



Exeter College

Financial Statements
for the
Year ended 31st July 2009

Index

Report of the Governing Body	Page 1
Responsibilities of the Governing Body	Page 4
Report of the Independent Auditors	Page 5
Statement of principal accounting policies	Page 6
Consolidated Income & Expenditure Account And Statement of Total Recognised Gains & Losses	Page 8
Balance Sheets	Page 9
Consolidated Cash Flow Statement	Page 10
Notes to the Financial Statements	Page 11

EXETER COLLEGE

Report of the Governing Body

The Governing Body of Exeter College presents the annual report and financial statements for the year ended 31 July 2009.

Status

The Rector and Scholars of Exeter College in the University of Oxford, commonly known as Exeter College, is an eleemosynary charitable corporation aggregate. It was founded in 1314 by Walter de Stapledon, Bishop of Exeter, and was enlarged by Sir William Petre under a charter granted by Queen Elizabeth in 1565. The corporation comprises the Rector and Fellows. The College is an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act).

Objects

The College exists to provide and promote undergraduate and graduate education within the University of Oxford, and also to provide and promote university academic research. 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 Rector 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 Bishop of Exeter for the time being. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with 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 Rector and is advised by a range of committees.

The Finance & Estates Committee is responsible for the operational budgeting and financial control of the College and the Investment Committee is responsible for the governance and management of the College Endowment. The Investment Committee comprises Fellows of the College and four independent members with professional investment experience, who serve in a voluntary capacity. The Investment Committee is further supported by an investment adviser, Sand Aire, a private family investment office which evaluates third-party funds that may be incorporated within the portfolio and provides asset allocation and market strategy guidance. The College investments are maintained in accordance with an investment policy which is approved by the Governing Body and reviewed periodically.

The academic operations of the College are guided by the Tutorial Board, which is responsible for student academic performance and the Rector's & Tutors' Committee which awards grants and scholarships.

Scope of Financial Statements

The financial statements consolidate the accounts of Exeter College and its subsidiary undertaking Collexoncotoo Ltd. This is a wholly-owned vehicle for trading activities of Exeter College.

Review of Operations & Finance

This past year has been characterised by considerable nervousness at the volatile and sometimes unprecedented nature of external conditions. The collapse of Lehman Bros. in October 2008 brought equity markets tumbling down but also exposed the fragility of the banking industry at a time when the College held substantial levels of cash in the Endowment and from the sale of fixed assets and from donations designated for the Exeter House building project. The UK Base Rate was slashed from 5.0% in October 2008 to 0.5% by March 2009, where it remains. This had a very material effect on the interest earned in the final two-thirds of the year.

Notwithstanding this turmoil and the spectre of a deep and lasting recession, the College did not make any redundancies but concentrated on improving efficiency and managing costs. Apart from the £7.5 million Exeter House project, no other major capital expenditure was undertaken in the year. Revenue from summer schools and conferences increased by 2.3% to just under the £1 million level. This was the first year in which the new University-wide mechanism for the distribution of fees and grants was in operation and the net outcome for the College was a rise in academic income of 3.5%. Some additions to headcount and a full year of the national wage settlement effective from August 2008 increased the salary bill by 5%.

Out of this, the College has recorded a surplus of £457K at the operating level and after adding the surplus of £1.569 million realised on the disposal of College property, the overall surplus for the year is £2.026 million.

EXETER COLLEGE

Report of the Governing Body

A number of exceptional items improved the operating surplus and require noting.

- (1) The trustees of the Michael Cohen Trust (MCT) agreed to begin making grants to the College in support of the fellowships and other objectives for which Sir Ronald Cohen established the trust. A total of £259K was received, representing two financial years' of distributions from the MCT.
- (2) Annual fund and unrestricted donations were up on the previous year, testifying to the tremendous support which Exeter enjoys from its Old Members and friends.
- (3) Reserves against specific potential liabilities which will not arise were released.

The College expects to make a College Contribution of a sum in the order of £36,000 for 2008-09. In the previous two years the calculation methodology led to substantial accruals in excess of the actual charge levied.

The first phase of Exeter House progressed through the year with construction of the first of two new buildings and some refurbishment of period buildings. This first phase will deliver 48 high-quality study-bedrooms arranged in flats of various configurations. When complete in the early summer of 2010, the site will have 112 rooms in all.

