

**ORIEL COLLEGE**

**Annual report and financial statements**

**31 July 2009**

**ORIEL COLLEGE**  
**Annual report and financial statements for the year ended 31 July 2009**

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## ORIEL COLLEGE

### Report of the Governing Body

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

#### Status

Oriel College is an eleemosynary chartered charitable corporate foundation. It was founded by Adam de Brome under a Royal Charter of Edward the Second, dated 1326. The College consists of the Provost and Fellows ('Scholars'). The College is an exempt charity under s3(5a) Charities Act 1933 (as listed in Schedule 2(b) to that Act). Subsequent to the Charities Act 2006 it is required to register with the Charity Commission in 2009/10.

#### Objects

The College exists to promote undergraduate education within the University of Oxford and also to promote research and advanced study. The College also provides accommodation, advice and resources to graduate students of the University.

Within these objects the College also has various permanently endowed trust funds held for special purposes in connection with maintenance and development of College facilities and for scholarships, bursaries, prizes and other educational purposes.

#### Governance

Oriel College is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, Her Majesty the Queen. The College Statutes are made from time to time by Her Majesty in Council in accordance with the Royal Charter of 1326 and the Universities of Oxford and Cambridge Act 1923. Under the Statutes the Provost superintends the property and domestic arrangements of the College, as well as the discipline and education therein. The statutory College Officers are the Vice Provost and the Treasurer. In the absence of the Provost the Vice-Provost acts as his vice-gerent with the same powers and duties as the Provost. The Treasurer has the care of the property and expenditure of the College and acts under the regulation of the Governing Body and in association with the Finance & Estates Committee. The Governing Body comprises the Provost and forty seven Fellows and holds itself responsible for the continuing strategic direction of the College, for its administration and the management of finances and assets. From time to time the Governing Body elects other officers deemed necessary for the business of the College.

The principal governance committees are the Audit Committee, the Remuneration Committee and the Investment Advisory Committee. All have an external chairman and majority of external members or, in the case of the Remuneration Committee, a majority of members not remunerated by the College.

#### Governing Body

At the year end the membership of the Governing Body was:

Sir Derek Morris, Provost  
Dr Mark Philp, Vice Provost  
Dr Glenn Black  
Professor David Charles  
Mr Richard Tur  
Professor Derek Gray  
Professor John Barton  
Professor Andrew Boothroyd  
Dr Michael Spivey  
Professor Annette Volfing  
Professor David Hodgson  
Dr Lynne Cox  
Dr Douglas Hamilton  
Professor Robert Evans  
Professor Pedro Ferreira  
Dr Teresa Morgan  
Dr Xenia de la Ossa  
Professor Brian Leftow  
Dr Oliver Pooley  
Dr Bruno Currie  
Dr Daniel Butt  
Dr John Huber  
Dr Richard Scholar  
Mr Mark Curtis  
Dr Celine Rochon  
Mr Wilf Stephenson, Treasurer  
Dr Yadvinder Malhi  
Dr Kristine Krug  
Dr Ian Forrest  
Dr Christopher Bowdler  
Ms Juliane Kerkhecker  
Professor Michael Devereux

Dr Christopher Conlon  
Ms Lucinda Ferguson  
Dr Philip Stier  
Dr Julia Mannherz  
Professor John Armour  
Professor Gonzalo Rodriguez Pereyra  
Dr Jane Hood  
Professor Ian Horrocks  
Professor Lars Fugger  
Dr Nicholas Eyre  
Ms Sandra Robertson  
Dr Kevin Maloy  
Dr William Wood  
Dr Max Crispin  
Dr Eva Sansavior

At the year end there were three fellows elect:

Dr Yakov Kremnizer  
Dr Colin MacDonald  
Dr Mungo Wilson

Dr Daniel Butt resigned his fellowship with effect from 31 August 2009 to take up an appointment at Bristol University. Dr Xenia de la Ossa resigned her fellowship with effect from 30 September 2009.

#### General Purposes Committee

The General Purposes Committee is the standing committee of Governing Body with responsibility for reviewing and making recommendations on all business of the College not specifically the responsibility of other standing or ad hoc committees.

