NEW COLLEGE

Report and financial statements for the
year ended 31 July 2009

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Report of the Governing Body

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

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

Objects
New College exists to provide and promote undergraduate and graduate education within the University of Oxford, and also to provide and promote university academic research. The College is also a Choral Foundation and hence, in accordance with the Deed of Foundation and with the preamble to the Founders Statutes, maintains a Choir and the related Choir School.
Within these Objects, the College also has various permanently endowed trust funds held for special purposes in connection with the development of College facilities and for scholarships, bursaries, prizes and other educational purposes.

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

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

The income and expenditure account on page 9 of the financial statements shows a deficit for the year of £602k. Over the year, the total net assets of the College decreased from £150m to £141m as detailed in the statement of total recognised gains and losses.

The recently passed charities legislation abolished the status of 'exempt charities; in the near future, New College will be regulated by the Charity Commission. The process of bringing the colleges of Oxford and Cambridge under the Commission's umbrella is in progress, and it is anticipated that the accounts for 2009/10 will be redrafted to comply with the requirements of the Statement of Recommended Practice (SORP) issued for charities.

The College's financial position as presented in these accounts is markedly less satisfactory than at the end of 2007 and 2008. The deficit of £602K contrasts with surpluses of over £250K in each of the previous years. The worsening of the College's position has been much less sudden than appears from the accounts, because the surplus in 2008 was largely the result of a special fixed-term contract to provide catering services to another Oxford college. A more realistic view of matters would be that the underlying business of the College broke even in 2007-8, and that this year's deficit represents a substantial downturn but not a reversal of the size the accounts suggest.

There were several unusual factors in 2008-9 that should not cause continuing problems, though others do not promise a quick or happy outcome. The largest contribution to the deficit has been New College School, where a combination of a decline in pupil numbers and the cost of bringing teaching provision to a satisfactory level resulted in a deficit of some £341K. Ordinarily, the College expects the School to break even, although small and temporary deficits are an acceptable part of the costs of meeting the College's obligation to maintain a choir; a deficit of this size is not acceptable over the long run. The College believes that pupil recruitment will continue to improve as it has recently done, and that the deficit will steadily diminish and disappear. Since pupil numbers can increase only gradually, this will not be a very rapid process, even if it is reassuring to be able to see an end to it.

A cost that will not be incurred a second time is that of reorganizing the College's academic administration. In 2008-9, the College took the opportunity presented by several retirements and prospective retirements to fall into line with other colleges that had moved away from the traditional structure headed by a College Secretary to one headed by an Academic Administrator who would play the role of a Registrar at University level. This involved some restructuring and redundancy, and some costs for taking professional advice about job and person specifications. We expect that the system now in place will save something like a third of the cost of implementing it every year, so that the restructuring will more than pay for itself in financial terms, as well as greatly improving the efficiency of the College's management of student registration, admissions, graduation, and much else.

Report of the Governing Body

The less predictable area in which the College has not incurred additional costs but where income has come under considerable pressure is the programme for overseas visiting and associate students. In recent years, this has yielded upwards of £200K a year, which has allowed the College to expand provision for Junior Research Fellowships, as well as to spend more generously on social and sporting provision for the undergraduate student population. The problem, fairly evidently, is not confined to New College; American Junior Year Abroad programmes throughout the United States and no matter what the European destination to which they have been sending students, have been severely constrained. Indeed, the weakness of the pound as contrasted with the Euro has thus far meant that Britain has not become as unaffordable as the rest of Europe. But American families are cutting back on luxuries, no matter what they are, and it is not easy to guess when the demand for Associate and Visiting Student places will pick up.

The final contributor to the deficit has been the College's decision slightly to reduce student numbers. It was felt that the College had grown larger than anyone had planned for, and that a reduction of perhaps twenty students in total would take some pressure off teaching loads, and other provision. Since a student brings with him or her some £4500 a year in fee income, and more in the case of overseas students, the loss of twenty students adds some £90K to the deficit. It will not be difficult to reverse the decision to shrink numbers, since there are almost six applicants for every undergraduate place at New College, but it will reimpose the non-financial costs the College was hoping to avoid.

