



Report and Financial Statements

for the year ended

31 July 2009

Keble College

Report and Financial Statements for the year ended 31 July 2009

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Keble College

Report of the Governing Body

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

Status

Keble College was founded by public subscription and incorporated by Royal Charter dated 6 June 1870. The corporation comprises the Warden 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 is in the process of applying to register as a charity regulated by the Charities Commission.

Objects

The College was founded in 1870 in memory of the Reverend John Keble to provide a University education for young men in a College conducted in accordance with the principles of the Church of England. It has admitted women since 1979. Its Objects now are:

- (1) providing a University education in a College conducted in accordance with the traditions of its foundation;
- (2) the advancement of education and learning and the promotion of research ;
- (3) the advancement of public education, heritage and culture, in particular by the maintenance of articles of historic or aesthetic interest, and the conservation of the College and its grounds;
- (4) other charitable purposes for the benefit of the public.

The College has various permanently endowed trust funds held for specific purposes in connection with the development of College facilities and for scholarships, bursaries, prizes and other educational and religious purposes.

Governance

The Governing Body of the College is constituted and regulated in accordance with the College Statutes and comprises the Warden, the Official Fellows, the Professorial Fellows and such other Fellows as are appointed in accordance with the provisions of the Statutes. The Statutes are as made from time to time by order of Her Majesty in Council in accordance with the College's Royal Charter and the Universities of Oxford and Cambridge Act 1923 and are enforceable ultimately by the Visitor (the Archbishop of Canterbury).

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 Warden and is advised by a range of committees including the Finance Committee, whose role is to oversee the care of the property, income and expenditure of the College, the conduct of its domestic economy and the proper keeping of its accounts.

Scope of financial statements

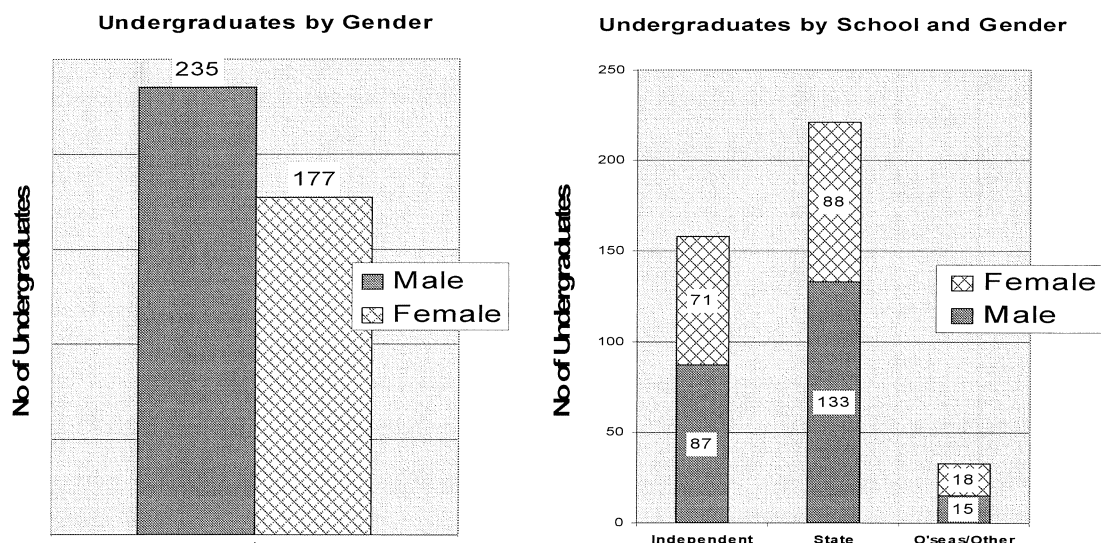
The financial statements consolidate the accounts of Keble College and its subsidiary undertaking, Conference Keble Limited. Conference Keble Limited is the wholly-owned vehicle for the conference activities of Keble College.

Review of operations and finance

Academic activities

With approximately 410 undergraduates and 235 graduate students Keble is one of the largest colleges in the University of Oxford.

The charts on the following page show the gender mix and school backgrounds of the College undergraduate student body in 2008-9, with males comprising 57% of the total number, a figure which has remained relatively consistent in recent years. The nationalities of our undergraduates in 2008-9 were 86.1% UK; 4.8% EU; and 9.1% international. Amongst graduate students, 60% were male, and 40.9% came from the UK; 16.8% the EU; and 42.3% from other countries.



