

BRASENOSE COLLEGE
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2009

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Report of the Governing Body

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

Status

Brasenose College is an eleemosynary chartered charitable corporation aggregate. It was founded by William Smyth, Bishop of Lincoln, and Sir Richard Sutton, Knight, under a Charter of King Henry VIII, dated the 15th January in the third year of his reign. The corporation comprises the Principal and Fellows. The College is currently an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act), but has been required under the Charities Act 2006 to register with the Charity Commission. The College has written to the Commission to express its intention to register. That expression of intent has been acknowledged.

Objects

The College exists to provide and promote undergraduate and graduate education within the University of Oxford, and also to support University academic research. Within these Objects, the College also has various permanently endowed trust funds held for their 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 Principal and Fellows. This body is constituted and regulated in accordance with the College Statutes, which are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1512, 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 Principal and is advised by a range of committees which include the Estates and Finance Committee. This committee is itself advised by the Investment Advisory Committee, which includes external investment professionals.

Scope of financial statements

The financial statements consolidate the accounts of Brasenose College and its subsidiary, Brasenose Ltd (formerly Brasenose Utilities Ltd), which is a wholly-owned vehicle for the trading activities, including the provision of design and build construction services to Brasenose College.

Review of operations and finance

The College recorded a deficit of £347k (2008 surplus £155k) on the consolidated income and expenditure account.

The College receives three main sources of income: Academic fees and tuition income, which amounted to £2,135k (2008 £2,046k); other operating Income, (which includes student accommodation, catering and conference income and donations) which amounted to £3,415k (2008 £2,957k net of OOB funding) and endowment return and other interest receivable, which amounted to £3,408k (2008 £2,876k). Other operating income includes donations amounting to £526k (2008 £529k).

In November 2008 the College raised funds by way of a long term loan with Barclays Capital for £9m, at a fixed rate of 4.588% over 40 years. The funds generated have been invested until such time as they are required to fund a major capital project.

As of 1st August 2008, the preparatory work for the kitchen and servery project was transferred to Brasenose Ltd (previously near dormant), which is to provide design and build services to the College, in addition to its trading activities, and the management of the quincentenary celebrations. These accounts are a consolidation of College and subsidiary.

Staff costs amounted to £4,444k (2008 £3,982k), an increase over and above the pay settlement, due partly to an increase in headcount in certain operational areas and partly to an increase in pension costs.

Other operating expenses amounted to £3,950k (2008 £3,294k), which includes £254k on the programme of refurbishment undertaken by the College. This has partly been funded by Annual Fund donations.

Investment performance

The year end valuation of the endowment assets is £71,738 (2008 £80,884). The assets are held in a diversified portfolio which is carefully managed by the Investment Advisory Committee. Endowment land and property has maintained its value, with an uplift in agricultural land holdings values compensating for a fall in commercial property value: £20.2m (2008 £20.2m). The fall in the value of securities and cash deposits from £61m in 2008 to £52m in 2009 reflects market conditions. It should be noted that markets, whilst remaining volatile, have risen in the months since the balance sheet date.

The College continues to manage the liquidation of investments required under the total return investment policy which was implemented in 2008 very carefully in order to ensure that capital losses on the sale of investments in a depressed market are minimised. The Estates and Finance Committee continues to monitor the situation very closely.

A combination of reduced returns on some income generating assets and the change to a total return investment policy has resulted, as anticipated, in a fall in income received into the endowment from £2,860k in y/e 08 to £2,335k this year. The financial impact experienced by the College is on cash flow rather than on the transfer to the College, which has in fact shown an increase on the prior year, reflecting the sharp increase in value of the endowment in the earlier years of the 5 year averaging period.

The endowment return reflected in the College's income and expenditure account is £3.024k (2008 £2,800k) and constitutes a transfer under a spending rule (currently 3.75%) based on the 5 year rolling average of the closing value of the endowment on 31st July each year, as adjusted to ensure that the costs of managing the investment portfolio, including legal fees in relation to land and property, are charged to the endowment. In the opinion of the Estates and Finance Committee and the Investment Advisory Committee, the transfer from endowment is sufficiently prudent to safeguard the capital value of the endowment in the long term.

