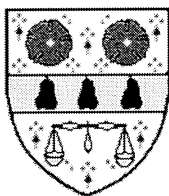


GB/09/76



Nuffield College Oxford

Financial Statements and Report of the Governing Body

31 July 2009

www.nuffield.ox.ac.uk

NUFFIELD COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

INDEX	PAGE
Independent Auditors' Report to Governing Body	1-2
Responsibilities of the Governing Body	3
Report of the Governing Body	4-5
Statement of Principal Accounting Policies	6-8
Consolidated Income and Expenditure Account	9
Consolidated Statement of Total Recognised Gains and Losses	9
Balance Sheets	10
Consolidated Cashflow Statement	11
Notes to the Financial Statements	12-21

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF NUFFIELD COLLEGE

We have audited the financial statements of Nuffield 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 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 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, 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
Registered Auditors
Chartered Accountants
Oxford

5 November 2009

Nuffield College Responsibilities of the Governing Body

In accordance with the Royal Charter granted in 1958, the government of the College is vested entirely in the Governing Body.

Governing Body 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 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 Governing Body must ensure that the property and income of the College are applied only in support of purposes which are charitable in law.

Nuffield College

Report of the Governing Body

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

Status

Nuffield College is a chartered charitable corporation. It was founded by Viscount Nuffield under a Deed of Covenant and Trust dated 16 November 1937 and was granted the Royal Charter of Queen Elizabeth the Second on 18 April 1958. The corporation comprises the Warden and Fellows. The College is an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2 (b) to that Act).

Objects

As set out in the Charter, the College exists to encourage post-graduate research in the field of social studies, especially by making easier the co-operation of academic and non-academic persons.

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 Royal Charter of 1958, 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 Warden and is advised by a range of committees. The Strategy and Resources Committee prepares evaluated proposals and reports for consideration by Governing Body. The Personnel and Domestic Committee monitors Health and Safety. The Investment Committee and the Audit Committee both have outside members. The Governing Body also takes advice from an external Fellows' Remuneration Review Committee.

Scope of the Financial Statements

The financial statements have been prepared in accordance with the Statement of Principal Accounting Policies. The financial statements consolidate the accounts of the College's wholly owned subsidiary undertaking, Nuffield Properties Limited. The company did not undertake any activity during the year.

Review of operations and finance

It should be noted that an exceptionally high proportion of the College's activities (around 88%) is funded by the endowment. Governing Body has the responsibility for determining the appropriate level of expenditure that can be afforded from the endowment. For this purpose the College uses an endowment expenditure rule (EER) designed to balance two competing goals. The first is to provide the substantial flow of income required by the operating budget in a stable stream, so avoiding large fluctuations in income which are hard to accommodate. The second is to preserve the purchasing power of endowment funds in perpetuity at today's levels, adjusted for inflation.

Nuffield's rule attempts to meet these goals by using a long-term spending rate combined with a smoothing rule which adjusts spending gradually in accordance with changes in the endowment's market value (after costs). The amount released under the EER is currently based on an income component, determined by a weighted average of allowable prior spending adjusted for inflation (80% weight) and a market component, the amount which would have been spent using 4.3% of the current endowment value (20% weight). This smoothing results in a lag in reaching the long term rate. The sum of the income and market components is the total endowment income available for spending.

The application of the EER equated to a drawdown rate of 4.4% (2008: 3.8%) of the opening valuation of the endowment funds.

Investments

The Investment Committee has continued to pursue a total return policy for investment income. Total return for the year was negative 5.9% (2008: negative 3.4%). The endowment is invested in equities 46%, cash and bonds 10% and alternative investments 3%. The property portfolio is directly invested in England and Scotland and Europe, and includes a mix of retail, official and industrial premises. Altogether the property portfolio accounts for the remaining 41% of the endowment (2008: 35%)

Policy on Socially Responsible investment

Nuffield College seeks to invest in companies that will successfully develop their businesses financially in the interests of their shareholders. It is common sense that good companies will normally be ones which demonstrate responsible employment and best corporate governance practices, are conscientious with regard to environmental performance and human rights and act with sensitivity to the communities in which they operate. The use of 'positive' ethical criteria is thereby incorporated within our policy on socially responsible investment.