The field of study division amongst undergraduates was 24% Social Sciences; 29% Humanities; and 48% Sciences. Amongst graduates, on the other hand, 32% were studying in broadly Social Science areas; 16% in Humanities; and 52% in Sciences. There was an 11.1% increase in applications to the College for 2009 entry undergraduate places, broadly in line with the increase across the University compared to the previous year. There were a record 694 applications to the College, for 126 places.

The College achieved its highest ever percentage of First Class degrees, with 37 (30%) of those who sat Finals Honours School examinations achieving this result. The College climbed further up the Norrington table, reaching number 12 of the 30 undergraduate colleges. A very pleasing total of 22 D.Phil students successfully completed their degree during the year, with another 13 awaiting their results after submission.

Finance

The College recorded a surplus for the year of £14k. The underlying operating deficit arising from the College's core activities – the difference between what we earn from teaching, research, board and lodging and what we spend on salaries, supplies and the upkeep of our buildings - was £1.2mn. Viewed against core activity expenditure of £6.5mn this is a measure of the subsidy the College and its benefactors are providing in pursuit of its Objects. Funding for the deficit comes from endowment return and conference surpluses. Compared with 2007-08 the transfer from endowment to the income and expenditure account increased by 4% to £707k. Conferences once again made a larger contribution with revenues rising 17% to a record £2.16mn.

Donations to the College during the year totalled £1.42mn. Of this, £624k was given for the endowment, £545k for the funding of capital projects and £255k in support of current activities, including a major gift to fund the expansion of development activities. The support that Keble receives from its Old Members and friends is transformational and deeply appreciated.

Capital projects

The College spent £1.4mn on capital additions during the year. The major project, accounting for £799k, was phase 2 of the renovation of the Victorian rooms and corridors. This involved the renewal of all plumbing, electrical and other services in the northern half of the west side of Liddon Quad, and the complete refurbishment of three corridors, twenty-five study-bedrooms and bathrooms and two fellows' sets. In all there are eight phases in the renovation programme. The College intends, after a break in 2009-10, to undertake one phase a year, which means that the entire stock of 179 Victorian rooms will have been renewed by the year 2016. Work also continued on the replacement of the College's hot water systems (£70k), repairs to the present Acland buildings (£75k) and repairs to the Hall floor (£81k) aided by a generous benefaction. During the 2009 Long Vacation the first of two phases of external renovation to the Warden's Lodgings was undertaken.

Keble College

Report of the Governing Body

A planning application for the redevelopment of the Acland site was submitted early in 2009 but consideration of it by Oxford City Council was postponed to allow more time for resolution of issues relating to the listed building in the centre of the site and for an archaeological survey. We are hopeful that a revised application will receive planning consent before the end of 2009. The additional cost during the year of this extended planning process was £219k. One other significant project embarked on during the year was the commissioning of a new pipe organ for the Chapel. Enabling works have commenced and it is planned that the new organ will have its inaugural performance on St Mark's Day 2011.

Fundraising

In 2020 the College will celebrate its 150th anniversary. Following the review of long term needs and the offer of support for an expansion of development activity which we reported last year, the Development Office has been expanded from four to six full-time staff and a 2020 Campaign Board established. Pledges of gifts in support of the Campaign received during the year amounted to £5.3mn.

Investment performance

The value of the endowment at the start of the year was £23.2mn. Endowment assets are managed for total return and the Governing Body considers it prudent to transfer annually to the College to fund expenditure a maximum of 3.15% of average asset value over the previous three years. At year-end the percentage composition of the investment portfolio was as follows:

Fixed Interest	4.3%
Equities and long bias	57.9%
Absolute return funds	24.5%
Private Equity	2.0%
Property	5.2%
Cash	6.1%
	<hr/>
	100.0%

The College continued during the year to diversify away from long-only UK equities, following a strategy adopted in 2006. Despite this, the portfolio was not immune from the financial turbulence that affected all major markets: for the year as a whole the portfolio recorded a total return of -1.6%. At year-end, after the £707k transfer to income and expenditure and the addition of endowment gifts, the endowment stood at £22.6mn.