The following served on the Committee during the year:

The Provost (Chairman)  
The Vice-Provost  
The Treasurer  
The Senior Tutor  
The Senior Dean  
The Tutor for Admissions  
Dr Daniel Butt resigned 31 August 2009  
Dr Bruno Currie  
Mr Mark Curtis  
Dr Kristine Krug

#### Finance & Estates Committee

The Finance and Estates Committee is the standing committee of Governing Body with responsibility for considering, acting and reporting on any matter pertaining to the financial affairs and estates of the College.

The following served on the Committee during the year:

The Provost (Chairman)  
The Treasurer  
Dr Glenn Black  
Dr Mark Philp  
Dr Michael Spivey  
Professor Annette Volting  
Dr Oliver Pooley  
Mr Mark Curtis  
Mr John Shannon (Treasurer, OCDT)

#### Audit Committee

The Audit Committee exists to review, on behalf of the College, the effectiveness of the external audit, the financial statements, internal controls and overall financial governance. The Chairman has access to the Provost at all times and may address Governing Body on any matters of concern as the Committee requires. The Committee reports annually to Governing Body on the financial statements and its work during the year.

The members of the Committee during the year were:

Sir Bryan Nicholson (former Chairman of the Financial Reporting Council), Chairman  
Mr John Shannon (Treasurer, Oriel College Development Trust)  
Mr Tim Budden (Director of Group Reporting, Grosvenor)

Mr Clifford Webb (Bursar of Merton College)  
Dr Xenia de la Ossa (Fellow) - resigned 30 September 2009

#### Investment Advisory Committee

The Investment Committee consists of Fellows and members of the College with relevant expertise. The Committee meets at least twice a year to review investment performance and advise on investment strategy and reports annually to the Governing Body. It is also consulted by the Treasurer on matters that arise during the year. Its members are:

Mr Sebastian Grigg (Managing Director, Credit Suisse) Chairman  
Mr Keith Jones (former Chief Executive, Morley Fund Management)  
Mr Colm Kelleher (Chief Financial Officer, Morgan Stanley)  
Mr Rupert Nabarro (Chairman, IPD)  
Mr John Shannon (Treasurer, Oriel College Development Trust)  
Mr John Cook (Charles Stanley & Co)  
Mr Charles Skinner (Oriensensis)  
The Provost  
The Treasurer  
Dr Celine Rochon (Fellow in Finance)  
Dr Christopher Bowdler (Fellow in Economics)

#### Remuneration Committee

The Remuneration Committee consists of an external chairman, one other external member, two professorial fellows and one other fellow. The Committee meets twice a year to review matters of remuneration policy and any significant remuneration issues raised by members or by Governing Body. Its members are:

Professor Donald Hay (former Pro-VC for Planning and Resources)  
Mr Ben Ruck Keene (Bursar of Corpus Christi College)  
Dr Glenn Black  
Professor John Barton  
Professor Michael Devereux

#### Scope of financial statements

The financial statements consolidate the accounts of the College and its wholly owned subsidiaries, Land Estates and Property Limited and Tean Limited. Both subsidiaries manage endowment property. In addition they consolidate the accounts of the Oriel College Development Trust.

Oriel College Development Trust is a separate registered charity whose sole purpose is to support the work of the College. The Trust has a policy of transferring funds raised for endowment, capital projects or revenue expenditure to the College as soon as practicable.

## Strategic aims and objectives

The College Plan aims to maintain and enhance Oriel's standing within the University of Oxford as a world-class college in a world-class university. By 2026, the 700th anniversary of the foundation, the twofold aim is firstly to have secured the financial resources and significantly improved the facilities to support teaching, scholarships and research and secondly to maintain and develop the historic buildings to provide appropriate residential accommodation, teaching, research and social facilities for the twenty first century. The College has an overall fundraising target of £75 million at 2004 values of which 40% is planned to be generated from real estate investment. All new fund raising is conducted through the Oriel College Development Trust. Gifts and legacies of £2.13million were received during the year and the Development Trust donated £1.92m to the College.

Specific aims of the long term plan include increased funding to enable Oriel to continue to attract the best Fellows and lecturers, further endowment of bursaries and other support for undergraduate and graduate students so they can be admitted purely on merit irrespective of their own financial resources.

The College's academic strategy is focused on the development of teaching teams able to deliver focused teaching across subjects which are becoming more diversified. These will also provide attractive steps in the academic ladder for post-graduate and post-doctoral researchers.

## Review of the year

289 undergraduate and 188 graduate students were in residence during the year.

