

# **St. Anne's College**

Financial Statements

Year ended 31 July 2009

# ST ANNE'S COLLEGE

## Statement of Accounts for the year ended 31 July 2009

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## **ST. ANNE'S COLLEGE**

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

The Governing Body of St Anne's College presents the annual report and financial statements for the year ended 31 July 2009.

#### **Status**

St. Anne's College was incorporated by Royal Charter in May 1952. The corporation comprises the Principal and Fellows. The College is an exempt charity under s3(5a) of the Charities Act 1993 (as listed in Schedule 2(b) to that Act). Exempt status, which means that the College is not regulated by the Charity Commission, is due to expire on 30th November 2009 by provisions expected to be laid before parliament under the Charities Act 2006. The College intends to register with the Charity Commission and will be regulated by the Commission in future.

#### **Objects**

The College exists for the advancement of education learning and research in particular by being a College within the University of Oxford, where women and men may carry out advanced study and research.

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 Principal and Fellows. The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, the Bishop of Oxford, for the time being. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1952, and the Universities of Oxford and Cambridge Act 1923. The Governing Body has responsibility for the ongoing strategic direction of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Principal and is advised by a range of committees including a Council as well as the Academic Committee, the Human Resources Committee, the Finance & Development Committee and the Investment Committee. The College also has an Advisory Board of alumnae and Honorary Fellows to assist Governing Body in its assessment of the College's performance and strategy.

Council, chaired by the Principal, has eleven members of which six must be full time academic members of Governing Body and five are ex officio college officers. It meets three times a term and once in the long vacation. It operates as a general purposes committee in overseeing the implementation and monitoring of plans and budgets agreed by Governing Body and preparation of options and recommendations for future development arising from reports from committees and college officers.

Governing Body meets four times a year with additional meetings called if there is business which only Governing Body can conduct. A review of governance is underway as part of the preparations for registration with the Charity Commission.

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

The financial statements consolidate the accounts of St Anne's College and its subsidiary undertakings, St Anne's College Services Company Limited and St Anne's College Developments Limited. St Anne's College Services Company Limited is the wholly-owned vehicle for trading activities of St Anne's College. St Anne's College Developments Limited is a wholly-owned subsidiary which provides building development services to the College.

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

Events in the financial markets starting with the banking crisis in October 2008 and the subsequent recession have cast a shadow over the year. Capital values of investments held by the endowment have fallen and expectations of investment income are lower. Government funding for higher education is almost certain to be cut and HEFCE have already reduced the grant awarded for 2009/10 to take account of efficiency savings.

Against this background the small surplus of £4,298 (deficit of £31,681 in 2007/8) reported in the Income and Expenditure account is a commendable result. All areas of the College contributed to this outcome, which consolidates improvements made since the deficit of £351,000 recorded in 2005/6. Total income grew by 7.3% in the year.

Student numbers were similar to last year at 610 in total, of which 180 were graduates and 430 undergraduates. Academic income for tuition rose by 4% in line with the increase in fees; however, the first year of the new method of calculation of college income used by the University produced a reduction in Home/EU undergraduate teaching income and an increase in international undergraduate and post graduate teaching income even though the ratio of international to home/EU students was unchanged from last year. The number of visiting students increased to 20 from 16 and feedback from the programme is very positive. A diversified base of conference clients and increased prospecting and flexibility by the College meant that conference income did not suffer from the recession.

Bursaries paid to Home/EU undergraduates increased significantly for the third year in line with the number of students paying the higher tuition fees introduced in 2006/7. Staff pay increases were implemented in October 2008 under the national academic pay spine agreement and together with a full year impact of pay reviews implemented in 2007/8 employment costs rose 4.3%. The College contributes to two pension funds; OSPS for non academic staff where employer contributions increased by 3% from August 2008 and USS for academic staff where an increase of 2% is due from October 2009. Energy costs were significantly higher than last year and measures have been taken in conjunction with the University to purchase energy more efficiently and to monitor and eventually reduce energy consumption. Assistance was received from the College Contributions Scheme in the form of an annual grant of £39,000 for three years for maintenance costs which will help to keep building fabric and services at acceptable standards.

