

# **LINACRE COLLEGE**

**Financial Statements**

**Year ended 31 July 2009**

# **LINACRE COLLEGE**

## **Financial Statements for the year ended 31 July 2009**

<b>Contents</b>	<b>Page</b>
Report of the Governing Body	2
Responsibilities of the Governing Body	3
Independent Auditor's Report to the Governing Body	4
Statement Of Principal Accounting Policies	5
Income and Expenditure Account	7
Balance Sheet	8
Cashflow Statement	9
Notes to the Financial Statements	10

## **LINACRE COLLEGE**

### **Report of the Governing Body**

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

#### **Status**

Linacre College was established by the University in 1962 as a Society for men and women graduates reading for advanced degrees and diplomas of the University in all subjects. It was granted its charter and full autonomy in 1986. The corporation comprises the Principal 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 graduate education within the University of Oxford, and also to provide and promote University academic research. The College does not admit undergraduates. The students in residence are divided almost equally between scientists and students of the social sciences and humanities, and the College is also noted for its strong environmental interest. Nearly half the student body is from overseas, from 50 countries at any one time. Within these objects, the College also has various funds held for special purposes in connection with the development of College facilities and for scholarships, grants in cases of hardship, 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, the terms of which are enforceable ultimately by the Visitor, the High Steward of the University. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 5th June 1986, 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 Finance Committee.

#### **Scope of financial statements**

The financial statements comprise the accounts of Linacre College. The College has no subsidiary companies.

#### **Review of operations and finance**

Income was boosted by the new Joint Resource Allocation Method of distributing University income throughout the collegiate University. Most of the benefit to the College comes from research income generated by research students and Fellows. The high national salary award utilised much of the extra income as did high maintenance and repairs expenditure. The new accommodation block - The Griffiths Building - has proved very popular and contributes useful net revenue towards other costs.

#### **Investment performance**

The main College portfolio is managed by Cazenove Capital Management, with additional investments in the Oxford Endowment Fund and a Tracker fund. The falls in the stock market adversely affected market values although the College's portfolio fared slightly better than the FT All Share Index. Income on short term cash deposits fell with the decline in interest rates although holdings in 3 and 6 month certificate of deposit at higher rates cushioned the fall. Some dividends on the Cazenove portfolio are expected to be cut during 2009-10.

#### **Reserves**

The balance on reserves at the year end amounted to £3.2m. After allowing for the amounts invested in fixed assets and designated reserves for special purposes, the College's General Reserve was £186K. Provision for long term maintenance is separately provided for under Designated Reserves.

#### **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 2 December 2009*

*P A Slack - Principal*

## **LINACRE 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. The Governing Body are also responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

In preparing the financial statements, the Governing Body has ensured that:

- ◆ suitable accounting policies are selected and applied consistently;
- ◆ judgements and estimates are made that are reasonable and prudent;
- ◆ applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ◆ it is satisfied that it has adequate resources to continue in operation for the foreseeable future: accordingly the financial statements are prepared on a going concern basis.

The Governing Body has taken reasonable steps to:

- ◆ ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud;
- ◆ secure the economical, efficient and effective management of the College's resources and expenditure.

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

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

## **LINACRE COLLEGE**

### **Independent Auditors' Report to Governing Body**

We have audited the financial statements of Linacre 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 20. 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.

#### **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 as at 31 July 2009 and of its 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  
STATUTORY AUDITORS  
OXFORD  
7 December 2009

## **LINACRE 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 accounts of the affiliated student body (Linacre College Common Room) have not been consolidated because the College does not control their activities.

#### **Recognition of income**

Fees and other income for services provided are credited to the income and expenditure account on a receivable basis. Income from specific endowments and other restricted income is included to the extent of the relevant expenditure incurred during the year. Income from general endowments (the use of which is not legally restricted to a specific purpose or activity) is credited to income and expenditure account on a receivable basis.

#### **General donations**

Donations and benefactions other than for Buildings or Endowment are credited to income and expenditure account on a receivable basis.

#### **Pension costs**

Contributions to the pension schemes provided for employees of the College are charged to the income and expenditure account on the basis of contributions payable in the year. Variations from the regular cost are spread over the expected average remaining working lives of members of 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
Leasehold properties	50 years or period of lease if shorter
Building improvements	50 years
Furniture and Equipment	10 years
Vehicles	4 years
Computer equipment	3 years

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

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 £10,000 for the capitalisation of expenditure on furniture and equipment. Works of art and other valuable artefacts that can be regarded as inalienable are not included in the financial statements.

#### **Investments**

Listed investments held as endowment asset investments are stated at market value.