At the end of the academic year Dr Gordon Macpherson retired as acting Senior Tutor and Tutor for Graduates.

Four new Fellows joined the Governing Body during the year: Dr Kevin Maloy, Tutor in Medicine; Dr William Wood, Tutor in Theology; Dr Eva Sansavior, Lecturer in Francophone Caribbean Studies; Dr Max Crispin, Tutor in Biochemistry.

New student accommodation at the College's annex in Rectory Road has been completed. This provides new rooms for 30 graduates and 8 undergraduates.

Following the study of the College's carbon footprint completed last year by the Carbon Trust and a team led by Professor Yadvinder Malhi, the College has committed to further measures to improve energy efficiency and also to support a programme which will develop carbon offsets in Peru. This will be funded jointly by the College, the students and alumni. The initiative will be featured in a forthcoming BBC documentary.

## Financial review

Total income for the year was £8,014,000 and total expenditure £7,977,000 giving an operating surplus of £37,000. Endowment income amounted to £3,545,000 on a gross asset base of an average of £56,904,000 giving a yield of 6.2%. Net investment assets fell from £41,988,000 over the year to £39,131,000 at the year-end.

## Investment performance

Endowment assets are invested in land and property, equities, fixed income securities and cash deposits. The total return on endowments during the year was minus 4.6%. The gross value of the endowment assets fell from £59,304,000 to £56,904,000 in the year. Land and property investments fell in value from £39,759,000 to £37,134,000. The fall was due to revaluation gains but was below average growth for equivalent assets due to the particular characteristics of three commercial property investments held as part of the long term growth strategy. The value of securities and cash increased from £19,227,000 to £19,465,000.

Following the collapse of Lehman Brothers and in the midst of grave uncertainty in the financial markets, the Investment Committee recommended intervention in the strategy followed by Sarasin and Partners to reduce risk and protect the College's income. These recommendations were accepted and implemented late in 2008 and provided additional protection from the violent market movements during the first quarter of 2009. However market conditions have resulted in a significant shortfall in return compared to the Investment Committee's long term target of inflation plus 4% for this portfolio.

## Reserves

The Governing Body has sufficient reserves for the College to be managed efficiently and to ensure uninterrupted services.

## Risk management

The major risks to which the College is exposed, as identified by the Governing Body, have been reviewed and systems established to mitigate them. A risk register is maintained and reviewed annually by Finance & Estates and Audit Committees who report to Governing Body on the adequacy of measures taken and any areas of concern.

Approved by the Governing Body on 11 November 2009

Sir Derek Morris  
Provost

**ORIEL COLLEGE**  
**Responsibilities of the Governing Body**

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

It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University.

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

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

The Governing Body has taken reasonable steps to:

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

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

In so far as the Governing Body is aware:

- there is no relevant audit information of which the College's auditor are unaware; and
- the Governing Body have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

## **ORIEL 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, College freehold buildings, 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 the 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 College will register with the Charity Commission in the year from 1 December 2009, confirmation has been received that the tax status is not affected.

The financial statements consolidate the accounts of the College and of its subsidiary undertakings, Land Estates and Property Limited and Tean Limited together with those of Oriel College Development Trust. The latter organisation, whilst being controlled by its own trust deed and having separate trustees, has as its objective helping the College to fund fellowships, scholarships, bursaries, and new buildings and restore, repair and maintain existing College buildings.

#### **Recognition of income**

Fees and income for other 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 the income and expenditure account on a receivable basis.

Conference income including deposits is recognised at the time immediately after the event has occurred. Deposits taken in advance of the event are deferred until that time.

#### **Donations and benefactions**

Donations and benefactions are credited to endowment or income on a receivable basis.

Donations and benefactions received in respect of capital projects are accounted for as a reduction in the costs of the relevant asset.

The costs of raising donations and benefactions are charged in equal proportions to revenue and new endowment. The costs of fundraising within Oriel College Development Trust are offset against endowment on consolidation as the funds arising within Oriel College Development Trust are treated as endowment funds.

#### **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.

#### **Intangible fixed assets**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life of 13 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

#### **Tangible fixed assets**

Tangible fixed assets are stated as under:

Freehold buildings	At open market and existing use valuation
Equipment	At cost

Depreciation on equipment is provided at 25% on a straight line basis.  
Freehold land is not depreciated.