In the space of a year the pressure on finances has moved from increasing costs to possible reduction in certain sources of income. The mix of income earning activities and the diversity of the student body is the best protection against changes in external factors which are outside control of the College. This resilience has been evident in the last three years and will be tested again in the year to come.

Investment income earned by the endowment remained very steady through the turmoil of the financial markets and ended the year only slightly lower than last year. Again the College strategy of investing for an income target was amply justified. Capital values suffered a reduction of £3.3m, the second year of reduction, which is taken in the statement of total recognised gains and losses, which shows total funds at 31st July 2009 of £36.6m (2008 £38.8m).

Planning work commenced during the year on a permanent kitchen to replace the temporary kitchen, which has been in operation since 2001. This will be a major project estimated to cost around £3m; replacement was originally planned for 2005 but was delayed due to lack of funds and is now becoming urgent. At least half the total cost is still to be raised with a target of starting construction in the second half of 2010. A significant benefactor provided funds for an architect to produce a masterplan of the college site and subsequently for the design of a new building on the Woodstock Road frontage of the College. Development of this design is proceeding as funds permit. Applications for planning permission for both buildings should be ready by the end of 2009.

Capital expenditure of £882k is high compared with recent years and in cash terms is partially offset by an increase of £263k in deferred capital. The above projects account for £434k; a further £223k (to make a total of £452k when added to the amount spent last year) relates to the completion of the refurbishment of 35 Banbury Road (now Eleanor Plumer House) mentioned in last year's report; £72k for conversion of the old MCR into the STACS coffee shop available to all members of the College and £77k for the partial refurbishment of one of the houses in Bevington Road. The use of Eleanor Plumer House by graduates and the introduction of the coffee shop have had a beneficial effect on the integration of the different constituencies of staff and students in the College.

Funding capital projects is a major challenge for College as existing borrowings remain at the top end of the range which can be serviced from operating activities. College did not benefit from the reduction in interest rates during the year due to fixed rates applying to the borrowings. However, staged repayments of the largest loan commence in 2009/10 with £171k due for repayment so that annual interest payable will reduce from now on. At the year end cash at bank was £1,295k (2008 £1,216k).

#### **Development and fundraising**

The College annual fund received £483k during the year and gifts to the endowment fund were £1,003k. The annual fund benefitted from an increase in donations from the alumnae through the telethon in January as well as from several single gifts for specific purposes. A legacy of £617k was the single largest gift to the endowment. A Development Board was established during the year which will oversee the launch of a campaign in 2010 to substantially increase endowment to improve the financial security of St Anne's.

#### **Investment performance**

The Investment Committee meets four times a year. The Investment Committee is chaired by a member of Governing Body; the Principal is a member of the committee but stood down as Chairman in 2007/8 following his appointment as a non-executive director of Ofcom. He attends the parts of the meeting which do not deal with the details of the College's shareholdings. Membership consists of six College Fellows and five external members with investment expertise. The committee pursues a total return policy for the fund subject to the generation of a target level of income each year. The endowment fund produced a negative total return of -8.6% over the year due to the depreciation of capital values and income generated at 5.0% was on target.

#### **Reserves**

The balance on reserves at the year end amounted to £11.2m (2008 £11.2m).

#### **Risk management**

The major risks to which the College is exposed have been reviewed and systems have been established to mitigate these risks.

Approved by the Governing Body on 28th October 2009

## **ST. ANNE'S 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; and
- “ 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; and
- “ 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 is 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 auditor is 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.