Reserves

The College is satisfied that it maintains adequate reserves for an endowed institution.

Risk management

The major risks to which the College is exposed, as identified by Governing Body, have been reviewed and systems based on the college committee structure have been established to mitigate these risks. The terms of reference of all the major committees are reviewed annually by Governing Body.

Approved by the Governing Body on 4 November 2009
S J Nickell
Warden

Nuffield 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 undertaking Nuffield Properties Limited. The accounts of the affiliated student body (Nuffield College Junior Common Room) 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 investment funds representing specific endowment is credited to the income and expenditure account according to the endowment expenditure rule (EER) that currently combines the long term spending rate of 4.3% with a weighted average of previous allowable expenditure, up to the extent of the relevant expenditure incurred during the year.

Income from investment funds representing general endowment is credited to the income and expenditure account according to the EER that currently combines the long term spending rate of 4.3% with a weighted average of previous allowable expenditure. The long term rate of 4.3% is reviewed annually by the Investment Committee and adjusted if necessary.

General donations

Unrestricted donations and benefactions 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 over the period during which the College benefits from the employees' services. 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	25 years
Equipment	3 years

Freehold land is not depreciated. With effect from 1 August 2006 joint equity properties have not been depreciated.

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

Endowment asset investments are included in the balance sheet at market value. Current asset investments are included 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.

Provisions

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

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates of exchange or, where there are related forward foreign exchange contracts, at contract rates. The resultant exchange differences are included in the income and expenditure account for the year.

Taxation status

As an exempt charity within the meaning of Schedule 2 of the Charities Act 1993, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College is also potentially exempt from Stamp Duty. 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. Contributions are calculated annually in accordance with regulations made by Council.

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

	Notes	2009 £000	2008 £000
INCOME			
Academic fees and tuition income	1	303	156
Research grants and contracts	2	85	240
Other operating income	3	697	732
Endowment return and interest receivable	4	6,213	5,792
Total income		<u>7,298</u>	<u>6,920</u>
EXPENDITURE			
Staff costs	5/6	4,400	4,082
Depreciation		139	140
Other operating expenses		2,316	2,605
Interest payable		7	-
Contribution under Statute XV		200	213
Contribution reduction for prior year		(25)	(196)
Total expenditure	7	<u>7,037</u>	<u>6,844</u>
Surplus/(Deficit) for the year on continuing operations before taxation and disposal of fixed assets		261	76
Surplus/(Deficit) on disposal of fixed assets		(23)	474
Surplus/(Deficit) for the year after taxation	8	<u>238</u>	<u>550</u>

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

	Notes	2009 £000	2008 £000
Reserves			
Surplus/(Deficit) for the year		238	550
Endowments			
Income receivable from endowment asset investments	15	6,000	5,282
Endowment return transferred to income and expenditure account	15	(6,163)	(5,741)
Appreciation (depreciation) of endowment asset investments	15	(14,186)	(9,943)
Total recognised gains (losses) relating to the year		<u>(14,111)</u>	<u>(9,852)</u>
Opening fund balances		149,816	159,668
Closing fund balances		<u>135,705</u>	<u>149,816</u>