Before turning to happier matters, it would be wrong not to acknowledge that the outlook for the immediate future is anything but reassuring. By the time these accounts are published, the funding council – HEFCE – will be making known the outlook for public funding for 2010-2011 and for some time thereafter. The College receives some £2 million a year from public funds, and if the assumption that there will be a cut of around fifteen percent in funding for universities turns out to be correct, it is hard to see how the College will suffer a cut of less than £300K. The College is, of course, less dependent on public funding than many higher education institutions are; some forty percent of the College's turnover is generated by the endowment. But in common with every other institution in Britain and the United States, the College has not only seen a substantial reduction in the capital value of its endowment, but has also seen a substantial reduction in the yield on its assets. At a time when the Bank of England anticipates that interest rates only a little above zero will persist for some time, it is hard to sustain a spending rate of close to four percent.

The College does its best not only to maintain but to grow its endowment. The climate has not been hospitable to the promotion of potential development sites, but planning permission is imminent for a site near Banbury, and there is the possibility of new development on a commercial site in London. Over the next decade, rather than within months, other residential sites may come to the market. The management of the portfolio is kept under constant review by the College Endowment Committee.

The other aspect of our concern for our resources is, of course, fund-raising. The College's timing has been somewhat unfortunate inasmuch as the Development Office was expanded and the costs of that expansion incurred immediately before the crisis in financial markets and the associated downturn in the stock market. The impact of those events on both the willingness and the capacity of major donors to be as generous as they would be in happier circumstances needs no belabouring. Even so, the increased activity has meant among other things that the College's ability to assist graduates, especially graduates in the humanities has been very much enhanced.

There is something to be said for adopting the perspective afforded by an institution six hundred and thirty years old. A hundred years ago, the College's statutes were concerned to ensure that hard times did not result in the College reducing the numbers of fellows below twenty; taking like with like, there are now something close to eighty tutorial, professorial, and research fellows. In the past two decades, the College has almost doubled the number of Junior Research Fellows, not only investing several hundred thousand pounds a year in the careers of young scholars, but investing in the future of academic research on behalf of both the nation and the wider world; graduate numbers have expanded by a third; and the College has been able, thanks to the generosity of its alumni/ae to make awards for fees and living costs to increasing numbers of graduate students. One agreeable result was that the Chancellor's Medal for Latin Verse went to a New College undergraduate and a Harlech Scholar from Havard, here for the year, was proxime.

In the autumn of 2008, New College School gained a new headteacher, Mr Robert Gullifer. He came from Bristol Cathedral School, and had a lot of experience both in preparatory schools, and in choir schools and secondary schools. The College had for some time been thinking about ways of making its superintendence of the School more effective both from the point of view of allowing the School to make the most of the academic and musical riches of the College and from the point of view of making the School more visible to the College's governing body. Before the new scheme was agreed, Mr Gullifer's energy and enthusiasm had already resulted in closer ties with parents, and in a weekly School assembly in the College Chapel, not infrequently addressed by Fellows of the College and occasionally by parents. The new system of governance was put in place in the New Year, 2009, and new external governors recruited to tell the College how to keep abreast of the new demands that are daily made of schools. The musical and academic results of the School have sharply improved, and in spite of the economic climate recruitment has improved as well. The School underwent the inspection that always occurs on a change of head teacher, and it is anticipated that it will result in an excellent report.

Report of the Governing Body

The College exists to promote education, both through teaching highly talented undergraduates and graduates, and through fostering academic research. As a choral foundation, it fosters an extraordinary musical environment, centred on the Choir and the Chapel, but extending out to chamber and orchestral music, and to innovative work in opera. It fosters a religious and more broadly spiritual life through the Chapel. And in maintaining its strikingly beautiful buildings and grounds, it sustains the architectural and cultural heritage of the country. Cutting deeply into any of these activities would be damaging, and the College hopes to return to the 'break-even' position of two or three years ago without having to do so, while being fully prepared to take drastic measures if necessary.

Investment powers and performance

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

The investment strategy for endowment assets is to produce income equivalent to a spend rate of between 3.0% and 4.0% of asset value per annum whilst also preserving the real value of capital. For the year to 31 July 2009, total investment return on all endowment assets was negative at 3.5% expressed as a percentage of endowments at the start of the year. During the year the investments were held mainly in three portfolios of shares and securities, the day-to-day management of which was delegated to Newton Asset Management, Midas Capital Partners and Oxford Investment Partners (OXIP). The College has also committed some £7m of capital to private equity with Doughty Hanson. Regular review of the portfolios is conducted by an Endowment Committee which meets with the investment managers half-yearly and assesses their performance against agreed benchmarks and in the light of the income target advised for the year.