## **ST ANNE'S COLLEGE**

### **Report of the Independent Auditor to the Governing Body**

We have audited the College financial statements ("the financial statements") of St Anne's College for the year ended 31 July 2009 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and college balance sheet, the consolidated cash flow statement and notes 1 to 26. 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 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 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:

- 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;
- 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;
- 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
- 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  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
OXFORD

**ST ANNE'S 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; 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.

**Consolidation**

The financial statements consolidate the accounts of the College and of its subsidiary undertakings, St Anne's College Services Company Limited and St Anne's College Developments Limited, also the College's share of the activities of its associate undertaking, The Boathouse Consortium.

The accounts of the affiliated student bodies (St Anne's College Junior and Middle Common Rooms) have not been consolidated because the College does not control these activities.

**Recognition of income**

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

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

**General donations**

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.

**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
Building improvements	5- 20 years
Equipment	3 -10 years

Freehold land is not depreciated.

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

Buildings under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

The College operates a "de minimis" limit of £1,000 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 in the balance sheet 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. The cost of major projects which increase service potential is capitalised as building improvements and depreciated over 5-20 years.

**ST ANNE'S COLLEGE**  
**Statement of Principal Accounting Policies**

**Provisions**

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

**Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

**Taxation status**

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

Trading activities undertaken by the College are administered through its subsidiary 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.



**ST ANNE'S 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	2,685	2,539
Other operating income	2	5,153	4,692
Endowment return and interest receivable	3	1,223	1,216
<b>Total income</b>		<u>9,061</u>	<u>8,447</u>
<b>EXPENDITURE</b>			
Staff costs	4	4,614	4,424
Depreciation		931	902
Other operating expenses		3,006	2,638
Interest payable		503	511
Contribution under Statute XV		-	-
<b>Total expenditure</b>	6	<u>9,054</u>	<u>8,475</u>
Surplus/(Deficit) for the year on continuing operations before taxation and disposal of fixed assets		7	(28)
Share of operating deficit in associate Company		(3)	(3)
<b>Surplus/(Deficit) for the year after taxation</b>	7,8	<u>4</u>	<u>(31)</u>

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**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		4	(31)
<b>Endowments</b>			
Income receivable from endowment asset investments	17	1,233	1,266
Endowment return transferred to income and expenditure account	17	(1,185)	(1,139)
Appreciation/(depreciation) of endowment asset investments	17	(3,349)	(2,821)
New endowments received	17	1,003	331
Investment management fees	17	(68)	(85)
<b>Other</b>			
Net additions to/(deductions from) deferred capital	16	178	(61)
<b>Total recognised gains/(losses) relating to the year</b>		<u>(2,185)</u>	<u>(2,540)</u>
Opening fund balances		38,803	41,343
Closing fund balances		<u>36,618</u>	<u>38,803</u>

**ST ANNE'S COLLEGE**  
**Balance Sheets**  
As at 31 July 2009

	Notes	CONSOLIDATED		COLLEGE	
		2009 £000	2008 £000	2009 £000	2008 £000
<b>Fixed assets</b>					
Tangible assets	9	22,447	22,496	22,571	22,630
Investments	10	77	80	77	80
		<u>22,524</u>	<u>22,576</u>	<u>22,648</u>	<u>22,710</u>
<b>Endowment asset investments</b>					
Securities and cash deposits		22,004	24,615	22,004	24,615
Land and property		245	-	245	-
	11	<u>22,249</u>	<u>24,615</u>	<u>22,249</u>	<u>24,615</u>
<b>Current assets:</b>					
Stocks		31	29	31	29
Debtors	12	859	856	919	758
Short term investments	13	57	57	57	57
Cash at bank and in hand		1,295	1,216	1,212	1,192
		<u>2,242</u>	<u>2,158</u>	<u>2,218</u>	<u>2,036</u>
<b>Creditors:</b>					
Amounts falling due within one year	14	(1,532)	(1,475)	(1,514)	(1,607)
<b>Net current assets</b>		<u>710</u>	<u>683</u>	<u>704</u>	<u>429</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>45,483</u>	<u>47,874</u>	<u>45,601</u>	<u>47,754</u>
<b>Creditors:</b>					
Amounts falling due after more than one year	15	(8,864)	(9,071)	(8,864)	(9,071)
<b>TOTAL NET ASSETS</b>		<u>36,619</u>	<u>38,803</u>	<u>36,737</u>	<u>38,683</u>
<b>Deferred capital</b>	16	3,213	3,035	3,213	3,035
<b>Endowments</b>					
Specific		4,265	4,722	4,265	4,722
General		17,984	19,893	17,984	19,893
	17	<u>22,249</u>	<u>24,615</u>	<u>22,249</u>	<u>24,615</u>
<b>Reserves</b>					
Designated reserves		-	-	-	-
General reserves		11,157	11,153	11,275	11,033
	18	<u>11,157</u>	<u>11,153</u>	<u>11,275</u>	<u>11,033</u>
<b>TOTAL FUNDS</b>		<u>36,619</u>	<u>38,803</u>	<u>36,737</u>	<u>38,683</u>