NUFFIELD COLLEGE
Balance Sheets
As at 31 July 2009

	Notes	CONSOLIDATED		COLLEGE	
		2009 £000	2008 £000	2009 £000	2008 £000
Fixed assets					
Tangible assets	9	7,420	8,134	7,429	8,143
Investments	10	-	-	1	1
		<u>7,420</u>	<u>8,134</u>	<u>7,430</u>	<u>8,144</u>
Endowment asset investments					
Securities and cash deposits		74,416	91,184	74,416	91,184
Land and property		59,171	49,752	59,171	49,752
	11	<u>133,587</u>	<u>140,936</u>	<u>133,587</u>	<u>140,936</u>
Financed by Loans	14	(7,000)	-	(7,000)	-
	11	<u>126,587</u>	<u>140,936</u>	<u>126,587</u>	<u>140,936</u>
Current assets:					
Stocks		73	75	73	75
Debtors	12	551	730	551	730
Short term investments	24	12	487	12	487
Cash at bank and in hand	24	2,276	309	2,276	309
		<u>2,912</u>	<u>1,601</u>	<u>2,912</u>	<u>1,601</u>
Creditors:					
Amounts falling due within one year	13	(1,214)	(855)	(1,219)	(860)
		<u>1,698</u>	<u>746</u>	<u>1,693</u>	<u>741</u>
Net current assets (liabilities)					
		<u>1,698</u>	<u>746</u>	<u>1,693</u>	<u>741</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>135,705</u>	<u>149,816</u>	<u>135,710</u>	<u>149,821</u>
Creditors:					
Amounts falling due after more than one year	14	-	-	-	-
TOTAL NET ASSETS					
		<u>135,705</u>	<u>149,816</u>	<u>135,710</u>	<u>149,821</u>
Endowments					
Specific		15,991	19,072	15,991	19,072
General		110,596	121,864	110,596	121,864
	15	<u>126,587</u>	<u>140,936</u>	<u>126,587</u>	<u>140,936</u>
Reserves					
Designated reserves	16	245	284	245	284
General reserves	16	8,873	8,596	8,878	8,601
		<u>9,118</u>	<u>8,880</u>	<u>9,123</u>	<u>8,885</u>
TOTAL FUNDS					
		<u>135,705</u>	<u>149,816</u>	<u>135,710</u>	<u>149,821</u>

The Financial Statements were approved by the Governing Body of NUFFIELD COLLEGE on: 4 November 2009

S J Nickell
Warden

G F Hughes
Bursar

NUFFIELD COLLEGE
Consolidated Cashflow Statement
Year ended 31 July 2009

	Note	2009 £000	2008 £000
Net cash outflow from operating activities	22	<u>(5,266)</u>	<u>(5,831)</u>
Returns on investments and servicing of finance			
Income from endowments received	15	6,000	5,282
Other income from investments and interest received	4	<u>50</u>	<u>51</u>
		6,050	5,333
Interest paid	7	(7)	0
Net cash inflow from returns on investments and servicing of finance		<u>6,043</u>	<u>5,333</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		552	204
Net realisation/(acquisition) of endowment asset investments		(9,930)	10,106
Net cash inflow (outflow) from capital expenditure and financial investment		<u>(9,378)</u>	<u>10,310</u>
Net cash (outflow)/inflow before use of liquid resources and financing		(8,601)	9,812
Management of liquid resources		475	(475)
Financing	23	7,000	(500)
Increase/(decrease) in cash	24	<u>(1,126)</u>	<u>8,837</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash for the year		(1,126)	8,837
Increase/(decrease) in liquid resources and current asset investments		(475)	475
Change in net debt resulting from cash flows		(7,000)	500
Change in net funds		<u>(8,601)</u>	<u>9,812</u>
Increase in net funds as a result of currency exchange revaluation		159	399
Net funds at 1 August 2008		13,780	3,569
Net funds at 31 July 2009		<u>5,338</u>	<u>13,780</u>

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

	2009	2008
	£000	£000
1 ACADEMIC FEES AND TUITION INCOME		
Tuition fees from UK and European Union students	99	96
Tuition fees from overseas students	81	46
Other fees	6	10
Other tuition income & HEFCE support	117	4
	<u>303</u>	<u>156</u>

The above analysis includes support from the University from HEFCE funds amounting to £133k.

	£000	£000
2 RESEARCH GRANTS AND CONTRACTS		
Research councils	22	177
UK based charities	-	-
European commission	70	(19)
Other grants and contracts	(7)	82
	<u>85</u>	<u>240</u>

	£000	£000
3 OTHER OPERATING INCOME		
Residential income from college members	426	354
Conference and function income	18	6
Grants and donations	146	114
Other income	107	258
	<u>697</u>	<u>732</u>

	£000	£000
4 ENDOWMENT RETURN AND INTEREST RECEIVABLE		
Transferred from specific endowments (note 15)	729	547
Transferred from general endowments (note 15)	5,434	5,194
Other investment income	-	-
Other interest receivable	50	51
	<u>6,213</u>	<u>5,792</u>