Reserves

At year-end the College's reserves amounted to £21.3mn of which £20.6mn was attributable to tangible fixed assets and £640k to the general reserve, an increase over the prior year of £141k. The College intends to continue building the general reserve to a level at least equivalent to three months' expenditure on core activities (£1.7mn at current expenditure levels).

Risk management

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

Approved by the Governing Body on 14 October 2009

Dr Ian W Archer
Acting Warden

Keble 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 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 mis-statement 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.

Keble College

Independent Auditors' Report to Governing Body

We have audited the financial statements of Keble College for the year ended 31 July 2009 which comprise the principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with the College's statutes. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body, for our audit work, for this report or for the opinions we have formed.

Respective Responsibilities of the Governing Body and Auditors

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

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

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

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

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Keble College

Independent Auditors' Report to Governing Body

Opinion

In our opinion:

- a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College, and of the College consolidated with its subsidiaries and connected entities, as at 31 July 2009 and of its consolidated surplus for the year then ended; and
- 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 thereunder, and:
- c) in all material respects, income received from the University of Oxford out of grants from the Higher Education Funding Council for England during the year ended 31 July 2009 has been applied to the purposes for which it was received.

CRITCHLEYS
Chartered Accountants
Registered Auditors

OXFORD

15 October 2009

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

Recognition of income

Fees and other income for services provided are credited to the income and expenditure account on a receivable basis.

Income from specific endowments and other restricted income is determined by a spending rule which currently permits the transfer of income of not more than 3.15 per cent of the average closing valuation of the endowments in the previous three years and is included to the extent of the relevant expenditure incurred during the year.

Income from general endowments (the use of which is not legally restricted to a specific purpose or activity) is determined by a spending rule which currently permits the transfer of income of not more than 3.15 per cent of the average closing valuation of the endowments in the previous three years.

Donations

Unrestricted donations and benefactions are credited to income and expenditure account on a received basis.

Pension costs

Contributions to the pension schemes provided for employees of the College are charged to the income and expenditure account over the period during which the College benefits from the employees' services.

Tangible fixed assets

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

Freehold buildings	25 years
Building improvements	25 years
Equipment	5 years

Freehold land is not depreciated. The costs of freehold land associated with the main historic site and those buildings that are over 25 years old are not included in the balance sheet, on the basis that the historical amounts would not be material at today's value. 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.

Keble College

Statement of Principal Accounting Policies

The College operates a "de minimis" limit of £20,000 for the capitalisation of expenditure on equipment and building renovation. Works of art and other valuable artefacts that are regarded as inalienable are not included in the financial statements.

Investments

Listed investments and endowment asset investments are stated at market value. Other current asset investments are stated at the lower of cost and net realisable value.

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.

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 or 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.

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

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.

Keble College
Consolidated Income and Expenditure Account
Year ended 31 July 2009

	Note	2009 £000	2008 £000
INCOME			
Academic fees, tuition income and other HEFCE support	1	2,813	2,601
Other operating income	2	4,755	4,214
Endowment return and interest receivable	3	721	744
Total income		8,289	7,559
EXPENDITURE			
Staff costs	4	4,148	3,963
Depreciation	6	1,029	988
Other operating expenses	6	3,090	2,570
Interest payable	6	4	5
Contribution under Statute XV		4	4
Total expenditure		8,275	7,530
Surplus for the year on continuing operations before taxation and disposal of fixed assets		14	29
Surplus on disposal of fixed assets		0	0
Surplus for the year after taxation	7,8	14	29

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

	Note	2009 £000	2008 £000
Reserves			
Surplus/(deficit) for the year		14	29
Endowments			
Income receivable from endowment asset investments	15	98	83
Endowment return transferred to income and expenditure account	15	(707)	(678)
Endowment capital transferred to deferred capital	15	(133)	
Appreciation (depreciation) of endowment asset investments	15	(467)	(1,582)
New endowments received	15	624	345
Other			
Net movement to deferred capital	14	523	111
Total recognised losses relating to the year		(48)	(1,692)
Opening reserves and endowments		47,668	49,360
Closing reserves and endowments		47,620	47,668