Investment in College buildings

The College recognises the need to maintain the college buildings. In addition to the expenditure on repairs and maintenance and on refurbishment included in other operating expenses, a total of £2,410k (2008 £348k) was spent on work on College buildings that has been included in capital expenditure. This has been taken to the balance sheet as an addition to freehold land and buildings and is thus not included in other operating expenses. This capital investment is largely in the first construction phase of a major project to renew and extend the bar, kitchen, server, student and staff facilities for the next century. Professional fees incurred in relation to this project have been capitalised over the last few years.

Reserves

The balance on reserves at the year end amounted to £19,228k (2008 £19,353k) (note 19). This includes a revaluation reserve which reflects the increase, since the date of original investment, in the capital value of funds invested by the College by way of a designated building reserve. The assets are shown at their current market value as a fixed asset investment in the College's balance sheet.

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

Prof. R. Cashmore - Principal

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.

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 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.



BRASENOSE COLLEGE

Report of the Independent Auditor to the Governing Body

We have audited the consolidated College financial statements ("the financial statements") of Brasenose College for the year ended 31 July 2009 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement and notes 1 to 28. 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than 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 the Auditor

The Governing Body's responsibilities for preparing the Report of the Governing Body and the financial statements in accordance with UK law and Accounting Standards (UK GAAP) and 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.

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 there under and whether the information given in the Report of the Governing Body is consistent with the financial statements. We also report to you if, in our opinion 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. This other information comprises only the Report of the Governing Body. 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.

BRASENOSE COLLEGE**Report of the Independent Auditor to the Governing Body (continued)****Opinion**

In our opinion:

- a) the financial statements give a true and fair view in accordance with UK GAAP of the state of the College's affairs as at 31 July 2009 and of the deficit for the year then ended;
- b) 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 there under;
- c) in all material respects, income received from the University of Oxford out of grants from the Further and Higher Education Funding Council for England during the year ended 31 July 2009 has been applied to the purposes for which it was received; and
- d) the information given in the Report of the Governing Body is consistent with the financial statements for the year ended 31 July 2009.

Grant Thornton UK LLP
Statutory auditor, Chartered Accountants
Oxford

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 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 July 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 consolidate the accounts of the College and of its subsidiary undertaking, Brasenose Ltd.

The accounts of the affiliated student bodies (Junior and Middle Common Rooms) have not been consolidated because the College does not control these activities.

Recognition of income

Fees, income for services provided and income earned on investments held in the College balance sheet are credited to the income and expenditure account on a receivable basis. Conference income in relation to conferences that span the year end is accrued for in accordance with the proportion of completion. Income from specific endowments and other restricted income is included to the extent of the relevant expenditure incurred during the year. Income receivable from investment funds representing general endowments (the use of which is not legally restricted to a specific purpose or activity) is included in accordance with a policy of total return accounting (see below).

Total Return Accounting

Income from endowment is transferred to the Income and Expenditure account under a spending rule, determined to be a percentage (currently 3.75%) of the five year rolling average year end value of the endowment. Income earned by the endowment assets, and revaluation gains/losses are thus credited directly to the endowment. Expenses incurred in the management of the endowment are charged to the endowment.

General donations

Unrestricted donations and benefactions are credited to income and expenditure account on receipt. Restricted donations are held either in deferred income or in a designated reserve until the relevant expenditure has occurred. Annual fundraising expenditure is included in the income and expenditure account.

Pension costs

The College accounts for pension contributions as if the schemes concerned are defined contribution schemes, and the amount charged to income and expenditure account represents the contributions payable to the schemes.

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
Equipment	4 years
Computer Systems	4 years
Freehold land is not depreciated.	