The strategic value of the Ruskin College site on Walton Street and the vision that it should become Exeter's "Third Quadrangle" has not diminished despite financial uncertainty. The challenges faced by the Ruskin trustees to replace funding which had been expected from the Learning and Skills Council has delayed the lifting of the conditions to the sale. To ensure that the College can complete the purchase whilst gifts are being made to the 700th Anniversary Campaign, a loan facility has been negotiated with Abbey-Santander. This loan will also fund part of the cost of Exeter House and the first £2 million was drawn in June 2009.

Investment Performance

The College Endowment funds are managed on a Total Return principle and a Spending Rule is applied to determine the annual transfer from Endowment to the College Income Account. The rate at which income is transferred is currently 3.25%, subject to a smoothing methodology.

At the beginning of the financial year the cash level in the portfolio had been raised to just short of 30% from progressive sales of global equities through the previous nine months. This cash cushion has protected the Endowment from the worst of the equity market collapse that followed the demise of Lehman Bros. Limited investments into macro funds, Asian equities and distressed credit funds were agreed in November but the policy of moving cautiously continued and the cash level had been reduced to around 19% by 31 July 2009.

The value of the Endowment at 31 July 2009 was £42.5 million, after a transfer to the College's revenue account from General and Specific Endowment of £1.4 million and an exceptional grant of £683K to the Michael Cohen Trust, representing matching donations which had been held in the General Endowment. The total return on the Endowment over the year was -3.33%.

Reserves

The General Reserves of the College have risen from £9.216 million to £11.242 million. After taking account of the additions to Tangible Fixed Assets and Deferred Capital Grants, the College has net free reserves of £1.9 million.

Risk Management

The College has an active policy of reviewing all major risks, including both operational and strategic. The Governing Body of the College is committed to identifying such risks and establishing procedures and strategic plans to mitigate them. The significant changes to the control and implementation of Endowment investments completed during this year have improved this aspect of the College's risk management.

Academic Activity

The student body comprised 584 students (371 undergraduates and 213 graduate students; 423 Home/EU and 161 Overseas). Several new appointments were made to existing fellowships, including the Staines Medical Research Fellowship, the Bennett Boskey Postdoctoral Fellowship in Politics and International Relations, and a Tutorial Fellowship in mathematics in conjunction with a University Lectureship. The Professorial Fellowship associated with the Dr Lee's Chair of Chemistry was filled and the CEO of Oxford University Press was elected as a new Professorial Fellow. A new Postdoctoral Fellowship in Medieval History was created funded by a generous donation from Bennett Boskey, and an election made. Like the Postdoctoral Fellowship in Politics and International Relations, this is a joint appointment between Exeter College and Williams College and the Fellow will be responsible for teaching history to students on the Williams Visiting Student programme as well as to Exeter students.

EXETER COLLEGE
Report of the Governing Body

A College association was created for a University Postdoctoral Fellow in American Literature. The costs of supporting this Fellowship by Special Election will be covered from the Bornhauser bequest which was made specifically for the support of teaching and research in American literature. The College was offered and accepted an association with the Glaxo Chair of Experimental Pathology and it is anticipated that this professorial fellowship, in addition to the one associated with the University Readership in Experimental Pathology will be filled in the coming year. The holder of the Michael Cohen Fellowship in Philosophy resigned his post with effect from the end of the academic year. Re-appointment to this Fellowship was delayed for at least a year and a Stipendiary Lecturer appointed to cover the teaching in the interim.

As student and fellowship numbers have continued to grow, the need for additional space to expand accommodation and teaching rooms becomes increasingly apparent.

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and it is proposed that they be re-appointed auditors for the ensuing year.

Approved by the Governing Body on 4 November 2009:

F Cairncross
Rector

W P J Jensen
Bursar

EXETER COLLEGE

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 followed best practice and ensured that:

- .. suitable accounting policies are selected and applied consistently;
- .. judgements and estimates are made that are reasonable and prudent;
- .. applicable accounting standards and statements of recommended practice 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.