Keble College
Balance Sheets
As at 31 July 2009

	Note	CONSOLIDATED		COLLEGE	
		2009 £000	2008 £000	2009 £000	2008 £000
Fixed assets					
Tangible assets	9	24,345	23,949	24,345	23,949
Investments	10	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<u>24,345</u>	<u>23,949</u>	<u>24,345</u>	<u>23,949</u>
Endowment asset investments					
Securities and cash deposits	11	22,635	23,220	22,635	23,220
		<u>22,635</u>	<u>23,220</u>	<u>22,635</u>	<u>23,220</u>
Current assets:					
Stocks		66	64	66	64
Debtors	12	1,115	919	953	696
Short term investments and cash deposits		1	1	1	1
Cash at bank and in hand		<u>1,427</u>	<u>1,131</u>	<u>810</u>	<u>646</u>
		2,609	2,115	1,830	1,407
Creditors:					
Amounts falling due within one year	13	(1,969)	(1,616)	(1,261)	(979)
		<u>(1,969)</u>	<u>(1,616)</u>	<u>(1,261)</u>	<u>(979)</u>
Net current assets		<u>640</u>	<u>499</u>	<u>569</u>	<u>428</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>47,620</u>	<u>47,668</u>	<u>47,549</u>	<u>47,597</u>
Deferred capital	14	3,709	3,186	3,709	3,186
Endowments					
Specific	15	10,589	11,078	10,589	11,078
General	15	<u>12,046</u>	<u>12,142</u>	<u>12,046</u>	<u>12,142</u>
		22,635	23,220	22,635	23,220
Reserves					
General reserves	16	<u>21,276</u>	<u>21,262</u>	<u>21,205</u>	<u>21,191</u>
		21,276	21,262	21,205	21,191
TOTAL FUNDS		<u>47,620</u>	<u>47,668</u>	<u>47,549</u>	<u>47,597</u>

The financial statements were approved by the Governing Body of Keble College on 14 October 2009.

Ian W Archer
Acting Warden

Roger J Boden
Bursar

Keble College
Consolidated Cashflow Statement
Year ended 31 July 2009

	Note	2009 £000	2008 £000
Net cash inflow (outflow) from operating activities	22	<u>326</u>	<u>260</u>
Returns on investments and servicing of finance			
Income from endowments	15	98	83
Other income from investments and interest received		<u>14</u>	<u>66</u>
		112	149
Interest paid		<u>(4)</u>	<u>(5)</u>
Net cash inflow from returns on investments and servicing of finance		<u>108</u>	<u>144</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets	9	(1,425)	(1,023)
Net realisation/(acquisition) of endowment asset investments	11	(1,485)	2,774
Endowments received	15	624	345
Deferred capital received	14	545	254
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>(1,741)</u>	<u>2,350</u>
Net cash inflow/(outflow) before use of liquid resources and financing		<u>(1,307)</u>	<u>2,754</u>
Decrease in short term investments		0	0
Increase/(decrease) in cash		<u>(1,307)</u>	<u>2,754</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash for the year		(1,307)	2,754
Increase/(decrease) in liquid resources and current asset investments			
Decrease in debt			
Change in net funds		(1,307)	2,754
Opening net funds		4,126	1,372
Net funds at 31 July 2009 (short-term investments and cash)		<u>2,819</u>	<u>4,126</u>

Keble College
Notes to the Financial Statements
Year ended 31 July 2009

	2009	2008
1 ACADEMIC FEES AND TUITION INCOME	£000	£000
Tuition fees from UK and European Union students	1,399	1,871
Tuition fees from overseas students	425	307
Other fees	108	99
Other tuition income and HEFCE support	881	324
	<u>2,813</u>	<u>2,601</u>

The above analysis includes support from the University from HEFCE funds amounting to £1,767k (2008: £1,672k).

2 OTHER OPERATING INCOME	£000	£000
Residential income from College members	2,038	1,974
Conference and function income	2,161	1,847
Grants and donations	255	94
Release of deferred capital contributions	155	143
Other income	146	156
	<u>4,755</u>	<u>4,214</u>

3 ENDOWMENT RETURN AND INTEREST RECEIVABLE	£000	£000
Transferred from specific endowments (note 15)	332	312
Transferred from general endowments (note 15)	375	366
Other investment income	0	0
Other interest receivable	14	66
	<u>721</u>	<u>744</u>

4 STAFF COSTS	£000	£000
Gross pay	3,519	3,375
Social Security costs	231	223
Other pension costs (note 5)	398	365
	<u>4,148</u>	<u>3,963</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 College.

5 PENSION SCHEMES

5.1 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 one employee in another pension scheme. In addition, the College is contributing to the personal pension arrangements of certain staff who were ineligible to join USS or OSPS.