The opening figure for freehold land and buildings at historic cost has been derived by summing the figures for capitalised expenditure stated in the form of accounts used throughout the University before the adoption of the FHE SORP, for the 50 years prior to 1 August 2002. The cost of major renovation projects which increase the service potential of buildings is capitalised and depreciated over applicable periods.

The opening figure for equipment at historic cost represents only those assets in the accounts of the subsidiary as at 1 August 2002. The College operates a 'de minimis' limit of £5,000 for the capitalisation of expenditure on equipment, but, subject to that, all such expenditure is capitalised.

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

Works of art and other valuable artefacts that can be regarded as inalienable are not included in the financial statements.

Fixed Asset Investments

An investment of College funds which is held for more than one year but not classified as endowment asset investment is treated as a fixed asset investment and held at market value in the balance sheet. Any increase in value during the year is taken to reserves as a Revaluation Reserve. Any decrease in subsequent years will be set off against the balance on the Revaluation Reserve to the extent it is attributable to that asset.

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.

The College policy is to obtain an external professional valuation of its properties every three years.

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.

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.

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 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, the 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 Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar, general exemption from Value Added Tax.

Trading activities undertaken by the College are administered through its subsidiary company, which, as a commercial organisation, is liable to Corporation Tax. Any profit made by this company will be transferred to the College by Gift Aid, income tax being deducted from the Gift Aid payments and recovered by the College.

College Contribution Scheme

The College is potentially liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The 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 Council.

Oxford Opportunity Bursary Scheme

Funding received from the University for the Oxford Opportunity Scheme is not taken to income, nor are the bursaries included in operating expenditure, as the College is deemed to act as an agent in the distribution of these bursaries. This represents a change in policy. Corresponding amounts have been removed from income and expenditure in the prior year comparatives.

BRASENOSE COLLEGE
Consolidated Income and Expenditure Account
Year ended 31 July 2009

	Notes	2009 £'000	2008 £'000
INCOME			
Academic fees, tuition income and other HEFCE support	1	2,135	2,046
Research grants and contracts	2	0	0
Other operating income	3	3,416	2,957
Endowment return and interest receivable	4	3,408	2,876
Total income		<u>8,959</u>	<u>7,879</u>
EXPENDITURE			
Staff costs	5	4,444	3,982
Depreciation		531	438
Other operating expenses		3,951	3,294
Interest payable		309	0
Contribution under Statute XV		71	10
Total expenditure	7	<u>9,306</u>	<u>7,724</u>
Surplus for the year on continuing operations before taxation and disposal of fixed assets		(347)	155
Surplus (deficit) on disposal of fixed assets		0	0
Taxation	8	0	0
Surplus for the year after taxation	9	<u>(347)</u>	<u>155</u>

Consolidated statement of total recognised gains and losses
Year ended 31 July 2009

	Notes	2009 £'000	2008 £'000
Surplus for the year		(347)	155
Revaluation of Fixed Asset Investment	19	182	(233)
Appreciation (depreciation) of endowment asset investments	18	(8,514)	(6,397)
Income receivable from endowment investments	18	2,333	2,860
Transfer to income & expenditure account from endowment	18	(3,024)	(2,800)
Net additions to deferred capital	17	(7)	(7)
New endowments received	18	61	118
Total recognised gains relating to the year		<u>(9,316)</u>	<u>(6,304)</u>
Opening reserves and endowments		100,563	106,867
Closing reserves and endowments		<u>91,247</u>	<u>100,563</u>