	£000	£000
5 STAFF COSTS		
Gross pay	3,467	3,263
Social security costs	305	286
Other pension costs	477	391
Other staff costs	113	78
Other benefits	38	64
	<u>4,400</u>	<u>4,082</u>

6 PENSION SCHEMES

The College participates in two principal pension schemes for its staff - the Universities Superannuation Scheme ('USS') and the University of Oxford Staff Pension Scheme ('OSPS'). Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and final pensionable salary) and are contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS17 "Retirement Benefits", the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

In the event of the withdrawal of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

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

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

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	Oct-08
Value of 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	31/07/2010

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

Notes:

- a USS' actuary will undertake an actuarial valuation of the Scheme as at 31 March 2011, the results of which are not expected to be finalised until December 2011, with publication of the final results in 2012.
- b In the light of the considerable swings in markets since the valuation date, the nature of the demographic and financial assumptions used in the ongoing and solvency valuations, the significant positive cash flows and equity orientated investment strategy, USS' actuary recommended, and the Trustee agreed, that the small ongoing funding surplus should be carried forward to the next valuation.
- c OSPS' actuarial valuation as at 31 July 2007 identified a required long-term employer contribution rate of 17.85% of total pensionable salaries, but also a funding deficit of £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.

Sensitivity of actuarial valuation assumptions:

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

Assumption	Change in assumption	Impact on scheme liabilities	
		USS	OSPS
Valuation rate of interest	increase/decrease by 0.5%	decrease / increase by £2.2bn	decrease / increase by £30m
Rate of pension increases	increase/decrease by 0.5%	increase / decrease by £1.5bn	increase / decrease by £20m
Rate of salary growth	increase/decrease by 0.5%	increase / decrease by £0.7bn	increase / decrease by £7m
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £1.6bn	increase by £10m

Pension charge for the year:

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

	2009	2008
	£000	£000
Universities Superannuation Scheme	282	252
University of Oxford Staff Pension Scheme	195	139
Other schemes	-	-
	<u>477</u>	<u>391</u>

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

7 ANALYSIS OF EXPENDITURE

	Staff costs £000	Depreciation £000	Other operating expenses £000	2009 Total £000	2008 Total £000
Academic	3,066	-	1,185	4,251	3,736
Residences, catering and conferences	622	-	421	1,043	873
Premises	111	139	350	600	651
College administration	529	-	158	687	771
Endowment management	72	-	34	106	685
Other	0	-	168	168	111
	<u>4,400</u>	<u>139</u>	<u>2,316</u>	<u>6,855</u>	<u>6,827</u>
Interest payable				7	-
Contribution under Statute XV				200	213
Contribution reduction 2008				<u>(25)</u>	<u>(196)</u>
Total expenditure				<u>7,037</u>	<u>6,844</u>

Endowment management expenditure included above for the year ended 31 July 2009 is for bursarial staff and other costs not directly related to endowment income generation. To be consistent with the Total Return accounting policy, the main endowment management costs are now charged to endowment capital before income drawdown (see note 15). The total cost of endowment management, for comparison with the previous year, was £688k.

	£000	£000
Interest payable relates to - Bank Loan	7	-
	<u>7</u>	<u>-</u>
Other operating expenses include auditors' remuneration: in respect of the audit of these financial statements	14	14
in respect of other services	-	-
	<u>-</u>	<u>-</u>

8 SURPLUS/(DEFICIT) FOR THE YEAR

The surplus/(deficit) for the year is made up as follows:

	2009 £000	2008 £000
College's surplus/(deficit) for the year	238	550
(Deficit)/surplus generated by subsidiary undertaking	-	-
	<u>238</u>	<u>550</u>

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

9 TANGIBLE FIXED ASSETS

CONSOLIDATED

	Land & Buildings			Total £000
	Freehold £000	Long leasehold £000	Equipment £000	
Cost				
At start of year	8,596	2,169	108	10,873
Additions	-	-	-	0
Disposals	(589)	-	-	(589)
At end of year	<u>8,007</u>	<u>2,169</u>	<u>108</u>	<u>10,284</u>
Depreciation				
At start of year	2,250	381	108	2,739
Charge for period	101	38	-	139
On disposals	(14)	-	-	(14)
At end of year	<u>2,337</u>	<u>419</u>	<u>108</u>	<u>2,864</u>
Net book value				
At end of year	<u>5,670</u>	<u>1,750</u>	<u>-</u>	<u>7,420</u>
At start of year	<u>6,346</u>	<u>1,788</u>	<u>-</u>	<u>8,134</u>