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

**LINACRE 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.

**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.

**LINACRE COLLEGE**  
**Income and Expenditure Account**  
**Year ended 31 July 2009**

	Notes	2009 £000's	2008 £000's
<b>INCOME</b>			
Academic fees and tuition income	1	815	708
Other operating income	2	1,193	978
Endowment return and interest receivable	3	428	535
<b>Total income</b>		<u>2,436</u>	<u>2,221</u>
<b>EXPENDITURE</b>			
Staff costs	4	1,019	903
Depreciation		194	143
Other operating expenses		1,167	1,054
Interest payable		15	9
<b>Total expenditure</b>	6	<u>2,395</u>	<u>2,109</u>
Surplus for the year on continuing operations before taxation and disposal of fixed assets		41	112
<b>Surplus for the year after taxation</b>	7	<u>41</u>	<u>112</u>

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**Statement of total recognised gains and losses**  
**Year ended 31 July 2009**

	Notes	2009 £000's	2008 £000's
<b>Reserves</b>			
Surplus for the year	15	41	112
<b>Endowments</b>			
Income receivable from endowment asset investments	14	307	341
Transfer to income and expenditure account from endowment	14	(367)	(422)
Appreciation (depreciation) of endowment asset investments	14	(873)	(1,150)
Grant from College Contributions Committee	14	0	160
New endowments received	14	404	421
<b>Other</b>			
New deferred capital received	13	0	361
Deferred capital released to income and expenditure account	13	(75)	(62)
<b>Total recognised gains relating to the year</b>		<u>(563)</u>	<u>(239)</u>
Opening reserves and endowments		14,213	14,452
Closing reserves and endowments		<u>13,650</u>	<u>14,213</u>



**LINACRE COLLEGE**  
**Balance Sheet**  
**As at 31 July 2009**

	Notes	2009 £000's	2008 £000's
<b>Fixed assets</b>			
Tangible assets	8	6,942	7,049
		<u>6,942</u>	<u>7,049</u>
<b>Endowment asset investments</b>			
Securities and cash deposits		6,916	7,430
	9	<u>6,916</u>	<u>7,430</u>
<b>Current assets:</b>			
Stocks		42	38
Debtors	10	73	54
Cash at bank and in hand		<u>775</u>	<u>937</u>
		890	1,029
<b>Creditors:</b>			
Amounts falling due within one year	11	(432)	(571)
		<u>458</u>	<u>458</u>
<b>Net current assets</b>			
		<u>458</u>	<u>458</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		14,316	14,937
<b>Creditors:</b>			
Amounts falling due after more than one year	12	(666)	(724)
		<u>13,650</u>	<u>14,213</u>
<b>TOTAL NET ASSETS</b>			
		<u>13,650</u>	<u>14,213</u>
<b>Deferred capital</b>	13	2,783	2,858
<b>Endowments</b>			
Specific		1,179	1,320
General		<u>5,737</u>	<u>6,110</u>
	14	6,916	7,430
<b>Reserves</b>			
Designated reserves		739	706
General reserves		<u>3,212</u>	<u>3,219</u>
	15	3,951	3,925
<b>TOTAL FUNDS</b>		<u>13,650</u>	<u>14,213</u>

*The financial statements were approved by the Governing Body of Linacre College on 2 December 2009*

*P A Slack*  
*Principal*

*A A Reid*  
*Finance Bursar*

**LINACRE COLLEGE**  
**Cashflow Statement**  
**Year ended 31 July 2009**

	Note	2009 £000's	2008 £000's
<b>Net cash outflow from operating activities</b>	18	<u>(388)</u>	<u>(313)</u>
Returns on investments and servicing of finance			
Income from endowments received		307	341
Other income from investments and interest received		<u>61</u>	<u>113</u>
		368	454
Interest paid		(15)	(9)
Net cash inflow from returns on investments and servicing of finance		<u>353</u>	<u>445</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		(87)	(2,514)
Net realisation/(acquisition) of endowment asset investments		19	(157)
Endowments received		404	581
Deferred capital received		0	361
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>336</u>	<u>(1,729)</u>
<b>Net cash outflow before use of liquid resources and financing</b>	20	301	(1,597)
Financing	19	(53)	467
<b>(Decrease)/Increase in cash</b>		<u>248</u>	<u>(1,130)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/Increase in cash for the year		248	(1,130)
Increase in debt		53	(467)
Change in net funds		<u>301</u>	<u>(1,597)</u>
Net funds at 1 August		287	1,884
<b>Net funds at 31 July</b>	20	<u>588</u>	<u>287</u>

**LINACRE COLLEGE**  
**Notes to the Financial Statements**  
Year ended 31 July 2009

	2009 £000's	2008 £000's
<b>1 ACADEMIC FEES AND TUITION INCOME</b>		
Tuition fees from UK and European Union students	375	400
Tuition fees from overseas students	408	308
Other tuition income and HEFCE support	32	
	815	708

The above analysis includes support from the University from HEFCE funds amounting to £135K (2008 - £34K)

	£000's	£000's
<b>2 OTHER OPERATING INCOME</b>		
Residential income from college members	991	846
Conference and function income	12	9
Grants and donations	105	50
Release of deferred capital contributions	75	62
Other income	10	11
	1,193	978

Grants and donations do not include those for Endowment (note 14) or for the new building which form part of deferred capital (note 13). Donations in the Income and Expenditure Account unspent in the year totalling £79K were transferred to Designated Reserves.