BRASENOSE COLLEGE
Balance Sheets
As at 31 July 2009

		CONSOLIDATED		COLLEGE	
		2009	2008	2009	2008
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10	19,565	18,207	19,478	18,207
Investments	11	3,689	1,518	3,689	1,518
		<u>23,254</u>	<u>19,725</u>	<u>23,167</u>	<u>19,725</u>
Endowment asset investments					
Securities and cash deposits		51,520	60,603	51,520	60,603
Land and property		20,222	20,280	20,222	20,280
	12	<u>71,742</u>	<u>80,883</u>	<u>71,742</u>	<u>80,883</u>
Current assets:					
Stocks		191	177	191	177
Debtors	13	2,815	2,731	2,914	2,771
Short term investments		0	0	0	0
Cash at bank and in hand		3,963	(1,564)	3,909	(1,564)
		6,970	1,344	7,015	1,384
Creditors:					
Amounts falling due within one year	14	(1,524)	(1,197)	(1,275)	(1,197)
Net current assets (liabilities)		<u>5,446</u>	<u>147</u>	<u>5,738</u>	<u>187</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>100,442</u>	<u>100,755</u>	<u>100,647</u>	<u>100,795</u>
Creditors:					
Amounts falling due after more than one year	15	(9,000)	0	(9,000)	0
Provision for liabilities and charges	16	(196)	(196)	(196)	(196)
TOTAL NET ASSETS		91,246	100,559	91,451	100,599
Deferred capital	17	315	322	315	322
Endowments					
Specific		3,880	4,112	3,880	4,112
General		67,862	76,771	67,862	76,771
	18	<u>71,742</u>	<u>80,883</u>	<u>71,742</u>	<u>80,884</u>
Reserves					
Designated reserves		2,732	2,475	2,732	2,475
Revaluation reserve		600	419	600	419
General reserves		15,856	16,460	16,062	16,500
	19	<u>19,188</u>	<u>19,354</u>	<u>19,395</u>	<u>19,394</u>
TOTAL FUNDS		91,245	100,559	91,451	100,599

The financial statements were approved by the Governing Body of Brasenose College

Prof Roger Cashmore
Principal

Mr Brian Carroll
Bursar

BRASENOSE COLLEGE
Consolidated Cashflow Statement
Year ended 31 July 2009

	Note	2009 £000	2008 £000
Net cash inflow (outflow) from operating activities	25	<u>(2,692)</u>	<u>(2,655)</u>
Returns on investments and servicing of finance			
Income from endowments received		2,335	2,860
Other income from investments and interest received		<u>384</u>	<u>76</u>
		2,719	2,936
Interest paid		(309)	0
Net cash inflow from returns on investments and servicing of finance		<u>2,410</u>	<u>2,936</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		(1,889)	(3,656)
Net realisation/(acquisition) of fixed asset investments		(1,990)	0
Net realisation/(acquisition) of endowment asset investments		(651)	(3,256)
Endowments received		61	118
Deferred capital received			0
Other net capital movements			(5)
Net cash inflow (outflow) from capital expenditure and financial investment		<u>(4,469)</u>	<u>(6,799)</u>
Net cash inflow before use of liquid resources and financing		(4,751)	(6,518)
Management of liquid resources	26		
Financing	27	9,000	
Increase/(decrease) in cash	28	<u>4,249</u>	<u>(6,518)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash for the year		4,249	(6,518)
Increase/(decrease) in liquid resources and current asset investments		0	0
Increase/(decrease) in debt		0	0
Change in net funds		<u>4,249</u>	<u>(6,518)</u>
Net funds at 1 August		1,434	7,952
Net funds at 31 July		<u>5,683</u>	<u>1,434</u>

BRASENOSE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2009

	2009 £'000	2008 £'000
1 ACADEMIC FEES, TUITION INCOME AND HEFCE SUPPORT		
Tuition fees from UK and European Union students	1,677	1,691
Tuition fees from overseas students	270	253
Other fees	39	38
Other tuition income and HEFCE support	149	64
	<u>2,135</u>	<u>2,046</u>
The above analysis includes support from the University from HEFCE funds amounting to £1,573k (2008 - £1,498k)		
2 RESEARCH GRANTS AND CONTRACTS	£'000	£'000
Research councils	0	0
UK based charities	0	0
European commission	0	0
Other grants and contracts	0	0
	<u>0</u>	<u>0</u>
3 OTHER OPERATING INCOME	£'000	£'000
Residential income from college members	1,940	1,617
Conference and function income	739	673
Grants and donations	595	544
Release of deferred capital contributions	7	7
Other income	135	116
	<u>3,416</u>	<u>2,957</u>
4 ENDOWMENT RETURN AND INTEREST RECEIVABLE	£'000	£'000
Transferred from specific endowments (note 18)	55	45
Transferred from general endowments (note 18)	2,969	2,755
Other investment income	343	0
Other interest receivable	41	76
	<u>3,408</u>	<u>2,876</u>
5 STAFF COSTS	£'000	£'000
Gross pay	3,666	3,315
Social Security costs	266	249
Other pension costs	466	374
Other benefits	46	44
	<u>4,444</u>	<u>3,982</u>