5.2 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	£322m
Value of assets:	£28,842m	£279m
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	31/03/2010

Keble 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 2002 valuation, 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 £43.2m. 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.

5.3 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
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 at last valuation, rated down by a further year)	increase by £1.6bn	increase by £10m

5.4 Pension charge for the year:

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

	2009	2008
	£000	£000
Scheme:		
Universities Superannuation Scheme	199	201
University of Oxford Staff Pension Scheme	188	152
Other Schemes - contributions	8	9
Supplementation payments ^f	3	3
	<u>398</u>	<u>365</u>

Notes

f. The College continues to make a small number of supplementation payments to retired employees.

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6 ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other operating expenses	2009 Total	2008 Total
	£	£	£	£	£
Academic	1,828		665	2,493	2,383
Residential	1,518		1,426	2,944	2,689
Premises	266	1,029	519	1,814	1,681
College administration	224		262	486	481
Endowment management			27	27	(29)
Fundraising	247		172	419	245
Other	65		19	84	71
	<u>4,148</u>	<u>1,029</u>	<u>3,090</u>	<u>8,267</u>	<u>7,521</u>
Interest payable				4	5
Contribution under Statute XV				4	4
Total expenditure				<u><u>8,275</u></u>	<u><u>7,530</u></u>

	2009	2008
	£	£
Interest payable relates to bank loans, overdrafts and other loans: Repayable within 5 years	<u>4</u>	<u>5</u>

	2009	2008
	£	£
Other operating expenses include auditors' remuneration: in respect of the audit of these financial statements	13	13
in respect of other services	<u>1</u>	<u>1</u>
	<u>14</u>	<u>14</u>

7 TAXATION

As the College is a charity exempt from registration under the Charities Act 1993, all College income and capital gains are applied to charitable purposes only and all profits of subsidiary undertakings are paid to the College under Gift Aid, no liability arises to United Kingdom corporation tax.

8 SURPLUS FOR THE YEAR

	2009	2008
	£	£
College's surplus for the year	14	27
Surplus generated by the subsidiary undertaking	0	2
	<u>14</u>	<u>29</u>
Consolidated surplus for the year	<u>14</u>	<u>29</u>

9 TANGIBLE FIXED ASSETS

	Consolidated			College		
	Freehold Land & Buildings £000	Equipment £000	Total £000	Freehold Land & Buildings £000	Equipment £000	Total £000
Cost						
At start of year	28,113	866	28,979	28,113	866	28,979
Additions	1,240	185	1,425	1,240	185	1,425
At end of year	<u>29,353</u>	<u>1,051</u>	<u>30,404</u>	<u>29,353</u>	<u>1,051</u>	<u>30,404</u>
Depreciation						
At start of year	4,658	372	5,030	4,658	372	5,030
Charge for period	868	161	1,029	868	161	1,029
At end of year	<u>5,526</u>	<u>533</u>	<u>6,059</u>	<u>5,526</u>	<u>533</u>	<u>6,059</u>
Net book value						
At end of year	<u>23,827</u>	<u>518</u>	<u>24,345</u>	<u>23,827</u>	<u>518</u>	<u>24,345</u>
At start of year	<u>23,455</u>	<u>494</u>	<u>23,949</u>	<u>23,455</u>	<u>494</u>	<u>23,949</u>

The net book value of tangible fixed assets does not include any amounts in respect of assets held under finance leases.

10 FIXED ASSET INVESTMENTS

The College owns 100% of the issued share capital of Conference Keble Limited, a company incorporated in England and Wales. The principal business activity of Conference Keble Limited is the provision of conference facilities in Keble College.

11 ENDOWMENT ASSET INVESTMENTS

CONSOLIDATED AND COLLEGE	Securities & Cash £000	Property £000	Total £000
At market value			
At start of year	22,453	767	23,220
Purchases at cost	5,824	409	6,233
Sales proceeds	(4,748)		(4,748)
Increase (decrease) in cash	(1,603)		(1,603)
Revaluation gains	(467)		(467)
At end of year	<u>21,459</u>	<u>1,176</u>	<u>22,635</u>
<i>Analysed as</i>			
Fixed Interest	979		
Equities and long bias	13,100		
Absolute return funds	5,534		
Private Equity	455		
Property	1,176		
Cash	1,391		
	<u>22,635</u>		