The financial statements were approved by the Governing Body of St Anne's College on 28th October 2009

Tim Gardam  
Principal

Christopher Wigg  
Treasurer

**ST ANNE'S COLLEGE**  
**Consolidated Cashflow Statement**  
**Year ended 31 July 2009**

	Note	2009 £000	2008 £000
<b>Net cash inflow from operating activities</b>	24	<u>275</u>	<u>764</u>
Returns on investments and servicing of finance			
Income from endowments received		1,233	1,266
Other income from investments and interest received		<u>38</u>	<u>77</u>
		1,271	1,343
Interest paid		(503)	(511)
Investment management fees		(68)	(85)
		<u>700</u>	<u>747</u>
Net cash inflow from returns on investments and servicing of finance			
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		(883)	(517)
Net realisation/(acquisition) of fixed asset investments		-	-
Net realisation/(acquisition) of endowment asset investments		(1,179)	(1,154)
Endowments received		901	331
Deferred capital received		263	25
		<u>(898)</u>	<u>(1,315)</u>
Net cash inflow/(outflow) from capital expenditure and financial investment			
<b>Net cash inflow before use of liquid resources and financing</b>		77	196
Financing			
Repayment of borrowing - bank loan	26	(170)	(40)
<b>Increase/(decrease) in cash</b>	25	<u>(93)</u>	<u>156</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash for the year		(93)	156
(Increase)/decrease in debt		170	40
		<u>77</u>	<u>196</u>
Change in net funds			
Net funds/(deficit) at 1 August		(4,849)	(5,045)
<b>Net funds/(deficit) at 31 July</b>	25	<u>(4,772)</u>	<u>(4,849)</u>

**ST ANNE'S COLLEGE**  
**Notes to the Financial Statements**  
Year ended 31 July 2009

	2009 £000	2008 £000
<b>1 ACADEMIC FEES AND TUITION INCOME</b>		
Tuition fees from UK and European Union students	1,887	2,012
Tuition fees from overseas students	478	308
Other fees	189	148
Other tuition income	131	71
	<u>2,685</u>	<u>2,539</u>

The above analysis includes support from the University from HEFCE funds amounting to £1,875k (2008 £1,832k).

	2009 £000	2008 £000
<b>2 OTHER OPERATING INCOME</b>		
Residential income from college members	2,107	1,967
Conference and function income	1,906	1,888
Grants and donations	933	616
Release of deferred capital contributions	86	86
Other income	121	135
	<u>5,153</u>	<u>4,692</u>

	2009 £000	2008 £000
<b>3 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>		
Transferred from specific endowments (note 17)	212	211
Transferred from general endowments (note 17)	973	928
Other interest receivable	38	77
	<u>1,223</u>	<u>1,216</u>

	2009 £000	2008 £000
<b>4 STAFF COSTS</b>		
Gross pay	3,864	3,707
Social Security costs	268	244
Other pension costs	470	403
Other benefits	12	70
	<u>4,614</u>	<u>4,424</u>

It is standard accounting practice to disclose further information relating to staff numbers and analyses of remuneration for higher paid employees. This information has not been included due to the particular difficulty of presenting meaningful data for staff jointly employed by the University and colleges.