**ORIEL COLLEGE**  
**Statement of principal accounting policies**

The cost of major renovation projects which increase the service potential of buildings is capitalised, any increase in value being reflected in the annual revaluation.

The College operates a "de minimis" limit of £20,000 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. Other fixed asset investments are included at cost.

**Stocks**

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

**Maintenance of premises**

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

**Foreign currencies**

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

Trading activities undertaken by the College other than conferences are administered through its subsidiary companies, which, as commercial organisations, are liable to Corporation Tax. Profits made by these companies are, however, transferred to the College by Gift Aid, income tax being deducted from the Gift Aid payments and recovered by the College.

**College Contribution Scheme**

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

**ORIEL COLLEGE**  
**Consolidated income and expenditure account**  
**Year ended 31 July 2009**

	Notes	2009 £'000	2008 £'000
<b>INCOME</b>			
Academic fees and tuition income	1	2,028	1,798
Other operating income	2	2,441	2,738
Endowment return and interest receivable	3	3,545	3,175
<b>Total income</b>		<u>8,014</u>	<u>7,711</u>
<b>EXPENDITURE</b>			
Staff costs	4	3,873	3,697
Depreciation		146	138
Other operating expenses		2,960	2,828
Interest payable		998	986
Contribution under Statute XV		-	4
<b>Total expenditure</b>	6	<u>7,977</u>	<u>7,653</u>
Surplus/(deficit) for the year on continuing operations before taxation		37	58
Taxation	7	-	-
<b>Surplus/(deficit) for the year after taxation</b>	8	<u>37</u>	<u>58</u>

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

	Notes	2009 £'000	2008 £'000
<b>Reserves</b>			
Surplus/(deficit) for the year		37	58
(Depreciation)/appreciation of tangible fixed assets	10	-	(1,940)
<b>Endowments</b>			
Income receivable from endowment asset investments	17	3,545	3,247
Endowment return transferred to income and expenditure	17	(3,545)	(3,175)
(Depreciation)/appreciation of endowment asset investments	17	(5,278)	(7,080)
New endowments received	17	2,750	1,722
Costs of generating endowments	17	(337)	(164)
<b>Total recognised gains relating to the year</b>		<u>(2,828)</u>	<u>(7,332)</u>
Opening fund balances		77,831	85,163
Closing reserves and endowments		<u>75,003</u>	<u>77,831</u>

**ORIEL COLLEGE**  
**Balance sheets**  
**As at 31 July 2009**

	Notes	CONSOLIDATED		COLLEGE	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Fixed assets</b>					
Intangible assets	9	260	297	-	-
Tangible assets	10	39,412	37,070	39,412	37,070
Investments	11	-	-	482	482
		<u>39,672</u>	<u>37,367</u>	<u>39,894</u>	<u>37,552</u>
<b>Endowment asset investments</b>					
Securities and cash deposits		19,452	19,227	21,790	20,986
Loan		318	318	694	944
Land and property		37,134	39,759	24,694	26,256
	12	<u>56,904</u>	<u>59,304</u>	<u>47,178</u>	<u>48,186</u>
Financed by loans	16	(17,774)	(17,316)	(10,000)	(8,963)
		<u>39,130</u>	<u>41,988</u>	<u>37,178</u>	<u>39,223</u>
<b>Current assets:</b>					
Stocks		175	178	175	178
Debtors	13	788	847	4,244	4,180
Cash at bank and in hand		-	-	-	-
		<u>963</u>	<u>1,025</u>	<u>4,419</u>	<u>4,358</u>
<b>Creditors:</b>					
Amounts falling due within one year	14	(2,262)	(2,549)	(4,647)	(4,808)
		<u>(1,299)</u>	<u>(1,524)</u>	<u>(228)</u>	<u>(450)</u>
<b>Net current liabilities</b>					
		<u>(1,299)</u>	<u>(1,524)</u>	<u>(228)</u>	<u>(450)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<u>77,503</u>	<u>77,831</u>	<u>76,844</u>	<u>76,325</u>
<b>Creditors:</b>					
Amounts falling due after more than one year	15	(2,500)	-	(2,500)	-
		<u>75,003</u>	<u>77,831</u>	<u>74,344</u>	<u>76,325</u>
<b>TOTAL NET ASSETS</b>					
<b>Endowments</b>					
Specific		18,854	19,911	18,316	19,373
General		20,276	22,077	18,862	19,850
	17	<u>39,130</u>	<u>41,988</u>	<u>37,178</u>	<u>39,223</u>
<b>Reserves</b>					
General reserves	18	(704)	(734)	589	525
Revaluation reserve	18	28,772	28,772	28,772	28,772
Capital reserve	18	7,805	7,805	7,805	7,805
		<u>35,873</u>	<u>35,843</u>	<u>37,166</u>	<u>37,102</u>
<b>TOTAL FUNDS</b>					
		<u>75,003</u>	<u>77,831</u>	<u>74,344</u>	<u>76,325</u>