COLLEGE

	Land & Buildings			Total £000
	Freehold £000	Long leasehold £000	Equipment £000	
Cost				
At start of year	8,596	2,169	108	10,873
Additions	-	-	-	0
Disposals	(589)	-	-	(589)
At end of year	<u>8,007</u>	<u>2,169</u>	<u>108</u>	<u>10,284</u>
Depreciation				
At start of year	2,251	371	108	2,730
Charge for period	101	38	-	139
On disposals	(14)	-	-	(14)
At end of year	<u>2,338</u>	<u>409</u>	<u>108</u>	<u>2,855</u>
Net book value				
At end of year	<u>5,669</u>	<u>1,760</u>	<u>-</u>	<u>7,429</u>
At start of year	<u>6,345</u>	<u>1,798</u>	<u>-</u>	<u>8,143</u>

10 FIXED ASSET INVESTMENTS

	CONSOLIDATED		COLLEGE	
	2009 £000	2008 £000	2009 £000	2008 £000
At cost				
Investment in subsidiary company	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

The College owns 100% of the issued share capital of Nuffield Properties Limited, a company incorporated in England and Wales. The principal business activity of Nuffield Properties Limited was property development. The company is not active at present.

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

11 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED AND COLLEGE		
	Securities & cash	Land & property	Total
	£000	£000	£000
At market value			
At start of year	91,184	49,752	140,936
Purchases at cost	12,303	12,350	24,653
Sales proceeds	(15,305)	-	(15,305)
Increase in cash	(3,093)	-	(3,093)
Revaluation gains/(losses)	(10,673)	(2,931)	(13,604)
	<hr/>	<hr/>	<hr/>
At end of year	74,416	59,171	133,587
Financed by loans	-	(7,000)	(7,000)
	<hr/>	<hr/>	<hr/>
	74,416	52,171	126,587
Analysed as:			
Fixed interest stocks (listed)	2,710		
Equities (listed)	58,034		
Unlisted securities	3,622		
Cash	10,050		
	<hr/>		
	74,416		
Historical cost at end of year	<hr/>	<hr/>	<hr/>
	69,762		

12 DEBTORS

	CONSOLIDATED		COLLEGE	
	2009 £000	2008 £000	2009 £000	2008 £000
Amounts falling due within one year				
Trade debtors	501	639	501	639
Amounts owed by College members	27	11	27	11
Loans	-	-	-	-
Prepayments and accrued income	23	80	23	80
	<hr/>	<hr/>	<hr/>	<hr/>
	551	730	551	730

13 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	£000	£000	£000	£000
Obligations under finance leases/loans	-	43	-	43
Trade creditors	289	236	289	236
College Contribution	200	213	200	213
Corporation tax	-	-	-	-
Other taxation and social security	201	175	201	175
Accruals and deferred income	358	101	358	101
Other creditors	166	87	171	92
	<hr/>	<hr/>	<hr/>	<hr/>
	1,214	855	1,219	860

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

14 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2009 £000	2008 £000	2009 £000	2008 £000
Bank Loan:	7,000	-	7,000	-
	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>-</u>

A loan of up to £10million was arranged during the year with Royal Bank of Scotland to fund the purchase of Investment Properties. At the end of the year two tranches of £3m and £4m had been drawn. The loan is repayable without penalty within 15 years (2024) and the interest rate is 1% over LIBOR.