**5 PENSION SCHEMES**

1. The pension schemes:

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

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

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

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

**ST ANNE'S COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

2. Actuarial valuations

Qualified actuaries periodically value the Schemes. Both USS and OSPS were valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions which have the most significant effect on the results of the latest valuations and the determination of the contribution levels are shown in the following table.

	USS	OSPS
Date of valuation:	31/03/2008 <sup>a</sup>	31/07/2007
Date valuation results published:	04/02/2009	9/10/2008
Value of past service liabilities:	£28,135m	£322m
Value of assets:	£28,842m	£279m
Funding Surplus/(Deficit):	£707m <sup>b</sup>	(£43m) <sup>c</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)	-	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:		
Scheme valuation basis:	103% <sup>d</sup>	87%
Statutory Pension Protection Fund basis:	107%	95%
"Buy-out" basis:	79% <sup>d</sup>	71%
Estimated FRS17 basis	104% <sup>d</sup>	89%
Recommended Employer's contribution rate (as % of pensionable salaries):	16% <sup>e</sup>	21.5% <sup>c</sup>
Effective date of next valuation:	31/03/2011 <sup>a</sup>	31/03/2010

Notes:

- 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.
- 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.
- 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.
- 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%.
- 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.

**ST ANNE'S COLLEGE**  
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3. Sensitivity of actuarial valuation assumptions:

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

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

4. 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 £'000	2008 £'000
Universities Superannuation Scheme	235	209
University of Oxford Staff Pension Scheme	235	194
Other Schemes - contributions	-	-
Supplementation payments	-	-
Total:	470	403

**ST ANNE'S COLLEGE**  
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**6 ANALYSIS OF EXPENDITURE**

	Staff costs	Depreciation	Other operating expenses	2009 Total	2008 Total
	£000	£000	£000	£000	£000
Academic	1,895	-	726	2,621	2,394
Residences, catering and conferences	1,886	143	1,385	3,414	3,183
Premises	219	743	516	1,478	1,406
College administration	475	45	274	794	741
Endowment management	-	-	-	-	-
Fundraising	133	-	82	215	178
Other	6	-	23	29	62
	<u>4,614</u>	<u>931</u>	<u>3,006</u>	<u>8,551</u>	<u>7,964</u>
Interest payable				503	511
Contribution under Statute XV				-	-
<b>Total expenditure</b>				<u>9,054</u>	<u>8,475</u>
				£000	£000
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable wholly or partly in more than 5 years				503	511
				<u>503</u>	<u>511</u>
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				16	17
in respect of other services				2	5
				<u>18</u>	<u>22</u>

**7 TAXATION**

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

**8 SURPLUS FOR THE YEAR**

	2009 £000	2008 £000
College's surplus/(deficit) for the year	242	(101)
Surplus/(deficit) generated by the subsidiary undertakings	(2)	70
Consolidation adjustment	(236)	-
Consolidated surplus/(deficit) for the year	<u>4</u>	<u>(31)</u>

**ST ANNE'S COLLEGE**  
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**9 TANGIBLE FIXED ASSETS**

CONSOLIDATED

	Freehold Land & Buildings £000	Equipment £000	Total £000
<b>Cost</b>			
At start of year	27,141	1,151	28,292
Additions	834	48	882
Disposals	-	(8)	(8)
At end of year	<u>27,975</u>	<u>1,191</u>	<u>29,166</u>
<b>Depreciation</b>			
At start of year	5,045	751	5,796
Charge for period	741	190	931
On disposals	-	(8)	(8)
At end of year	<u>5,786</u>	<u>933</u>	<u>6,719</u>
<b>Net book value</b>			
At end of year	<u>22,189</u>	<u>258</u>	<u>22,447</u>
At start of year	<u>22,096</u>	<u>400</u>	<u>22,496</u>