The financial statements were approved by the Governing Body of Oriel College on 11 November 2009

Sir Derek Morris  
Provost

Mr Wilf Stephenson  
Treasurer

**ORIEL COLLEGE**  
**Consolidated cashflow statement**  
**Year ended 31 July 2009**

	Note	2009 £'000	2008 £'000
<b>Net cash outflow from operating activities</b>	22	<u>(1,794)</u>	<u>(2,228)</u>
Returns on investments and servicing of finance			
Income from endowments received		3,545	3,232
Other income from investments and interest received		-	-
		<u>3,545</u>	<u>3,232</u>
Interest paid		(998)	(1,000)
Net cash inflow from returns on investments and servicing of finance		<u>2,547</u>	<u>2,232</u>
Capital expenditure and financial investment			
Net (acquisition)/disposal of tangible fixed assets		(2,451)	(594)
Net (acquisition)/realisation of endowment asset investments		(147)	(2,926)
Endowments received		2,750	1,722
Costs of generating endowments		(337)	(164)
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>(185)</u>	<u>(1,962)</u>
<b>Net cash (outflow)/inflow before use of liquid resources and financing</b>		568	(1,958)
Financing	23	2,533	(729)
<b>(Decrease)/increase in cash</b>	24	<u>3,101</u>	<u>(2,687)</u>
<b>Reconciliation of net cash flow to movement in net cash funds</b>			
(Decrease)/increase in cash		3,101	(2,687)
Decrease/(increase) in debt		<u>(2,533)</u>	<u>729</u>
Change in net funds		568	(1,958)
Net cash funds at 1 August 2008		(15,125)	(13,167)
<b>Net debt at 31 July 2009</b>	24	<u>(14,557)</u>	<u>(15,125)</u>

**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2009**

	2009	2008
	£'000	£'000
<b>1 ACADEMIC FEES AND TUITION INCOME</b>		
Tuition fees from UK and European Union students	1,536	1,446
Tuition fees from overseas students	69	101
Other tuition income	423	251
	<u>2,028</u>	<u>1,798</u>

The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £1,276,532 (2008: £1,273,000).

	2009	2008
	£'000	£'000
<b>2 OTHER OPERATING INCOME</b>		
Residential income from college members	1,462	1,439
Conference and function income	905	1,017
Grants and donations	-	-
Other income	74	282
	<u>2,441</u>	<u>2,738</u>

	2009	2008
	£'000	£'000
<b>3 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>		
Transferred from specific endowments (note 17)	1,004	923
Transferred from general endowments (note 17)	2,541	2,252
Other interest receivable	-	-
	<u>3,545</u>	<u>3,175</u>

	2009	2008
	£'000	£'000
<b>4 STAFF COSTS</b>		
Gross pay	3,260	3,065
Social Security costs	250	240
Other pension costs	363	392
	<u>3,873</u>	<u>3,697</u>

**5 PENSION SCHEMES**

**The schemes**

The College participates in two principal pension schemes for its staff -the Universities Superannuation Scheme (USS) and the Oriel College Group Personal Pension Scheme (GPP). USS is a contributory defined benefit scheme (i.e. it provides benefits based on length of service and final pensionable salary) and is contracted out from the State Second Pension Scheme. GPP, which is not contracted out of the State Second Pension Scheme, provides benefits on a money-purchase basis. The assets of USS and GPP 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.

**Actuarial valuations**

Qualified actuaries periodically value the USS scheme. USS was 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.