Reserves

The balance on reserves at the year end amounted to £11.5m. After allowing for the amounts invested in fixed assets and amounts designated for special purposes, the College's general reserve was £446k (note 16). The Governing Body has reviewed the reserves of the College and has concluded that, ideally, a minimum balance of £500k should be maintained in such a "free" reserve to allow the College to be managed efficiently and to provide for the risk of interruption to the sources of College income or for the need to make emergency expenditure.

Risk management

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

Approved by the Governing Body on 2 December 2009

Sir Curtis Price
Warden

Responsibilities of the Governing Body

In accordance with the College's Statutes, the Governing Body is responsible for the administration and management of the College's affairs.

It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University. The Governing Body is also responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

The Governing Body has taken reasonable steps to:

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

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

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

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

We have audited the financial statements of New College for the year ended 31 July 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 24. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of the Governing Body and Auditors

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

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

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

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

Basis of Opinion

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

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

Opinion

In our opinion:

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 deficit 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
Statutory Auditor
Chartered Accountants
Oxford

2 December 2009

Statement of Principal Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

Statement of Principal Accounting Policies

(Continued)

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

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

Provisions
Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the obligation.

Endowments
Endowments comprise those funds which are regarded as for the long term and which fundamentally underpin and sustain the operation of the College at its desired level of activity.

Specific Endowments are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity.

General Endowments represent the corporate capital of the College and include bequests and gifts where the use of the capital and income, or only the income, is for the general purposes of the College. Part of these funds may have been designated for a particular purpose by the Governing Body.

Leases
Assets aquired 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 liablilities denominated in foreign currencies are translated into sterling at year-end rates of exchange or, where there are related forward foreign exchange contracts, at contract rates. The resultant exchange differences are included in the income and expenditure account for the year.

Taxation status
As an exempt charity within the meaning of Schedule 2 of the Charities Act 1993, New College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. Trading activities are liable to Corporation Tax. The College receives no exemption in respect of Value Added Tax.

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

Income and Expenditure Account

	Notes	2009 £'000	*2008 £'000*
INCOME			
Academic fees and tuition income	1	2,571	*2,515*
Research grants and contracts		-	-
Other operating income	2	3,857	*3,743*
Choir school		1,082	*1,342*
Endowment return and interest receivable	3	4,405	*4,238*
Total income		11,915	*11,838*
EXPENDITURE			
Staff costs	4	6,332	*5,820*
Depreciation		653	*620*
Other operating expenses		4,076	*3,734*
Choir school		1,296	*1,191*
Interest payable		7	*13*
Contribution under Statute XV		153	*196*
Total expenditure	6	12,517	*11,574*
(Deficit)/surplus for the year on continuing operations before taxation and disposal of fixed assets		(602)	*264*
Taxation	7	-	-
(Deficit)/surplus for the year after taxation		(602)	*264*

Statement of Total Recognised Gains and Losses

	Notes	2009 £'000	*2008 £'000*
Reserves			
(Deficit)/surplus for the year	16	(602)	*264*
Endowments			
Income receivable from endowment asset investments	15	3,895	*4,396*
Endowment return transferred to income and expenditure account	15	(4,385)	*(4,178)*
Depreciation of endowment asset investments	15	(8,457)	*(4,717)*
New endowments received	15	-	-
Other			
Net (deductions from)/additions to deferred capital	14	(130)	*870*
Total recognised losses relating to the year		(9,679)	*(3,365)*
Opening fund balances		150,233	*153,598*
Closing fund balances		140,554	*150,233*

Balance Sheet

	Notes	2009 £'000	*2008 £'000*
Fixed assets			
Tangible assets	*8*	16,914	*16,943*
Investments	*9*	1	*1*
		16,915	*16,944*
Endowment asset investments			
Securities and cash deposits		90,237	*104,231*
Land and property		32,515	*27,408*
	10	122,752	*131,639*
Current assets:			
Stocks		360	*329*
Debtors	*11*	1,483	*1,437*
Short term investments		512	*966*
Cash at bank and in hand		273	*864*
		2,628	*3,596*
Creditors:			
Amounts falling due within one year	*12*	(1,741)	*(1,946)*
Net current assets		887	*1,650*
TOTAL ASSETS LESS CURRENT LIABILITIES		140,554	*150,233*
Creditors:			
Amounts falling due after more than one year	*13*	-	*-*
TOTAL NET ASSETS		140,554	*150,233*
Deferred capital	*14*	6,263	*6,393*
Endowments			
Specific		5,363	*6,227*
General		117,389	*125,412*
	15	122,752	*131,639*
Reserves			
Designated reserves		1,307	*1,910*
General reserves		10,232	*10,291*
	16	11,539	*12,201*
TOTAL FUNDS		140,554	*150,233*