	£000's	£000's
<b>3 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>		
Transferred from specific endowments (note 14)	110	138
Transferred from general endowments (note 14)	257	284
Other interest receivable	61	113
	428	535
<b>4 STAFF COSTS</b>	£000's	£000's
Gross pay	853	765
Social Security costs	55	48
Other pension costs	111	90
	1,019	903

**5 PENSION SCHEMES**

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.

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.

**LINACRE COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

**5 PENSION SCHEMES (continued)**

	USS	notes	OSPS
Date of latest actuarial valuation	31/03/08	a	31/07/07
Date valuation results published	04/02/09		09/10/08
Value of past service liabilities	£28,135m		£322m
Value of assets	£28,842m		£279m
Funding surplus/(deficit)	£707m	b,c	(£43m)
Principal assumptions:			
Rate of interest - past service liabilities	4.4%		-
Rate of interest - future service liabilities	6.1%		-
Rate of interest - periods up to retirement	-		6.9%
Rate of interest - periods after retirement	-		4.9%
Rate of increase in salaries	4.3%		4.8%
Rate of increase in pensions	3.3%		3.3%
Mortality assumptions:			
Assumed life expectancy at 65 (males)	23 yrs		22 yrs
Assumed life expectancy at 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 contribution rate	16%	e,c	21.5%
Effective date of next valuation	31/03/11	a	31/03/10

**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 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% 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.

**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 by £30m
Rate of pension increases	increase/decrease by 0.5%	increase/decrease by £1.5bn	increase/decrease by £20 m
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

**LINACRE COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

**5 PENSION SCHEMES (continued)**

4 Pension Charge for the year:

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

	2009 £000's	2008 £000's
University Superannuation Scheme	45	43
University of Oxford Staff Pension Scheme	67	47
	<u>112</u>	<u>90</u>

**6 ANALYSIS OF EXPENDITURE**

	Staff costs £000's	Depreciation £000's	Other operating expenses £000's	2009 Total £000's	2008 Total £000's
Academic	184	0	163	347	371
Residences, catering and conferences	356	18	378	752	614
Premises	64	176	451	691	609
College administration	310	0	90	400	356
Endowment management	-	-	-	-	-
Fundraising	105	-	39	144	119
Other	-	-	46	46	33
	<u>1,019</u>	<u>194</u>	<u>1,167</u>	<u>2,380</u>	<u>2,102</u>

Interest payable	15	0
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Total expenditure	<u>2,395</u>	<u>2,102</u>
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	£000's	£000's
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Other operating expenses include auditors' remuneration:  
in respect of the audit of these financial statements

	<u>9</u>	<u>9</u>
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**7 SURPLUS FOR THE YEAR**

College's surplus for the year

	£000's	£000's
	41	112

	<u>41</u>	<u>112</u>
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**8 TANGIBLE FIXED ASSETS**

	Land & buildings			
	Freehold £000's	Long leasehold £000's	Equipment £000's	Total £000's
<b>Cost</b>				
At start of year	8,343	150	371	8,864
Additions	87	0	0	87
Disposals	0	0	0	0
At end of year	<u>8,430</u>	<u>150</u>	<u>371</u>	<u>8,951</u>
<b>Depreciation</b>				
At start of year	1,547	51	217	1,815
Charge for period	169	7	18	194
On disposals	0	0	0	0
At end of year	<u>1,716</u>	<u>58</u>	<u>235</u>	<u>2,009</u>
<b>Net book value</b>				
At end of year	<u>6,714</u>	<u>92</u>	<u>136</u>	<u>6,942</u>
At start of year	<u>6,796</u>	<u>99</u>	<u>154</u>	<u>7,049</u>

**LINACRE COLLEGE**  
**Notes to the Financial Statements**  
Year ended 31 July 2009

**9 ENDOWMENT ASSET INVESTMENTS**

	Securities & cash £000's	Total £000's
At market value		
At start of year	7,430	7,430
Purchases at cost	95	95
Sales proceeds	(114)	(114)
Increase in cash held by fund manager	378	378
Revaluation gains/(losses)	(873)	(873)
	<u>6,916</u>	<u>6,916</u>
At end of year		
Analysed as		
Fixed interest stocks (listed)	1,047	
Equities (listed)	4,381	
Unlisted securities	945	
Cash	543	
	<u>6,916</u>	
Historical cost at end of year	<u>7,029</u>	