**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2009**

	<b>USS</b>
Date of valuation :	31/03/2008 <sup>a</sup>
Date valuation results published	04/02/2009
Value of liabilities:	£28,135m
Value of assets:	£28,842m
Funding Surplus/(Deficit)	£707m <sup>b</sup>
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)	-
Rate of interest (periods after retirement)	-
Rate of increase in salaries	4.3% pa
Rate of increase in pensions	3.3% pa
Mortality assumptions:	
assumed life expectancy at age 65 (males)	23 yrs
assumed life expectancy at age 65 (females)	25 yrs
Funding ratios :	
Technical Provisions basis:	103% <sup>c</sup>
Statutory Pension Protection Fund basis	107%
"Buy-out" basis	79%
Estimated FRS17 basis	104% <sup>c</sup>
Recommended employers' contribution rate (as % of pensionable salaries)	16% <sup>d</sup>
Effective date of next valuation	31/03/2011 <sup>a</sup>

(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) 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%

(d) 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 the on the University's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

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Assumption	Change in assumption	Impact on Scheme Liabilities
Valuation rate of interest	increase/decrease by 0.5%	decrease/increase by £2.2bn
Rate of pension increases	increase/decrease by 0.5%	increase/decrease by £1.5bn
Rate of salary growth	increase/decrease by 0.5%	increase/decrease by £0.7bn
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £1.6bn

**Pension charge for the year:**

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

Scheme	2009	2008
	£'000	£'000
USS	223	249
GPP	140	143
Total:	<u>363</u>	<u>392</u>

In addition the College continues to make a small and diminishing number of supplementation payments to retired members and dependants of former members of FSSU and EPS.

**ORIEL COLLEGE**  
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**6 ANALYSIS OF EXPENDITURE**

	Staff costs £'000	Depreciation £'000	Other operating expenses £'000	2009 Total £'000	2008 Total £'000
Academic	1,799	-	519	2,318	2,230
Residences, catering and conferences	1,205	50	740	1,995	1,933
Premises	303	96	813	1,212	1,195
College administration	524	-	596	1,120	945
Fund raising	-	-	-	-	53
Endowment management	33	-	292	325	269
Other	9	-	-	9	38
	<u>3,873</u>	<u>146</u>	<u>2,960</u>	<u>6,979</u>	<u>6,663</u>
Interest payable				998	986
Contribution under Statute XV				-	4
<b>Total expenditure</b>				<u>7,977</u>	<u>7,653</u>
				£'000	£'000
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable within five years				-	72
Repayable wholly or partly in more than five years				998	914
				<u>998</u>	<u>986</u>
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				21	25
in respect of other services				10	8
				<u>31</u>	<u>33</u>



**ORIEL COLLEGE**  
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	2009 £'000	2008 £'000	
<b>7 TAXATION</b>			
United Kingdom corporation tax	-	-	
	<u>2009</u> £'000	<u>2008</u> £'000	
<b>8 SURPLUS/(DEFICIT) FOR THE YEAR</b>			
The deficit for the year is made up as follows:			
College's surplus/(deficit) for the year	63	95	
Surplus/(deficit generated by the subsidiary undertakings)	(26)	(37)	
	<u>37</u>	<u>58</u>	
<b>9 INTANGIBLE FIXED ASSETS</b>			
CONSOLIDATED			
	2009 Goodwill £'000	2008 Goodwill £'000	
<b>Cost</b>			
At start of year	482	482	
At end of year	<u>482</u>	<u>482</u>	
<b>Depreciation</b>			
At start of year	185	148	
Charge for period	37	37	
At end of year	<u>222</u>	<u>185</u>	
<b>Net book value</b>			
At end of year	<u>260</u>	<u>297</u>	
At start of year	<u>297</u>	<u>334</u>	
<b>10 TANGIBLE FIXED ASSETS</b>			
CONSOLIDATED AND COLLEGE			
	Freehold property £'000 Valuation	Equipment £'000 Cost	Total £'000
<b>Cost/valuation</b>			
At start of year	36,837	428	37,265
Additions	2,417	34	2,451
Revaluation	-	-	-
At end of year	<u>39,254</u>	<u>462</u>	<u>39,716</u>
<b>Depreciation</b>			
At start of year	-	195	195
Charge for period	-	109	109
At end of year	<u>-</u>	<u>304</u>	<u>304</u>
<b>Net book value</b>			
At end of year	<u>39,254</u>	<u>158</u>	<u>39,412</u>
At start of year	<u>36,837</u>	<u>233</u>	<u>37,070</u>

The freehold property was valued by the Trustees on an existing use basis at 31 July 2009.