12 DEBTORS

	Consolidated		College	
	2009 £000	2008 £000	2009 £000	2008 £000
Amounts falling due within one year				
Trade debtors	600	550	32	162
Amounts owed by College members	86	76	86	76
Amounts owed by group undertakings	0	0	423	193
Prepayments and accrued income	213	93	196	65
Other debtors	55	35	55	35
Amounts falling due after more than one year				
Loans	161	165	161	165
	<u>1,115</u>	<u>919</u>	<u>953</u>	<u>696</u>

13 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
Trade creditors	1,292	1,228	621	616
Other taxation and social security	141	135	141	135
Accruals and deferred income	363	132	325	107
Other creditors	173	121	174	121
	<u>1,969</u>	<u>1,616</u>	<u>1,261</u>	<u>979</u>

14 DEFERRED CAPITAL

	Consolidated		College	
	2009 £000	2008 £000	2009 £000	2008 £000
At start of year	3,186	3,075	3,186	3,075
New capital	545	254	545	254
Transferred from endowment funds	133		133	
Released to income and expenditure account	(155)	(143)	(155)	(143)
At the end of the year	<u>3,709</u>	<u>3,186</u>	<u>3,709</u>	<u>3,186</u>

Since the demise of the Chapel pipe organ in the late 1980s donations towards the purchase of a new organ have been credited to general endowment. During the year the College contracted to purchase a new pipe organ and accordingly accumulated donations in the amount of £133k have been transferred from general endowment to deferred capital.

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15 ENDOWMENTS

CONSOLIDATED AND COLLEGE	Specific £000	General £000	Total £000
At start of year	11,078	12,142	23,220
Endowments received	19	605	624
Appreciation (depreciation) of endowment investments	(223)	(244)	(467)
Income receivable from endowment asset investments	47	51	98
Transferred to income and expenditure account (note 3)	(332)	(375)	(707)
Transferred to deferred capital account (note 14)		(133)	(133)
At end of year	10,589	12,046	22,635

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 £1,115k which provide income for purposes that lie outside the objects of the College. Income arising therefrom amounted to £36k.

16 GENERAL RESERVES

	Consolidated £000	College £000
At start of year	21,262	21,191
Surplus from income and expenditure account	14	14
At end of year	21,276	21,205

Representing:	Consolidated		College	
	2009 £000	2008 £000	2009 £000	2008 £000
Undepreciated cost of tangible fixed assets less deferred capital financed out of general reserve	20,636	20,763	20,636	20,763
College general reserve	640	499	569	428
	21,276	21,262	21,205	21,191

17 CAPITAL COMMITMENTS

At 31 July 2009 the College had contracts outstanding amounting to £579k, comprising £486k for the new pipe organ and £93k for buildings renovations. At 31 July 2008 the College had contracts outstanding for refurbishment work to the sum of £21k.

18 FINANCIAL COMMITMENTS

The College had no annual commitments under non-cancellable operating leases at 31 July 2009 and 31 July 2008.

19 POST BALANCE SHEET EVENTS

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

20 CONTINGENT LIABILITIES

The College had no contingent liabilities at 31 July 2009 and 31 July 2008.

21 RELATED PARTY TRANSACTIONS

The College has both a loan scheme and a joint-equity scheme for house purchase which is available to members of Governing Body. At 31 July 2009 a loan under the scheme of £158k was outstanding to one former member of the Governing Body and the College's Endowment Asset Investments included joint equity investments, valued at £1,176k, in six properties.

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

	£000
(Deficit)/surplus for the year	14
Depreciation	1,029
Release of deferred capital	(155)
Endowment income and interest receivable	(721)
Interest payable	4
Decrease (increase) in stocks	(2)
Decrease (increase) in debtors	(196)
(Decrease) increase in creditors	353
	<hr/>
	<u>326</u>

23 ANALYSIS OF CHANGES IN NET FUNDS

	2008 £000	Changes £000	2009 £000
Cash at bank and in hand	1,131	296	1,427
Endowment assets cash	2,994	(1,603)	1,391
Bank overdrafts	0	0	0
	<hr/>	<hr/>	<hr/>
	4,125	(1,307)	2,818
Current asset investments	1	0	1
	<hr/>	<hr/>	<hr/>
Net Funds	<u>4,126</u>	<u>(1,307)</u>	<u>2,819</u>