EXETER COLLEGE

Report of the Independent Auditors to the Governing Body of Exeter College

We have audited the financial statements of Exeter College for the year ended 31 July 2009 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 28. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investment assets, and 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 there under, 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 & 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. 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 Report of the Governing Body and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International standards on Auditing (UK & Ireland). 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 judgments 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

- a) the financial statements give a true and fair view in accordance with the United Kingdom Generally Accepted Accounting Practice of the state of affairs of the College as at 31 July 2009 and of its surplus 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, and
- c) income for the provision of education received from the University of Oxford during the year ended 31 July 2009 has been applied for the purposes for which it was received.

Kingston Smith LLP
Chartered Accountants and Registered Auditors
Devonshire House
60 Goswell Road
London EC1M 7AD

EXETER COLLEGE

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 undertakings, Collexonco Limited (non-trading) and Collexoncotoo Limited. The accounts of the affiliated student bodies (Exeter College Senior, Junior and Middle Common Rooms and Amalgamated Sports Club) have not been consolidated because the College does not control these activities.

Recognition of income

Donations, 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 credited to the Income and Expenditure Account in accordance with the total returns policy.

With effect from 1st August 2003, following an amendment to the statutes approved by Privy Council, the available funds from endowments are calculated by reference to a sustainable income rate of 3.25% of the appropriately averaged endowment values.

Pension costs

The College contributes to the Universities Superannuation Scheme and the University of Oxford Staff Pension Scheme at rates set by the scheme actuaries and advised to the College by the scheme administrators. These schemes are both multi-employer schemes, and it is not possible to identify the assets of the scheme which are attributable to the College. In accordance with FRS17 these schemes are accounted for on a defined contribution basis and contributions to these schemes are included as expenditure in the period in which they are payable.

Tangible fixed assets

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

Freehold buildings	40-50 years
Building improvements	10-40 years
Equipment	3-10 years

Freehold land is not depreciated. The original cost of the main historic site is not included in the balance sheet as it is not material, nor is the value of certain properties owned by the College and used for educational purposes or accommodation.

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 £3,000 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

Endowment asset investments and College fixed asset investments are stated at market value at the balance sheet date. Current Asset 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.

EXETER COLLEGE

Statement of Principal Accounting Policies

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.

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, 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 Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar 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 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.

EXETER 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	2,105	1,995
Research grants and contracts	2	0	42
Other operating income	3	3,550	3,184
Endowment return and interest receivable	4	1,757	1,636
Total income		<u>7,412</u>	<u>6,857</u>
EXPENDITURE			
Staff costs	5	3,951	3,704
Depreciation		437	435
Other operating expenses		3,240	3,188
Interest payable		9	18
Contribution under Statute XV		1	37
Total expenditure	7	<u>7,638</u>	<u>7,382</u>
Transfer from General Endowment Fund	18	683	0
Surplus/(deficit) for the year on continuing operations before taxation and disposal of fixed assets		<u>457</u>	<u>(525)</u>
Surplus on disposal of fixed assets		1,569	281
Taxation	8	0	0
Surplus/(deficit) for the year after taxation	9	<u>2,026</u>	<u>(244)</u>

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

	Notes	2009 £000	2008 £000
Surplus/(deficit) for the year		2,026	(244)
Depreciation of endowment asset investments	18	(2,694)	(1,105)
Net endowment capital transferred to revenue	18	(1,038)	(350)
New endowments received	18	799	2,233
Total recognised (losses)/gains relating to the year		<u>(907)</u>	<u>534</u>
Opening reserves and endowments		54,702	54,168
Closing reserves and endowments		<u>53,795</u>	<u>54,702</u>