COLLEGE

	Freehold Land & Buildings £000	Equipment £000	Total £000
<b>Cost</b>			
At start of year	27,271	1,156	28,427
Additions	834	48	882
Disposals	-	(8)	(8)
At end of year	<u>28,105</u>	<u>1,196</u>	<u>29,301</u>
<b>Depreciation</b>			
At start of year	5,046	751	5,797
Charge for period	750	190	940
On disposals	-	(8)	(8)
At end of year	<u>5,796</u>	<u>933</u>	<u>6,729</u>
<b>Net book value</b>			
At end of year	<u>22,309</u>	<u>263</u>	<u>22,571</u>
At start of year	<u>22,225</u>	<u>405</u>	<u>22,630</u>

**10 FIXED ASSET INVESTMENTS**

	CONSOLIDATED		COLLEGE	
	£000	£000	£000	£000
At start of year	80		80	
Net investments	(3)		(3)	
At end of year	<u>77</u>		<u>77</u>	
	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£000	£000	£000	£000
Investments stated at cost				
Subsidiary undertakings	-	-	-	-
Associate company	-	-	77	80
Share of net assets of associate Company	<u>77</u>	<u>80</u>	<u>-</u>	<u>-</u>
Total at end of year	<u>77</u>	<u>80</u>	<u>77</u>	<u>80</u>



**ST ANNE'S COLLEGE**  
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The College owns one third of the issued share capital of Boathouse Consortium Limited, a company incorporated in England and Wales. The principal business activity of Boathouse Consortium Limited is the ownership of a boathouse used by members of St Anne's College, St Hugh's College and Wadham College.

The College owns 100% of the issued share capital of St Anne's College Services Company Limited, a company incorporated in England and Wales. The principal business activity of St Anne's College Services Company Limited is the provision of conference facilities at St Anne's College.

The College owns 100% of the issued share capital of St Anne's College Developments Limited, a company incorporated in England and Wales. The principal business activity of St Anne's College Developments Limited is to support the provision of education by St Anne's College by the provision of buildings or otherwise.

**11 ENDOWMENT ASSET INVESTMENTS**

	CONSOLIDATED			COLLEGE		
	Securities & cash £000	Land & property £000	Total £000	Securities & cash £000	Land & property £000	Total £000
<b>At market value</b>						
At start of year	24,615	-	24,615	24,615	-	24,615
Purchases at cost	4,511	245	4,756	4,511	245	4,756
Equities received	102	-	102	102	-	102
Sales proceeds	(3,576)	-	(3,576)	(3,576)	-	(3,576)
Increase / (Decrease) in cash held by fund manager	(299)	-	(299)	(299)	-	(299)
Revaluation gains / (losses)	(3,349)	-	(3,349)	(3,349)	-	(3,349)
<b>At end of year</b>	<b>22,004</b>	<b>245</b>	<b>22,249</b>	<b>22,004</b>	<b>245</b>	<b>22,249</b>
Analysed as						
Fixed interest stocks (listed)	7,754			7,754		
Equities (listed)	11,077			11,077		
Unlisted securities	-			-		
Cash	347			347		
Loan to College	2,602			2,602		
OU Endowment Management	90			90		
Cash held for reinvestment	134			134		
	<b>22,004</b>			<b>22,004</b>		
Historical cost at end of year	<b>22,306</b>			<b>22,306</b>		

Endowment assets include two properties. These are held at market value at 31 July 2009. They will be re-valued by an external valuer every five years and Governing Body will review their market value on a regular basis.