6 PENSION SCHEMES

6.1 The 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"). Both 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. Both 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, in accordance with 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 the event of the withdrawal 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 participating employers and reflected in the next actuarial valuation of the scheme.

However, in OSPS, the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer.

BRASENOSE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2009

6.2 Actuarial valuations

Qualified actuaries periodically value the Schemes. Both USS and OSPS were valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take in account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions, which have the most significant effect on the results of the latest valuations and the determination of the contribution levels, are shown in the following table:

	USS	OSPS
Date of valuation:	31/03/2008a	31/07/2007
Date valuation results published:	04/02/2009	09/10/2008
Value of past service liabilities:	£28,135m	£325m
Value of assets:	£28,842m	£282m
Funding Surplus/(Deficit):	£707m b	(£43m)c
Principal assumptions:		
Rate of interest (past service liabilities)	4.4% pa	-
Rate of interest (future service liabilities)	6.1% pa	-
Rate of interest (periods up to retirement)	-	6.9% pa
Rate of interest (periods after retirement)	-	4.9% pa
Rate of increase in salaries	4.3% pa	4.8% pa
Rate of increase in pensions	3.3% pa	3.3% pa
Mortality assumptions:		
Assumed life expectancy at age 65 (males)	23 yrs	22 yrs
Assumed life expectancy at age 65 (females)	25 yrs	24 yrs
Funding Ratios:		
Technical Provisions basis	103%d	87%
Statutory Pension Protection Fund basis:	107%	95%
"Buy-out" basis:	79%d	71%
Estimated FRS17 basis	104%d	89%
Recommended Employer's contribution rate (as % of pensionable salaries):	16%e	21.5%c
Effective date of next valuation:	31/03/2011a	31/07/2010

Notes:

a. USS' actuary will undertake an actuarial valuation of the Scheme as at 31 March 2011, the results of which are not expected to be finalised until December 2011 with publication of the final results in 2012.

b. In the light of the considerable swings in markets since the valuation date, the nature of the demographic and financial assumptions used in the ongoing and solvency valuations, the significant positive cash flows and equity orientated investment strategy, USS' actuary recommended, and the Trustee agreed, that the small ongoing funding surplus should be carried forward to the next valuation.

c. OSPS' actuarial valuation as at 31 July 2007 identified a required long-term employer contribution rate of 17.85% of total pensionable salaries, but also a funding deficit of £42.9m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by increasing the employer contribution rate to the previously agreed rate of 21.5% of total pensionable salaries with effect from 1 August 2008. The actuary has certified that the additional 3.65% contribution should eliminate the deficit by 31 July 2025.

d. Since 31 March 2005, the financial security of USS has improved and the actuary has estimated that the funding level has

e. The USS employer contribution rate required for future service benefits alone at the date of the valuation was 16.0% of total pensionable salaries and the Trustee company, on the advice of the actuary, decided to implement the increase from 14% to 16% on 1 October 2009.