EXETER COLLEGE

Balance Sheets

As at 31 July 2009

	Notes	CONSOLIDATED		COLLEGE	
		2009 £000	2008 £000	2009 £000	2008 £000
Fixed assets					
Tangible assets	10	11,807	9,598	11,807	9,598
Investments	11	0	0	1	1
		<u>11,807</u>	<u>9,598</u>	<u>11,808</u>	<u>9,599</u>
Endowment asset investments					
Securities and cash deposits		36,422	39,285	36,422	39,285
Land and property		6,129	6,200	6,129	6,200
	12	<u>42,551</u>	<u>45,485</u>	<u>42,551</u>	<u>45,485</u>
Current assets:					
Stocks		109	111	109	111
Debtors	13	499	668	499	668
Short term investments		0	0	0	0
Cash at bank and in hand		4,986	3,294	4,934	3,019
		<u>5,594</u>	<u>4,073</u>	<u>5,542</u>	<u>3,798</u>
Creditors:					
Amounts falling due within one year	14	(1,223)	(1,448)	(1,172)	(1,174)
		<u>4,371</u>	<u>2,625</u>	<u>4,370</u>	<u>2,624</u>
Net current assets					
		<u>4,371</u>	<u>2,625</u>	<u>4,370</u>	<u>2,624</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		58,729	57,708	58,729	57,708
Creditors:					
Amounts falling due after more than one year	15	(2,300)	(300)	(2,300)	(300)
Provision for liabilities and charges	16	(125)	(206)	(125)	(206)
		<u>56,304</u>	<u>57,202</u>	<u>56,304</u>	<u>57,202</u>
TOTAL NET ASSETS					
		<u>56,304</u>	<u>57,202</u>	<u>56,304</u>	<u>57,202</u>
Deferred capital	17	2,509	2,500	2,509	2,500
Endowments					
Specific		13,783	14,371	13,783	14,371
General		28,770	31,115	28,770	31,115
	18	<u>42,553</u>	<u>45,486</u>	<u>42,553</u>	<u>45,486</u>
Reserves					
Designated reserves		0	0	0	0
General reserves		11,242	9,216	11,242	9,216
	19	<u>11,242</u>	<u>9,216</u>	<u>11,242</u>	<u>9,216</u>
TOTAL FUNDS		<u>56,304</u>	<u>57,202</u>	<u>56,304</u>	<u>57,202</u>

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

F Cairncross
Rector

W Jensen
Bursar

EXETER COLLEGE
Consolidated Cashflow Statement
Year ended 31 July 2009

	Note	2009 £000	2008 £000
Net cash (outflow)/inflow from operating activities	25	<u>(1,681)</u>	<u>507</u>
Returns on investments and servicing of finance			
Income from endowments received		1,177	1,160
Other income from investments and interest received		<u>225</u>	<u>126</u>
		1,402	1,286
Interest paid		0	0
Net cash inflow from returns on investments and servicing of finance		<u>1,402</u>	<u>1,286</u>
Capital expenditure and financial investment			
Net acquisition of tangible fixed assets		(1,078)	(2,953)
Net realisation/(acquisition) of fixed asset investments		0	588
Net realisation/(acquisition) of endowment asset investments		241	(1,882)
Endowments received		799	2,233
Deferred capital received		9	2,150
Other net capital movements		0	0
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>(29)</u>	<u>136</u>
Net cash (outflow)/inflow before use of liquid resources and financing		(308)	1,929
Management of liquid resources	26	0	0
Financing	27	2,000	0
Increase in cash	28	<u>1,692</u>	<u>1,929</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash for the year		1,692	1,929
Increase/(decrease) in liquid resources and current asset investments		0	0
(Increase) in debt		(2,000)	0
Change in net funds		<u>(308)</u>	<u>1,929</u>
Net funds at 1 August		3,294	1,365
Net funds at 31 July		<u>2,986</u>	<u>3,294</u>

EXETER 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	1,226	1,534
Tuition fees from overseas students	393	353
Other fees	0	0
Other tuition income and HEFCE support	486	108
	<u>2,105</u>	<u>1,995</u>
<p>The above analysis includes support from the University from HEFCE funds amounting to £1,493 (2008 - £1,405)</p>		
2 RESEARCH GRANTS AND CONTRACTS	£000	£000
Research councils	0	0
UK based charities	0	42
European commission	0	0
Other grants and contracts	0	0
	<u>0</u>	<u>42</u>
3 OTHER OPERATING INCOME	£000	£000
Residential income from college members	1,781	1,738
Conference and function income	931	909
Grants and donations	713	451
Release of deferred capital contributions	0	0
Other income	125	86
	<u>3,550</u>	<u>3,184</u>
4 ENDOWMENT RETURN AND INTEREST RECEIVABLE	£000	£000
Transferred from specific endowments (note 18)	579	547
Transferred from general endowments (note 18)	953	963
Other investment income	57	15
Other interest receivable	168	111
	<u>1,757</u>	<u>1,636</u>
5 STAFF COSTS	£000	£000
Gross pay	3,328	3,168
Social Security costs	225	214
Other pension costs	398	322
Other benefits	0	0
	<u>3,951</u>	<u>3,704</u>

It is standard accounting practice to disclose further information relating to staff numbers and analyses of remuneration for higher paid employees. This information has not been included due to the particular difficulty of presenting meaningful data for staff jointly employed by the University and colleges.