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

Sir Curtis Price
Warden

David Palfreyman
Bursar

Cashflow Statement

	Notes	2009 £'000	*2008 £'000*
Net cash outflow from operating activities	21	(4,759)	(3,368)
Returns on investments and servicing of finance			
Income from endowments		3,895	4,396
Other income from investments and interest received		20	60
		3,915	4,456
Interest paid		(7)	(13)
Net cash inflow from returns on investments and servicing of finance		3,908	4,443
Capital expenditure and financial investment			
Net acquisition of tangible fixed assets		(628)	(1,215)
Net realisation of fixed asset investments		4	-
Net acquisition/realisation of endowment asset investments		(2,681)	6,767
Endowments received		-	-
Deferred capital received		-	1,000
Net cash outflow/inflow from capital expenditure and financial investment		(3,305)	6,552
Net cash outflow/inflow before use of liquid resources and financing		(4,156)	7,627
Management of liquid resources	22	454	330
Financing	23	-	(986)
Decrease/increase in cash	24	(3,702)	6,971

Reconciliation of net cash flow to movement in net funds

		2009 £'000	*2008 £'000*
Decrease/increase in cash for the year		(3,702)	6,971
Decrease in liquid resources and current asset investments		(454)	(330)
Decrease in debt		-	986
Change in net funds		(4,156)	7,627
Net surplus of funds at 1 August		10,426	2,799
Net surplus of funds at 31 July		6,270	10,426

Notes to the Financial Statements

		2009	2008
		£'000	£'000
1	**ACADEMIC FEES AND TUITION INCOME AND HEFCE SUPPORT**		
	Tuition fees from UK and European Union students	1,442	1,984
	Tuition fees from overseas students	297	176
	Other fees	192	253
	Other tuition income and HEFCE support	640	102
		2,571	2,515

The above analysis includes support from the University from HEFCE funds amounting to £1,915,723 (2008 - £1,811,555).

2	**OTHER OPERATING INCOME**	£'000	£'000
	Residential income from college members	1,985	2,100
	Conference and function income	681	836
	Grants and donations	895	580
	Release of deferred capital contributions	130	130
	Other income	166	97
		3,857	3,743

3	**ENDOWMENT RETURN AND INTEREST RECEIVABLE**	£'000	£'000
	Transferred from specific endowments (note 15)	173	196
	Transferred from general endowments (note 15)	4,212	3,982
	Other investment income	-	2
	Other interest receivable	20	58
		4,405	4,238

4	**STAFF COSTS**	£'000	£'000
	Gross pay	5,282	4,906
	Social Security costs	380	360
	Other pension costs	625	515
	Other benefits	45	39
		6,332	5,820

The emoluments of the Warden, excluding pension contributions, were £89,494 (2008: £85,413). Pension contributions paid by the College in respect of the Warden amounted to £19,065 (2008: £12,982).

5 **PENSION SCHEMES**

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

Notes to the Financial Statements

5 PENSION SCHEMES (CONTINUED)

	USS	OSPS
Date of latest actuarial valuation	31/03/2008	31/07/2007
Principal assumptions:		
Salary increases per annum (see note below)	4.30%	4.80%
Pension increases per annum	3.30%	3.30%
Valuation rate of interest - past service liabilities/periods up to retirement	4.40%	6.90%
Valuation rate of interest - future service liabilities/periods after retirement	6.10%	4.90%
Assumed life expectancy at age 65 (males)	23yrs	22yrs
Assumed life expectancy at age 65 (females)	25yrs	24yrs
Results:		
Value of past service liabilities	£28,135m	£322m
Value of assets	£28,842m	£279m
Funding surplus/(deficit)	£707m	(£43m)
Funding ratios:		
Technical Provisions basis	103%	87%
Statutory Pension Protection Fund basis	107%	95%
"Buy-out" basis	79%	71%
Estimated FR17 basis	104%	89%

Contributions payable by the College in respect of USS and OSPS were equal to 14.0% and 21.5% respectively of pensionable salaries during the year. 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. The 2007 valuation for OSPS identified a required long-term employer contribution rate of 17.85%, but also identified a funding deficit of £43.2m. To address this situation, the employer contribution rate was increased to 21.5% with effect from 1 August 2008.