6.3 Sensitivity of actuarial valuation assumptions:

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities	
		USS	OSPS
Valuation rate of interest	increase/decrease by 0.5%	decrease / increase by £2.2bn	decrease / increase by £30m

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Rate of pension increases	increase/decrease by 0.5%	increase / decrease by £1.5bn	increase / decrease by £20m
Rate of salary growth	increase/decrease by 0.5%	increase / decrease by £0.7bn	increase / decrease by £7m
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £1.6bn	increase by £10m

Note: The latest NHSPS valuation was carried out before the requirement for these sensitivities was set down. In any event, as the NHSPS is unfunded and backed by the Exchequer, it is not known whether the government actuary will be carrying out these analyses.

6.4 Pension charge for the year:

The pension charge recorded by the College during the accounting period was equal to the contributions payable as follows:

Scheme	2009 £'000	2008 £'000
Universities Superannuation Scheme	200	174
University of Oxford Staff Pension Scheme	255	191
Other schemes - contributions	0	7
Supplementation payments	0	3
Total:	455	375

7 ANALYSIS OF EXPENDITURE

	Staff costs £'000	Depreciation £'000	Other operating expenses £'000	2009 Total £'000	2008 Total £'000
Academic	2,030	0	487	2,517	2,193
Residences, catering and conferences	1,448	420	1,284	3,152	2,343
Premises	298	0	1,151	1,449	1,823
College administration	428	111	367	906	729
Endowment management	0	0	164	164	140
Fundraising	177	0	164	341	460
Other	63	0	333	396	110
	<u>4,443</u>	<u>531</u>	<u>3,951</u>	<u>8,925</u>	<u>7,798</u>
Interest payable				309	0
Contribution under Statute XV				71	10
Total expenditure				<u>9,305</u>	<u>7,808</u>
				£'000	£'000
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable within 5 years				309	0
Repayable wholly or partly in more than 5 years				0	0
Finance leases				<u>309</u>	<u>0</u>
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				15	14
in respect of other services				<u>9</u>	<u>4</u>

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	2009 £'000	2008 £'000
8 TAXATION		
United Kingdom corporation tax	<u>0</u>	<u>0</u>
9 SURPLUS FOR THE YEAR		
College's surplus (deficit) for the year	£'000 (180)	£'000 191
Surplus (deficit) generated by the subsidiary undertaking	(167)	(36)
	<u>(347)</u>	<u>155</u>

10 TANGIBLE FIXED ASSETS

CONSOLIDATED AND COLLEGE

	Land & buildings			Total £'000
	Freehold £'000	Long leasehold £'000	Equipment £'000	
Cost				
At start of year	22,319	0	857	23,176
Additions	2,416	0	132	2,548
Disposals	(663)	0	0	(663)
At end of year	<u>24,072</u>	<u>0</u>	<u>989</u>	<u>25,062</u>
Depreciation				
At start of year	4,262	0	707	4,969
Charge for period	420	0	111	531
On disposals	(4)	0	0	(4)
At end of year	<u>4,678</u>	<u>0</u>	<u>818</u>	<u>5,496</u>
Net book value				
At end of year	<u>19,394</u>	<u>0</u>	<u>171</u>	<u>19,565</u>
At start of year	<u>18,057</u>	<u>0</u>	<u>150</u>	<u>18,207</u>

11 FIXED ASSET INVESTMENTS

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	1,518	1,518
Net investments	1,989	1,989
Revaluation gains	182	182
At end of year	<u>3,689</u>	<u>3,689</u>

	CONSOLIDATED		COLLEGE	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Investments stated at market value				
Properties	0	0	0	0
Listed securities (a)	3,689	1,518	3,689	1,518
Investments stated at cost	0	0	0	0
Subsidiary undertakings (b)	0	0	0	0
Total at end of year	<u>3,689</u>	<u>1,518</u>	<u>3,689</u>	<u>1,518</u>
The original cost of investments stated at market value:	3,160	1,100	3,160	1,100

(a) These assets are held as a building reserve, and may be utilised at the discretion of the Governing Body in the funding of a major capital building project.

(b) The College owns 100% of the issued share capital of Brasenose Limited (formerly Brasenose Utilities Ltd), a company incorporated in England and Wales. The principal business activity of Brasenose Limited is the construction and project management of capital construction investments on behalf of Brasenose College.