**10 DEBTORS**

	2009 £000's	2008 £000's
Amounts falling due within one year		
Trade debtors	9	6
Amounts owed by College members	20	8
Loans	9	10
Prepayments and accrued income	35	30
	<u>73</u>	<u>54</u>

**11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	£000's	£000's
Bank overdraft	18	50
Bank loan	18	13
University loans	30	30
Trade creditors	94	128
Other taxation and social security	4	5
Accruals and deferred income	26	23
Other creditors	242	322
	<u>432</u>	<u>571</u>

**12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	£000's	£000's
Bank loans	456	484
University loan for college buildings	210	240
	<u>666</u>	<u>724</u>

The bank loan is unsecured and repayable over 25 years with an interest rate of 0.3% over bank base rate.  
The University loan is repayable in 10 equal annual instalments to 2017. Interest is charged at 1/3 of the Bristol and West Building Society mortgage rate.

**LINACRE COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

**13 DEFERRED CAPITAL**

	2009	2008
	£000's	£000's
At start of year	2,858	2,559
New capital	0	361
Released to income and expenditure account	(75)	(62)
	<u>2,783</u>	<u>2,858</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.

**14 ENDOWMENTS**

	Specific	General	Total
	£000's	£000's	£000's
At start of year	1,320	6,110	7,430
Endowments received	46	358	404
Appreciation of endowment investments	(127)	(746)	(873)
Income receivable from endowment asset investments	50	257	307
Transferred to income and expenditure account (note 3)	(110)	(257)	(367)
Capital grant from the University	0	0	0
Transfer to reserves	0	0	0
Transfer from reserves	0	15	15
	<u>1,179</u>	<u>5,737</u>	<u>6,916</u>

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.

**15 RESERVES**

**DESIGNATED RESERVES**

	2009	2008
	£000's	£000's
At start of year	706	827
Transfers (to)/from general reserve	33	(121)
	<u>739</u>	<u>706</u>

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 they comprised:

	2009	2008
	£000's	£000's
Reserve for replacement and maintenance of functional buildings	367	370
Funds for maintenance of Student Accommodation	22	77
Funds for student hardship and scholarships	62	58
Other Campaign Funds	138	63
Other designated reserves	150	138
	<u>739</u>	<u>706</u>

**LINACRE COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

**15 RESERVES (continued)**

<b>GENERAL RESERVES</b>	2009 £000's	2008 £000's
At start of year	3,219	2,027
Surplus from income and expenditure account	41	112
Transfer from endowment	0	974
Capital repaid to endowment	(15)	(15)
Transfers from designated reserves	(33)	121
At end of year	<u>3,212</u>	<u>3,219</u>

Representing:

Undepreciated cost of tangible fixed assets financed out of general reserve	£000's 3,026	£000's 3,069
College general reserve	186	150
	<u>3,212</u>	<u>3,219</u>

**16 CAPITAL COMMITMENTS**

	2009 £000's	2008 £000's
Commitments contracted at 31 July	97	130
	<u>97</u>	<u>130</u>

**17 FINANCIAL COMMITMENTS**

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

	2009 £000's	2008 £000's
Land and buildings		
Expiring between two and five years inclusive	76	72
	<u>76</u>	<u>72</u>
Other		
Expiring within one year	0	1
Expiring between two and five years inclusive	1	0
Expiring in over five years	2	2
	<u>3</u>	<u>3</u>

**18 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH  
OUTFLOW FROM OPERATING ACTIVITIES**

	2009 £000's	2008 £000's
Surplus for the year	41	112
Depreciation	194	143
Release of deferred capital contributions	(75)	(62)
Endowment income and interest receivable	(428)	(535)
Interest payable	15	9
(Increase)/decrease in stocks	(4)	(9)
Decrease/(increase) in debtors	(19)	(19)
Increase/(decrease) in creditors	(112)	48
	<u>(388)</u>	<u>(313)</u>



**LINACRE COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

	2009 £000's	2008 £000's	
<b>19 FINANCING</b>			
New loans	0	500	
Repayments of amounts borrowed	(53)	(33)	
	<u>(53)</u>	<u>467</u>	
<b>20 ANALYSIS OF CHANGES IN NET FUNDS</b>			
	2009 £000's	Changes £000's	2008 £000's
Cash at bank and in hand	775	(162)	937
Endowment assets cash	543	376	167
Bank overdrafts	(16)	34	(50)
Short term deposits		0	
	<u>1,302</u>	<u>248</u>	<u>1,054</u>
Current asset investments			
Debt due within 1 year	(48)	(5)	(43)
Debt due after 1 year	(666)	58	(724)
	<u>588</u>	<u>301</u>	<u>287</u>