**12 DEBTORS**

	CONSOLIDATED		COLLEGE	
	2009 £000	2008 £000	2009 £000	2008 £000
Amounts falling due within one year :				
Trade debtors	635	594	421	497
Amounts owed by College members	10	29	10	29
Amounts owed by group undertakings	-	-	5	9
Other debtors	4	2	4	2
Prepayments and accrued income	203	219	472	209
Amounts falling due after more than one year :				
House purchase loans to Fellows	7	12	7	12
	<b>859</b>	<b>856</b>	<b>919</b>	<b>758</b>

**ST ANNE'S COLLEGE**  
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**13 SHORT TERM INVESTMENTS**

COLLEGE AND CONSOLIDATED

	2009	2008
	£000	£000
Historical cost		
At the start of the year	57	57
At the end of the year	<u>57</u>	<u>57</u>
Market value at 31 July	<u>81</u>	<u>92</u>

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

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£000	£000	£000	£000
Bank loans and overdrafts	172	72	172	72
Loan from endowment	38	-	38	-
Funds awaiting transfer to endowment	135	361	135	361
Trade creditors	475	370	457	365
College Contribution	-	-	-	-
Other taxation and social security	126	123	126	123
Amounts owed to group undertakings	-	-	-	137
Accruals and deferred income	398	372	398	372
Other creditors	188	177	188	177
	<u>1,532</u>	<u>1,475</u>	<u>1,514</u>	<u>1,607</u>

See note 15 for details of loans.

**15 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR**

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£000	£000	£000	£000
Bank loans	6,299	6,469	6,299	6,469
Loan from endowment (1)	963	1,000	963	1,000
Loan from endowment (2)	1,602	1,602	1,602	1,602
	<u>8,864</u>	<u>9,071</u>	<u>8,864</u>	<u>9,071</u>

A loan from Yorkshire Bank for the amount of £2,270k is repayable by quarterly instalments up to 31st March 2015. Interest is variable and the College entered into a SWAP arrangement in 2005 to fix the rate at 5.81% until 2015. The loan is secured by a charge over Robert Saunders House.

A loan from Yorkshire Bank of £4.2m, used to finance the construction of the Ruth Deech Building, matures in 2029 with repayments starting in 2009/10. Interest is variable and the College entered a SWAP arrangement in 2005 to fix the rate at 5.3% until 2010 on the whole loan and until 2015 on part of the loan.

- (1) The loan of £1m from the endowment is repayable over 25 years to 2029 with repayments starting in 2009/10. Interest is payable at 5.3%.
- (2) The loan of £1,602k is an interest only long term loan. Interest is payable at 5.3% and is subject to review every five years; the first review will be at December 2011. Both loans were used to finance the construction of the Ruth Deech Building.

**ST ANNE'S COLLEGE**  
**Notes to the Financial Statements**  
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16 DEFERRED CAPITAL	CONSOLIDATED	COLLEGE
	2009 £000	2009 £000
At start of year	3,035	3,035
New capital	263	263
Released to income and expenditure account	(85)	(85)
<b>At end of year</b>	<b>3,213</b>	<b>3,213</b>

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

17 ENDOWMENTS	CONSOLIDATED			COLLEGE		
	Specific	General	Total	Specific	General	Total
	£000	£000	£000	£000	£000	£000
At start of year	4,722	19,893	24,615	4,722	19,893	24,615
Endowments received - cash	-	901	901	-	901	901
Endowments received - equities	-	102	102	-	102	102
Appreciation / (depreciation) of endowment investments	(477)	(2,872)	(3,349)	(477)	(2,872)	(3,349)
Income receivable from endowment asset investments	245	988	1,233	245	988	1,233
Transferred to income and expenditure account (note 3)	(212)	(973)	(1,185)	(212)	(973)	(1,185)
Investment management fees	(13)	(55)	(68)	(13)	(55)	(68)
<b>At end of year</b>	<b>4,265</b>	<b>17,984</b>	<b>22,249</b>	<b>4,265</b>	<b>17,984</b>	<b>22,249</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 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.