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12 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED			COLLEGE		
	Securities & cash	Land & property	Total	Securities & cash	Land & property	Total
	£	£	£	£	£	£
At market value						
At start of year	60,603	20,280	80,883	60,603	20,280	80,883
Purchases at cost	3,963	388	4,351	3,963	389	4,351
Sales proceeds	(3,700)	0	(3,700)	(3,700)	0	(3,700)
Decrease in cash held by fund manager	(1,279)		(1,279)	(1,279)		(1,279)
Revaluation gains	(8,067)	(446)	(8,513)	(8,067)	(446)	(8,513)
At end of year	51,520	20,222	71,742	51,520	20,223	71,742
Analysed as						
Fixed interest stocks (listed)						
Equities (listed)	49,036			49,036		
Unlisted securities	764			764		
Cash	1,720			1,720		
Other net assets	0			0		
	51,520			51,520		

Estates land and property valuations as at 31 July have been made by the College land agent, the basis of valuation being open market value on existing use. An independent valuation by a firm of Chartered Surveyors is obtained every three years (due 2010).

13 DEBTORS

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£	£	£	£
Amounts falling due within one year				
Trade debtors	347	332	264	332
Amounts owed by College members	64	67	64	67
Amounts owed by group undertakings	0	7	208	47
Loans	7	6	7	6
Prepayments and accrued income	953	993	953	993
Amounts falling due after more than one year				
Loans	1,418	1,326	1,418	1,326
Other debtors	26	0	0	0
	2,815	2,731	2,914	2,771

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Notes to the Financial Statements
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14 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Bank loans and overdrafts	0	0	0	0
Obligations under finance leases	0	0	0	0
Unsecured loans	0	0	0	0
Trade creditors	422	635	271	635
College Contribution	95	117	95	117
Corporation tax	0	0	0	0
Other taxation and social security	98	84	98	84
Amounts owed to group undertakings	0	0	0	0
Accruals and deferred income	763	361	665	361
Other creditors	146	0	146	0
	<u>1,524</u>	<u>1,197</u>	<u>1,275</u>	<u>1,197</u>

15 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	£'000	£'000	£'000	£'000
Bank loans	9,000	0	9,000	0
Obligations under finance leases	0	0	0	0
	<u>9,000</u>	<u>0</u>	<u>9,000</u>	<u>0</u>

During the year the College took out a bank loan at 4.588% fixed rate repayable in 2049.

16 PROVISIONS FOR LIABILITIES AND CHARGES

CONSOLIDATED AND COLLEGE	2009 £'000	2008 £'000
At start of year	196	196
Expenditure in the period	0	0
Transfer from income and expenditure account	0	0
Transfer to reserves	0	0
At end of year	<u>196</u>	<u>196</u>

This provision has been made in respect of the O.S.P.S Pension Scheme. See note 6.

17 DEFERRED CAPITAL

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	322	322
New capital	0	0
Released to income and expenditure account	(7)	(7)
At end of year	<u>315</u>	<u>315</u>

The balance on deferred capital represents donations received to finance the purchase 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.

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18 ENDOWMENTS

	CONSOLIDATED			COLLEGE		
	Specific £'000	General £'000	Total £'000	Specific £'000	General £'000	Total £'000
At start of year	4,112	76,771	80,883	4,112	76,771	80,883
Endowments received	0	61	61	0	61	61
Appreciation (depreciation) of endowment investments	(266)	(8,247)	(8,513)	(266)	(8,247)	(8,513)
Income receivable from endowment asset investments	89	2,246	2,335	89	2,246	2,335
Transferred to income and expenditure account (note 4)	(55)	(2,969)	(3,024)	(55)	(2,969)	(3,024)
Capital grant from the University	0	0	0			0
Transfer (to) from reserves			0			0
At end of year	3,880	67,862	71,742	3,880	67,862	71,742

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 (consolidated and College) include funds valued at £2,230 which provide income for purposes that lie outside the objects of the College. Income arising amounted to £175.