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

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 respect of the accounting period.

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.

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

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 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:	31/03/2008 ^a	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:	31/03/2011 ^a	31/07/2010

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

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 increased from 77% at 31 March 2005 to 103% at 31 March 2008. This fluctuation is due to the volatility of investment returns and gilt yields (used to value scheme liabilities) compared to the rates assumed at 31 March 2005. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2008 was above 104% and on a buy out basis was approximately 79%.

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 University'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
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

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	220	178
University of Oxford Staff Pension Scheme	178	144
Total:	398	322

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

7 ANALYSIS OF EXPENDITURE

	Staff costs £000	Depreciation £000	Other operating expenses £000	2009 Total £000	2008 Total £000
Academic	1,660	0	838	2,498	2,248
Residences, catering and conferences	1,198	0	904	2,102	1,878
Premises	290	437	522	1,249	2,061
College administration	572	0	209	781	720
Endowment management	0	0	0	0	0
Fundraising	219	0	153	372	340
Other	12	0	(69)	(57)	80
	<u>3,951</u>	<u>437</u>	<u>2,557</u>	<u>6,945</u>	<u>7,327</u>
Donation to Michael Cohen Trust			683	683	0
			<u>3,240</u>	<u>7,628</u>	<u>7,327</u>
Interest payable				9	18
Contribution under Statute XV				1	37
Total expenditure				<u>7,638</u>	<u>7,382</u>
				£000	£000
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable within 5 years				9	15
Repayable wholly or partly in more than 5 years				0	0
Finance leases				0	0
				<u>9</u>	<u>15</u>
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				15	15
in respect of other services				<u>5</u>	<u>7</u>

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

	2009 £000	2008 £000
8 TAXATION		
There was no liability to UK Corporation Tax in the Year	<u>0</u>	<u>0</u>
9 SURPLUS/(DEFICIT) FOR THE YEAR		
College's surplus/(deficit) for the year	£ 1,975	£ (281)
Surplus generated by the subsidiary undertaking(s)	51	37
	<u>2,026</u>	<u>(244)</u>

10 TANGIBLE FIXED ASSETS

CONSOLIDATED AND COLLEGE

	Land & buildings Freehold £000	Buildings under construction £000	Equipment £000	Total £000
Cost				
At start of year	11,841	473	1,100	13,414
Additions	149	2,754	54	2,957
Disposals	(543)	0	0	(543)
At end of year	<u>11,447</u>	<u>3,227</u>	<u>1,154</u>	<u>15,828</u>
Depreciation				
At start of year	3,113	0	703	3,816
Charge for period	357	0	80	437
On disposals	(232)	0	0	(232)
At end of year	<u>3,238</u>	<u>0</u>	<u>783</u>	<u>4,021</u>
Net book value				
At end of year	<u>8,209</u>	<u>3,227</u>	<u>371</u>	<u>11,807</u>
At start of year	<u>8,728</u>	<u>473</u>	<u>397</u>	<u>9,598</u>

11 FIXED ASSET INVESTMENTS

	CONSOLIDATED £000	COLLEGE £000
At start of year	0	1
Net investments	0	0
Revaluation gains	0	0
At end of year	<u>0</u>	<u>1</u>

	CONSOLIDATED		COLLEGE	
	2009 £000	2008 £000	2009 £000	2008 £000
Investments stated at market value				
Properties	0	0	0	0
Listed securities	0	0	0	0
Investments stated at cost				
Subsidiary undertakings	0	0	1	1
Total at end of year	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
The original cost of investments stated at market value:	0	0	0	0

The College owns 100% of the issued share capital of Collexonco Limited and 100% of the issued share capital of Collexoncotoo Limited; both companies are incorporated in England and Wales. Collexonco Limited has not traded; Collexoncotoo Limited manages major building contracts on behalf of the College.