**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2009**

**11 FIXED ASSET INVESTMENTS**

COLLEGE	2009 £'000	2008 £'000
Investments in subsidiary companies		
<b>Cost</b>		
At start of year	482	482
At end of year	<u>482</u>	<u>482</u>

The College owns 100% of the issued share capital of Land Estates and Property Limited, a company incorporated in England and Wales, and 100% of the issued share capital of Tean Limited, a company incorporated in Guernsey. The principle activity of both Land Estates and Property Limited and Tean Limited is the holding and management of investment properties.

**12 ENDOWMENT ASSET INVESTMENTS**

	Consolidated				College			
	Securities & Cash	Loan & drs	Land & property	Total	Securities & Cash	Loan	Land & property	Total
<b>At market value</b>								
At start of year	19,227	318	39,759	59,304	20,986	944	26,256	48,186
Purchases at cost	8,164	-	46	8,210	8,164	-	46	8,210
Advances	-	-	-	-	-	-	-	-
Sales proceeds	(8,063)	-	-	(8,063)	(8,063)	-	-	(8,063)
Increase/(decrease) in cash	2,731	-	-	2,731	3,037	-	-	3,037
Revaluation loss	(2,607)	-	(2,671)	(5,278)	(2,334)	(250)	(1,608)	(4,192)
At end of year	<u>19,452</u>	<u>318</u>	<u>37,134</u>	<u>56,904</u>	<u>21,790</u>	<u>694</u>	<u>24,694</u>	<u>47,178</u>
<b>Analysed as</b>								
Funds (listed)	13,567				13,778			
Equities (listed)	108				108			
Cash	5,777				7,904			
	<u>19,452</u>				<u>21,790</u>			
Historical cost at end of year	<u>18,119</u>				<u>15,361</u>			

The major endowment land and property investments owned by the College and its subsidiaries have been valued as at 31 July 2009 by an independent firm of Chartered Surveyors, the basis of valuation being open market value on existing use. Other properties have been valued by the Trustees on the same basis using supporting independent professional advice.

The loans represent (i) an amount due from endowment to College of £319,000; (ii) an amount due from a subsidiary of 625,000. The loan to a subsidiary bears interest at UK Base rate + 0.5%.

**ORIEL COLLEGE**  
**Notes to the financial statements**  
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**13 DEBTORS**

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	425	549	410	534
Amounts owed by College members	46	62	46	62
Amounts owed by group undertakings	-	-	3,497	3,380
Loans	15	14	15	14
Prepayments and accrued income	302	222	276	190
	<u>788</u>	<u>847</u>	<u>4,244</u>	<u>4,180</u>

The amounts recoverable from group undertakings are not expected to be repaid until after one year.

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

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Unsecured bank loans and overdrafts	766	855	3,321	3,330
Trade creditors	221	346	221	346
College Contribution	25	31	25	31
Other taxation and social security	70	117	70	117
Accruals and deferred income	1,180	1,200	1,010	984
	<u>2,262</u>	<u>2,549</u>	<u>4,647</u>	<u>4,808</u>

**15 CREDITORS: AMOUNTS FALLING AFTER ONE YEAR**

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Unsecured bank loans	2,500	-	2,500	-
	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>

**16 BANK LOANS**

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Secured endowment assets bank loans	7,774	16,721	10,000	8,368
Unsecured endowment asset bank loan	10,000	595	-	595
	<u>17,774</u>	<u>17,316</u>	<u>10,000</u>	<u>8,963</u>
Other unsecured bank loan	2,500	425	2,500	425
	<u>20,274</u>	<u>17,741</u>	<u>12,500</u>	<u>9,388</u>
Repayable within one year	612	1,836	-	1,257
Repayable between two and five years	2,668	3,767	-	1,100
Repayable after five years	16,994	12,138	12,500	7,031
	<u>20,274</u>	<u>17,741</u>	<u>12,500</u>	<u>9,388</u>

**ORIEL COLLEGE**  
**Notes to the financial statements**  
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**17 ENDOWMENTS**