15 ENDOWMENTS

	CONSOLIDATED			COLLEGE		
	Specific £000	General £000	Total £000	Specific £000	General £000	Total £000
At start of year	19,072	121,864	140,936	19,072	121,864	140,936
Appreciation (depreciation) of endowment investments	(2,939)	(10,665)	(13,604)	(2,939)	(10,665)	(13,604)
Investment management costs	(112)	(470)	(582)	(112)	(470)	(582)
Income receivable from endowment asset investments	699	5,301	6,000	699	5,301	6,000
Transferred to income and expenditure account (note 4)	(729)	(5,434)	(6,163)	(729)	(5,434)	(6,163)
Transfer from reserves	-	-	-	-	-	-
At end of year	<u>15,991</u>	<u>110,596</u>	<u>126,587</u>	<u>15,991</u>	<u>110,596</u>	<u>126,587</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. With effect from 2009 the main management costs of the endowment are charged to endowment capital.

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.

16 RESERVES

DESIGNATED RESERVES

	CONSOLIDATED	COLLEGE
	£000	£000
At start of year	284	284
Transfers to endowment	-	-
Transfers from general reserves	(39)	(39)
At end of year	<u>245</u>	<u>245</u>

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

16 RESERVES (cont'd)

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 the following for both consolidated and college:

	2009 £000	2008 £000
Economics Research Fund	2	2
Studentship Appeal and Studentship Support	114	135
Vincent Wright Fund	3	3
Gorman Economics Fund	1	1
Semstat	5	5
European Foundation Travel	2	2
Overhead Funds	118	136
	<u>245</u>	<u>284</u>

	CONSOLIDATED £000	COLLEGE £000
GENERAL RESERVES		
At start of year	8,596	8,601
Surplus/(Deficit) from income and expenditure account	238	238
Transfers from and capital repaid to endowment	-	-
Net transfers to designated reserves	39	39
At end of year	<u>8,873</u>	<u>8,878</u>

	CONSOLIDATED		COLLEGE	
	2009 £000	2008 £000	2009 £000	2008 £000
Representing:				
Undepreciated cost of tangible fixed assets financed out of general reserve	7,420	8,134	7,429	8,143
College general reserve	1,453	462	1,449	458
	<u>8,873</u>	<u>8,596</u>	<u>8,878</u>	<u>8,601</u>

17 CAPITAL COMMITMENTS
CONSOLIDATED AND COLLEGE

Commitments entered into by 31 July 2009 but not yet provided for in the Financial Statements amounted to £1,673k (£2,785k, 2008), being £0k (£2,169k) for investment property and £1,673k (£616k) for future commitments to Private Equity/Venture Capital Funds.

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

18 FINANCIAL COMMITMENTS

At 31 July the College had annual commitments under operating leases as follows:	2009 £000	2008 £000
Expiring within one year	-	2
Expiring between two and five years inclusive	-	-
	<u>-</u>	<u>2</u>

19 POST BALANCE SHEET EVENTS

There are no material events occurring after the date of the balance sheet where disclosure is deemed to contribute to a proper understanding of the financial statements.

20 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities as at the year end date.

21 RELATED PARTY TRANSACTIONS

During the year there were no related party transactions.

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

	2009 £000	2008 £000
Surplus/(Deficit) for the year before surplus on disposal of fixed assets	261	76
Depreciation	139	140
Endowment income and interest receivable	(6,213)	(5,792)
Interest payable	7	0
Decrease in stocks	2	10
Decrease/(Increase) in debtors	179	126
Increase/(Decrease) in creditors	359	(391)
Increase in short term investments	-	-
	<u>(5,266)</u>	<u>(5,831)</u>

23 FINANCING

	2009 £000	2008 £000
New loans	7,000	-
Repayments of amounts borrowed	-	(500)
Capital element of finance lease rental payments	-	-
	<u>7,000</u>	<u>(500)</u>

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

24 ANALYSIS OF CHANGES IN NET FUNDS	2009 £000	Changes £000	Exchange Revaluation £000	2008 £000
Cash at bank and in hand	2,276	1,967		309
Endowment assets cash	10,050	(3,093)	159	12,984
	<u>12,326</u>	<u>(1,126)</u>	<u>159</u>	<u>13,293</u>
Current asset investments	12	(475)		487
Finance leases	-	-		-
Bank Loan relating to Endowment	(7,000)	(7,000)		-
	<u>5,338</u>	<u>(8,601)</u>	<u>159</u>	<u>13,780</u>