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

6 ANALYSIS OF EXPENDITURE

	Staff costs £'000	Dep'n £'000	Other operating expenses £'000	2009 Total £'000	*2008 Total £'000*
Academic	3,237	-	1,020	4,257	*3,770*
Residences, catering and conferences	1,916	29	1,390	3,335	*3,038*
Premises	268	580	748	1,596	*1,596*
College administration	483	8	233	724	*623*
Endowment management	43	5	279	327	*404*
Fundraising (see note below)	138	-	128	266	*181*
Other	247	31	278	556	*562*
	6,332	653	4,076	11,061	*10,174*
Choir school				1,296	*1,191*
Interest payable				7	*13*
Contribution under Statute XV				153	*196*
Total expenditure				12,517	*11,574*

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

The above analysis includes expenditure in respect of UK and European Union students met by publicly funded fee income amounting to £1,915,723 (2008 - £1,811,555).

Notes to the Financial Statements

6 ANALYSIS OF EXPENDITURE (CONTINUED)

	2009	2008
	£'000	£'000
Interest payable relates to -		
Bank loans, overdrafts and other loans:		
Repayable within 5 years	7	13
Repayable wholly or partly in more than 5 years	-	-
Finance leases	-	-
	7	13
Other operating expenses include auditors' remuneration:		
in respect of the audit of these financial statements	15	15
in respect of other services		-

7 TAXATION

	£'000	£'000
United Kingdom corporation tax	-	-

8 TANGIBLE FIXED ASSETS

	Land & buildings			
	Freehold	Long leasehold	Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At start of year	21,636	-	589	22,225
Additions	540	-	88	628
Disposals	-	-	(21)	(21)
At end of year	22,176	-	656	22,832
Depreciation				
At start of year	4,873	-	409	5,282
Charge for period	565	-	88	653
On disposals	-	-	(17)	(17)
At end of year	5,438	-	480	5,918
Net book value				
At end of year	16,738	-	176	16,914
At start of year	16,763	-	180	16,943

No assets were held under finance leases during the year.

9 FIXED ASSET INVESTMENTS

	2009	2008
	£'000	£'000
At cost		
Investment in subsidiary company	1	1

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

Notes to the Financial Statements

10 ENDOWMENT ASSET INVESTMENTS

	Securities & cash £'000	Land & property £'000	Total £'000
At market value			
At start of year	104,231	27,408	131,639
Purchases at cost	21,940	467	22,407
Sales proceeds	(18,694)	(1,032)	(19,726)
Decrease in cash held by fund manager	(3,111)		(3,111)
Revaluation gains and losses	(14,129)	5,672	(8,457)
At end of year	90,237	32,515	122,752
Analysed as			
Fixed interest stocks (listed)	7,849		
Equities (listed)	55,674		
Unlisted securities	21,229		
Cash (including in transit)	5,485		
	90,237		
Historical cost at end of year	96,453		

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

11 DEBTORS

	2009 £'000	*2008 £'000*
Amounts falling due within one year		
Trade debtors	482	*631*
Amounts owed by College members	107	*82*
Loans	24	*42*
Prepayments and accrued income	854	*660*
Other debtors	2	-
Amounts falling due after more than one year		
Loans	14	*22*
Other debtors	-	-
	1,483	*1,437*

Notes to the Financial Statements

12 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	2009	*2008*
	£'000	*£'000*
Bank loans and overdrafts	-	-
Obligations under finance leases	-	-
Unsecured loans	768	*576*
Trade creditors	421	*749*
College Contribution	190	*240*
Corporation tax	-	-
Other taxation and social security	129	*145*
Accruals and deferred income	157	*148*
Other creditors	76	*88*
	1,741	*1,946*

13 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	£'000	*£'000*
Bank loans	-	-
Obligations under finance leases	-	-
Other creditors	-	-
	-	-

14 DEFERRED CAPITAL

	£'000
At start of year	*6,393*
New capital	-
Released to income and expenditure account	*(130)*
At end of year	*6,263*

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

Notes to the Financial Statements

15 ENDOWMENTS

	Specific £'000	General £'000	Total £'000
At start of year	6,227	125,412	131,639
Endowments received	-	-	-
Appreciation of endowment investments	(874)	(7,583)	(8,457)
Income receivable from endowment asset investments	183	3,712	3,895
Transferred to income and expenditure account (note 3)	(173)	(4,212)	(4,385)
Capital grant from the University		-	-
Transfer to reserves		60	60
At end of year	5,363	117,389	122,752

Endowments comprise those funds which are regarded as for the long term and which fundamentally underpin and sustain the operation of the College at its desired level of activity.