**ST ANNE'S COLLEGE**  
**Notes to the Financial Statements**  
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**18 RESERVES**

GENERAL RESERVES	CONSOLIDATED		COLLEGE	
	£000		£000	
At start of year	11,153		11,033	
Surplus/(Deficit) from income and expenditure account	4		242	
<b>At end of year</b>	<b>11,157</b>		<b>11,275</b>	

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£000	£000	£000	£000
Representing:				
Undepreciated cost of tangible fixed assets financed out of general reserve	10,164	10,349	10,287	10,482
College general reserve	993	804	988	551
	<b>11,157</b>	<b>11,153</b>	<b>11,275</b>	<b>11,033</b>

**19 CAPITAL COMMITMENTS**

CONSOLIDATED AND COLLEGE	2009	2008
	£000	£000
Commitments contracted at 31 July	178	109
	<b>178</b>	<b>109</b>

Capital commitments represent the commitment (£75,000) for an IT up-grade carried out in August 2009 and additional costs up to planning for the front of house project (£103,000).

**20 FINANCIAL COMMITMENTS**

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

**21 POST BALANCE SHEET EVENTS**

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

**22 CONTINGENT LIABILITIES**

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

**23 RELATED PARTY TRANSACTIONS**

Subsidiary Companies

**St Anne's College Services Company Limited:**

The college owns 100% of the share capital of this Company, of which the principal business activity is the provision of conference facilities at St Anne's College. At 31st July 2009 it had net assets of £5,654 and share capital of £3. Its surplus for the year ended 31st July 2009 was £0.

**St Anne's College Developments Limited:**

The college owns 100% of the share capital of this Company, of which the principal business activity is to support the provision of education by St Anne's College by the provision of buildings or otherwise. At 31st July 2009 it had net liabilities of £115 and share capital of £1. Its deficit for the year ended 31st July 2009 was £(2,000).

**ST ANNE'S COLLEGE**  
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Associated undertakings

Boathouse Consortium Limited:

The College holds one third of the issued share capital of Boathouse Consortium Limited. The other shares are held by St Hugh's College and Wadham College who each hold one third of the issued share capital. The principal activity of the Company is the ownership of a boathouse which is used by members of the three colleges. The Company made a loss of £9,703 for the year ended 31 July 2009 (2008 £9,703). The Company's net assets at 31 July 2009 were £230,001 (2008 £239,704). See note 10.

**24 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS/(DEFICIT) TO NET CASH  
INFLOW FROM OPERATING ACTIVITIES**

	2009	2008
	£000	£000
Surplus/(deficit) for the year	4	(31)
Depreciation	931	902
Endowment income and interest receivable	(1,223)	(1,216)
Release of deferred capital contribution	(86)	(86)
Interest payable	503	511
Decrease (increase) in stocks	1	(2)
Decrease (increase) in debtors	(3)	412
(Decrease) increase in creditors	145	271
Surplus on disposal of fixed assets	-	-
Write down of fixed asset investment	3	3
	<u>275</u>	<u>764</u>

**25 ANALYSIS OF CHANGES IN NET FUNDS**

	2009	Changes	2008
	£000	£000	£000
Cash at bank and in hand	1,295	79	1,216
Endowment assets cash	347	28	319
Endowment assets cash held by Oxford University	-	(100)	100
Bank overdrafts	(172)	(100)	(72)
	<u>1,470</u>	<u>(93)</u>	<u>1,563</u>
Current asset investments	57	-	57
Debt due after 1 year - bank loan	(6,299)	170	(6,469)
	<u>(4,772)</u>	<u>77</u>	<u>(4,849)</u>

**26 FINANCING**

	2009	2008
	£000	£000
Repayments of amounts borrowed	170	40
	<u>170</u>	<u>40</u>