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

12 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED			COLLEGE		
	Securities & cash	Land & property	Total	Securities & cash	Land & property	Total
	£000	£000	£000	£000	£000	£000
At market value						
At start of year	39,285	6,200	45,485	39,285	6,200	45,485
Purchases at cost	9,227	0	9,227	9,227	0	9,227
Sales proceeds	(4,913)	0	(4,913)	(4,913)	0	(4,913)
Decrease in cash held by fund manager	(4,554)		(4,554)	(4,554)		(4,554)
Revaluation gains/(losses)	(2,623)	(71)	(2,694)	(2,623)	(71)	(2,694)
At end of year	<u>36,422</u>	<u>6,129</u>	<u>42,551</u>	<u>36,422</u>	<u>6,129</u>	<u>42,551</u>
Analysed as						
Fixed interest stocks (listed)	1,576			1,576		
Equities (listed)	16,557			16,557		
Unlisted securities	11,150			11,150		
Cash	7,139			7,139		
	<u>36,422</u>			<u>36,422</u>		
Historical cost at end of year	<u>33,344</u>			<u>33,344</u>		

Estates land and property valuations as at 31 July have been made by Savill's, the College land agent, the basis of valuation being open market value.

The College operates a Common Investment Fund ('COIF') for all investment assets whether Endowment Investments or College Investments. Each separate Endowment owns a number of Units in the COIF and additions to the endowments are converted into units at prevailing market value.

13 DEBTORS

	CONSOLIDATED		COLLEGE	
	2009 £000	2008 £000	2009 £000	2008 £000
Amounts falling due within one year				
Trade debtors	251	275	251	275
Amounts owed by College members	0	7	0	7
Amounts owed by group undertakings	0	0	0	0
Other debtors	184	313	184	313
Prepayments and accrued income	64	73	64	73
Amounts falling due after more than one year				
Loans	0	0	0	0
Other debtors	0	0	0	0
	<u>499</u>	<u>668</u>	<u>499</u>	<u>668</u>

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

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	246	481	223	197
College Contribution	36	71	36	71
Corporation tax	0	0	0	0
Other taxation and social security	26	125	80	114
Amounts owed to group undertakings	0	0	347	40
Accruals and deferred income	802	528	373	509
Other creditors	113	243	113	243
	<u>1,223</u>	<u>1,448</u>	<u>1,172</u>	<u>1,174</u>

15 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	£000	£000	£000	£000
Bank loans	2,300	300	2,300	300
Obligations under finance leases	0	0	0	0
Other creditors	0	0	0	0
	<u>2,300</u>	<u>300</u>	<u>2,300</u>	<u>300</u>

The College has two bank loans. The first, for £300,000 carries interest at 0.3% above Barclays Bank plc base rate and is unsecured. Repayment is to be made 5 years after 1st drawdown, 30 September 2010.

A revolving facility and/or term loan agreement was arranged during the year enabling the College to borrow up to a maximum of £12m. The loan carries interest at 0.55% above LIBOR. The maximum term of any term loan facility is 27 March 2022. Earlier repayments of term loans from surpluses, the sale of existing assets or donations may be made without penalty.

16 PROVISIONS FOR LIABILITIES AND CHARGES
CONSOLIDATED AND COLLEGE

	2009 £000	2008 £000
At start of year	206	206
Expenditure in the period	0	0
Transfer to income and expenditure account	(81)	0
Transfer to reserves	0	0
At end of year	<u>125</u>	<u>206</u>

The provision is in respect of pension liabilities for pensions payable to ex employees by the College and not funded through external pension schemes.

17 DEFERRED CAPITAL

	CONSOLIDATED £000	COLLEGE £000
At start of year	2,500	2,500
New capital	9	9
Released to income and expenditure account	0	0
At end of year	<u>2,509</u>	<u>2,509</u>

The balance on deferred capital represents donations received to finance the purchase of tangible fixed assets. Amounts will be released to the income and expenditure account over the lives of the related assets on the same basis as the charge for depreciation when the relevant assets have been acquired.