19 RESERVES

DESIGNATED RESERVES

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	2,475	2,475
Transfers (to) from general reserve	257	257
At end of year	2,732	2,732

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 2009 they comprised:

	£'000	£'000
Reserve for replacement and maintenance of functional buildings	1,100	1,100
Other designated reserves	1,632	1,632
	2,732	2,732

REVALUATION RESERVE

CONSOLIDATED AND COLLEGE

	2009 £'000	2008 £'000
At start of year	419	651
Appreciation in value of fixed asset investments	181	(233)
At end of year	600	419

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19 RESERVES (continued)

GENERAL RESERVES

	CONSOLIDATED		COLLEGE	
	£'000		£'000	
At start of year	16,460		16,500	
Prior year adjustment	0		0	
Surplus from income and expenditure account	(346)		(180)	
Transfer from endowment	0		0	
Capital repaid to endowment	0		0	
Transfers (to) from designated reserves	(257)		(257)	
At end of year	<u>15,857</u>		<u>16,063</u>	

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Representing:				
Undepreciated cost of tangible fixed assets financed out of general reserve	19,565	18,207	19,482	18,207
College general reserve	(3,708)	(1,747)	(3,419)	(1,707)
	<u>15,857</u>	<u>16,460</u>	<u>16,063</u>	<u>16,500</u>

	2009	2008
	£'000	£'000
20 CAPITAL COMMITMENTS		
CONSOLIDATED AND COLLEGE		
Commitments contracted at 31 July	0	986
Commitments under finance leases entered into but not yet provided for in the financial statements	0	0
	<u>0</u>	<u>986</u>

21 FINANCIAL COMMITMENTS

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	£'000	£'000
Land and buildings		
Expiring within one year	0	0
Expiring between two and five years inclusive	0	0
Expiring in over five years	0	0
	<u>0</u>	<u>0</u>
Other		
Expiring within one year	0	0
Expiring between two and five years inclusive	0	7
Expiring in over five years	0	0
	<u>0</u>	<u>7</u>

22 POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

23 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 July 2009 or 31 July 2008.

BRASENOSE COLLEGE
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24 RELATED PARTY TRANSACTIONS

There are no related party transactions, other than those detailed in note 13 to the financial statements.

**25 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH
INFLOW FROM OPERATING ACTIVITIES**

	2009 £'000	2008 £'000
Surplus (Deficit) for the year	(346)	155
Depreciation	531	438
Endowment income and interest receivable	(3,408)	(2,876)
Release of deferred capital	(7)	(7)
Interest payable	309	0
Decrease (increase) in stocks	(14)	(22)
Decrease (increase) in debtors	(84)	(750)
(Decrease) increase in creditors	327	407
(Decrease) increase in provisions	0	0
	<u>(2,692)</u>	<u>(2,655)</u>

26 MANAGEMENT OF LIQUID RESOURCES

	£'000	£'000
Net (purchase)/sale of investments	0	0
Net increase/(decrease) in deposits	0	0
	<u>0</u>	<u>0</u>

27 FINANCING

	£'000	£'000
New loans	9,000	0
Repayments of amounts borrowed	0	0
Capital element of finance lease rental payments	0	0
	<u>9,000</u>	<u>0</u>

28 ANALYSIS OF CHANGES IN NET FUNDS

	2009 £	Changes £	2008 £
Cash at bank and in hand	3,963	5,527	(1,564)
Endowment assets cash	1,720	(1,279)	2,999
Bank overdrafts	0	0	0
Short term deposits	0	0	0
	<u>5,683</u>	<u>4,248</u>	<u>1,435</u>
Current asset investments	0	0	0
Debt due within 1 year	0	0	0
Debt due after 1 year	0	0	0
Finance leases	0	0	0
	<u>5,683</u>	<u>4,248</u>	<u>1,435</u>