Specific Endowments are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity.

General Endowments represent the corporate capital of the College and include bequests and gifts where the use of the capital and income, or only the income, is for the general purposes of the College. Part of these funds may have been designated for a particular purpose by the Governing Body.

Specific endowments include funds valued at £119k which provide income for purposes that lie outside the objects of the College. Income arising amounted to £4k.

The net transfer from reserves of £60k relates to internal lending to finance the building refurbishment programme. The loan is being repaid by sinking fund at 3.5% over 40 years.

16 RESERVES

DESIGNATED RESERVES

	£'000
At start of year	1,910
Transfers from general reserve	(603)
At end of year	1,307

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:

	2009 £'000	*2008 £'000*
Reserve for replacement and maintenance of functional buildings	730	*1,038*
Other designated reserves	577	*872*
	1,307	*1,910*

Notes to the Financial Statements

16 **RESERVES (continued)**

GENERAL RESERVES

	£'000
At start of year	*10,291*
Deficit from income and expenditure account	*(602)*
Transfer from endowment	*56*
Capital repaid to endowment	*(116)*
Transfers to designated reserves	*603*
At end of year	*10,232*

	2009 £'000	*2008* *£'000*
Representing:		
Undepreciated cost of tangible fixed assets financed out of general reserve	9,786	*9,800*
College general reserve	446	*491*
	10,232	*10,291*

17 **CAPITAL COMMITMENTS**

The College had no capital commitments at 31 July 2009 (2008 - £nil).

18 **FINANCIAL COMMITMENTS**

The College has an annual pensions commitment to a number of retired employees whose service predated the introduction of the main occupational schemes (see note 5). These payments, which are subject to annual inflationary increases, currently total £13,000 per annum, and the net present value of future payments is estimated to be of the order of £130,000.

19 **RELATED PARTY TRANSACTIONS**

New College is in receipt of donations from New College Development Fund, an independent trust registered as a charity with the Charity Commission under the Charities Act 1993 (charity registration number 900202). The principal but not exclusive purpose of the Trust is the provision of funds for educational and related purposes at New College. The College is represented on the Board of Trustees of the Fund, but does not exercise financial and operational control over the charity; accordingly the assets of the Fund have not been consolidated in these financial statements.
The following figures have been extracted from the audited financial statements of New College Development Fund for the year ended 31 July 2009, computed in accordance with UK Accounting Standards.

	2009 £'000	*2008* *£'000*
Total net assets at 31 July	9,373	*11,068*
Total incoming resources for the year	1,092	*3,190*
Total resources donated to New College in the year	994	*1,568*

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

Notes to the Financial Statements

19 RELATED PARTY TRANSACTIONS (CONTINUED)

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

20 POST BALANCE SHEET EVENTS

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

21 RECONCILIATION OF CONSOLIDATED OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2009 £'000	*2008* *£'000*
(Deficit)/surplus for the year	(602)	*264*
Depreciation	653	*620*
Deferred capital released to income (note 2)	(130)	*(130)*
Endowment income and interest receivable (note 3)	(4,405)	*(4,238)*
Interest payable	7	*13*
Increase in stocks	(31)	*(13)*
Increase in debtors	(46)	*(48)*
(Decrease)/increase in creditors	(205)	*164*
	(4,759)	*(3,368)*

22 MANAGEMENT OF LIQUID RESOURCES

	£'000	*£'000*
Net purchase/sale of investments	(18)	*11*
Net decrease in deposits	472	*319*
	454	*330*

23 FINANCING

	£'000	*£'000*
Repayments of amounts borrowed	-	*(986)*
Capital element of finance lease rental payments	-	-
	-	*(986)*

24 ANALYSIS OF CHANGES IN NET FUNDS

	2009 £'000	**Changes** £'000	*2008* *£'000*
Cash at bank and in hand	273	(591)	*864*
Endowment assets cash	5,485	(3,111)	*8,596*
	5,758	(3,702)	*9,460*
Current asset investments	512	(454)	*966*
Debt due after 1 year	-	-	-
Finance leases	-	-	-
	6,270	(4,156)	*10,426*