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

18 ENDOWMENTS

	CONSOLIDATED			COLLEGE		
	Specific £000	General £000	Total £000	Specific £000	General £000	Total £000
At start of year	14,371	31,115	45,486	14,371	31,115	45,486
Endowments received	453	346	799	453	346	799
Appreciation (depreciation) of endowment investments	(863)	(1,831)	(2,694)	(863)	(1,831)	(2,694)
Income receivable from endowment asset investments	401	776	1,177	401	776	1,177
Transferred to income and expenditure account (note 4)						
- per College spending rule	(579)	(953)	(1,532)	(579)	(953)	(1,532)
- one-off exceptional transfer	0	(683)	(683)	0	(683)	(683)
At end of year	13,783	28,770	42,553	13,783	28,770	42,553

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.

During the year, the College made a special transfer from General Endowment of £683k (2008: nil). This represents donations that the College received in support of the Economics and History Fellowship Campaign as matching funds for donations made direct to the Michael Cohen Trust. These matching funds were initially allocated to the General Endowment and are now transferred to the income and expenditure account. The College has made a matching donation to the Michael Cohen Trust (note 7) which has been set up for the sole purpose of advancement of education at Exeter College.

19 RESERVES

DESIGNATED RESERVES	CONSOLIDATED	COLLEGE
	£000	£000
At start of year	0	0
Transfers (to) from general reserve	0	0
At end of year	0	0

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	0	0
	<u>0</u>	<u>0</u>

REVALUATION RESERVE

CONSOLIDATED AND COLLEGE	2009 £000	2008 £000
At start of year	0	0
Appreciation in value of fixed asset investments	0	0
At end of year	0	0

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

19 RESERVES (continued)

GENERAL RESERVES

	CONSOLIDATED		COLLEGE	
	£000		£000	
At start of year	9,216		9,216	
Prior year adjustment	0		0	
Surplus from income and expenditure account	2,026		2,026	
Transfer from endowment	0		0	
Capital repaid to endowment	0		0	
Transfers (to) from designated reserves	0		0	
At end of year	<u>11,242</u>		<u>11,242</u>	

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£000	£000	£000	£000
Representing:				
Undepreciated cost of tangible fixed assets financed out of general reserve	11,807	9,598	11,807	9,598
Deferred capital grants received	(2,509)	0	(2,509)	0
College general reserve	1,944	(382)	1,944	(382)
	<u>11,242</u>	<u>9,216</u>	<u>11,242</u>	<u>9,216</u>

20 CAPITAL COMMITMENTS

CONSOLIDATED AND COLLEGE

	£000	£000
Commitments contracted at 31 July	3,400	7,400
Commitments under finance leases entered into but not yet provided for in the financial statements	0	0
	<u>3,400</u>	<u>7,400</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	0
Expiring in over five years	0	0
	<u>0</u>	<u>0</u>

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

22 POST BALANCE SHEET EVENTS

There were no material events occurring after the date of the balance sheet which require disclosure.

23 CONTINGENT LIABILITIES

There were no material contingent liabilities at 31st July 2009.

24 RELATED PARTY TRANSACTIONS

There were no material related party transactions in the year ended 31st July 2009.

**25 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH
(OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2009 £000	2008 £000
Surplus/(deficit) for the year	457	(525)
Depreciation	437	435
Endowment income and interest receivable	(225)	(1,286)
Endowment capital transferred to revenue	(2,215)	(350)
Decrease (increase) in stocks	2	0
Decrease (increase) in debtors	169	177
(Decrease) increase in creditors	(225)	2,126
(Decrease) increase in provisions	(81)	(70)
	<u>(1,681)</u>	<u>507</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	2,000	0
Repayments of amounts borrowed	0	0
Capital element of finance lease rental payments	0	0
	<u>2,000</u>	<u>0</u>

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

28 ANALYSIS OF CHANGES IN NET FUNDS

	2009 £000	Changes £000	2008 £000
Cash at bank and in hand	4,986	1,692	3,294
Endowment assets cash		0	
Bank overdrafts		0	
Short term deposits		0	
	<u>4,986</u>	<u>1,692</u>	<u>3,294</u>
Current asset investments		0	
Debt due within 1 year		0	
Debt due after 1 year	(2,000)	(2,000)	0
Finance leases		0	
	<u>2,986</u>	<u>(308)</u>	<u>3,294</u>