debt due after 1 year	-	986	(986)
Finance leases	-	-	-
	<u>10,426</u>	<u>7,627</u>	<u>2,799</u>