	CONSOLIDATED			COLLEGE		
	Specific	General	Total	Specific	General	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At beginning of year	19,911	22,077	41,988	19,373	19,850	39,223
Endowments received	1,146	1,280	2,426	890	1,030	1,920
Costs of generating endowment	(239)	(98)	(337)	-	(97)	(97)
Depreciation of endowment investments	(1,971)	(3,307)	(5,278)	(1,947)	(2,245)	(4,192)
Income receivable from endowment asset investments	1,004	2,541	3,545	994	1,467	2,461
Income gain from refinancing		324	324		324	324
Direct expenditure from endowment Transferred to income and expenditure account (Note 3)	(1,004)	(2,541)	(3,545)	(994)	(1,467)	(2,461)
Transfer from general reserves	7	-	7	-	-	-
<b>At end of year</b>	<b>18,854</b>	<b>20,276</b>	<b>39,130</b>	<b>18,316</b>	<b>18,862</b>	<b>37,178</b>

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 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.

**18 RESERVES**

**GENERAL RESERVES**

	CONSOLIDATED £'000	COLLEGE £'000
At beginning of year	(734)	525
Surplus from income and expenditure account	37	64
Transfer to specific endowment	(7)	-
<b>At end of year</b>	<b>(704)</b>	<b>589</b>

**REVALUATION RESERVE**

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	28,772	28,772
Decrease in year	-	-
At end of year	<b>28,772</b>	<b>28,772</b>

**CAPITAL RESERVE**

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	7,805	7,805
Transfer to general reserve	-	-
At end of year	<b>7,805</b>	<b>7,805</b>

**CAPITAL COMMITMENTS**

	2009 £'000	2008 £'000
CONSOlidATED AND COLLEGE		
Commitments contracted at 31 July	-	2,475
	<b>-</b>	<b>2,475</b>

**ORIEL COLLEGE**  
**Notes to the financial statements**  
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**19 POST BALANCE SHEET EVENTS**

There were no reportable post balance sheet events.

**20 CONTINGENT LIABILITIES**

There were no contingent liabilities at the year end.

**21 RELATED PARTY TRANSACTIONS**

On 1 August 2007 £2,262,000 representing the endowment assets of Oriel College Development Trust was transferred to the College endowment asset investment pool to be held in the appropriate funds. The accounts of the Trust and the College have been consolidated from the same date.

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

	2009 £'000	2008 £'000
Surplus/(deficit) for the year	37	58
Depreciation and amortisation	146	138
Endowment income and interest receivable	(3,545)	(3,175)
Interest payable	998	986
(Increase)/decrease in stocks	3	(74)
(Increase)/decrease in debtors	59	(87)
(Decrease)/increase in creditors	508	(74)
	<u>(1,794)</u>	<u>(2,228)</u>
Net cash outflow from operating activities		

**23 FINANCING**

	£'000	£'000
Repayments of amounts borrowed	2,533	(729)
	<u>2,533</u>	<u>(729)</u>

**24 ANALYSIS OF CHANGES IN NET FUNDS**

	2009 £'000	Changes £'000	2008 £'000
Cash at bank and in hand	(60)	370	(430)
Endowment assets cash	5,777	2,731	3,046
	<u>5,717</u>	<u>3,101</u>	<u>2,616</u>
Unsecured college loan	(2,500)	(2,075)	(425)
Secured endowment loan	(7,774)	8,947	(16,721)
Unsecured endowment loan	(10,000)	(9,405)	(595)
	<u>(14,557)</u>	<u>568</u>	<u>(15,125)</u>

**ORIEL COLLEGE****Report of the Independent Auditor to the Governing Body**

We have audited the College consolidated financial statements ("the financial statements") of Oriel College for the year ended 31 July 2009 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, 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 them in an auditor's 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 the Auditor**

The Governing Body's responsibilities for preparing the Report of the Governing Body and the financial statements in accordance with UK law and Accounting Standards (UK GAAP) and 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.

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 and whether the information given in the Report of the Governing Body is consistent with the financial statements. We also report to you if, in our opinion 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. This other information comprises only the Report of the Governing Body. 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 UK GAAP of the state of the College's affairs as at 31 July 2009 and of the surplus for the year then ended;
- b) the financial statements have been properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder;
- c) in all material respects, income received from the University of Oxford out of grants from the Further and Higher Education Funding Council for England during the year ended 31 July 2009 has been applied to the purposes for which it was received; and
- d) the information given in the Report of the Governing Body is consistent with the financial statements for the year ended 31 July 2009.

*Grant Thornton UK LLP*

GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
OXFORD

*11 November 2009*