



**THE QUEEN'S COLLEGE  
OXFORD**

**ACCOUNTS**

**FOR THE YEAR ENDED  
31 JULY 2009**

**THE QUEEN'S COLLEGE, OXFORD  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009**

**INDEX**

Page

1	Report of the Governing Body
2	Responsibilities of the Governing Body
3	Independent auditors' report to the Governing Body
4-5	Statement of Principal Accounting Policies
6	Income and expenditure account
6	Statement of total recognised gains and losses
7	Balance sheet
8	Cash Flow statement
9-16	Notes to the Financial Statements



## **THE QUEEN'S COLLEGE, OXFORD**

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

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

#### **Status**

The Queen's College is an eleemosynary chartered charitable corporation aggregate. It was founded, under licence granted 18 January in the year 1341 by King Edward the Third, by Robert de Eglesfield, Clerk, Chaplain to Queen Philippa. The corporation comprises the Provost and Scholars of The Queen's College in the University of Oxford. The College is an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act).

#### **Objects**

The College exists to provide and promote undergraduate and graduate education within the University of Oxford, and also to provide and promote university academic 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 Provost and those Fellows of the College qualified for membership under the provisions of its Statutes. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, the Archbishop of York. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1341 and the Universities of Oxford and Cambridge Act 1923. The Governing Body holds to itself responsibilities for the strategic direction of the College, for its administration and for the management of its finances and assets.

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

The College had a surplus of £301,000. (2008: Surplus £918,000 after a profit on disposal of fixed assets of £159,000 and an exceptional VAT recovery of £261,000 relating to prior years). As explained in the accounting policies the College includes the total return on its investments in the income and expenditure account. There are no other particular aspects to which we wish to draw attention this year.

#### **Investment performance**

In order to sustain the College's general level of activity into the future, the College has set itself the target of growing the endowment by 2% in real terms per annum. The Governing Body calculates the sustainable income that may be drawn from endowment in a manner that is consistent with this policy. Over the last year, a share in the College's endowment pool produced a total loss of (3.9%) nominal (2.5% real). The capital value fell by 6.9% nominal (5.5% real). Over the past three years, the total return averaged 4.9% nominal (2.4% real), and the capital growth averaged 2.2% nominal (-0.2% real).

#### **Reserves**

The balance on reserves at the year end amounted to £6,389,000 (2008: £6,504,000). After allowing for the amounts invested in fixed assets and designated reserves for special purposes, the College's general reserve was £1,034,000 (2008: £486,000). The College seeks to maintain the general reserve at a level that will meet any short-term requirements. This is achieved by transfers to and from General Endowment.

#### **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 these risks.

Approved by the Governing Body of The Queen's College on 5 December 2009.

PA Madden  
Provost

## **THE QUEEN'S COLLEGE, OXFORD**

### **Responsibilities of the Governing Body**

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

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

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

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

The Governing Body has taken reasonable steps to:

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

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

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

**THE QUEEN'S COLLEGE, OXFORD**  
**Independent Auditors' Report to Governing Body**

We have audited the financial statements of The Queen's College for the year ended 31 July 2009 which comprise the principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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

**RESPECTIVE RESPONSIBILITIES OF THE GOVERNING BODY AND AUDITORS**

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

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

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

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

**BASIS OF OPINION**

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

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

**OPINION**

In our opinion:

- a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2009 and of its surplus for the year then ended;
- b) the financial statements have been properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder, and:
- c) in all material respects, income received from the University of Oxford out of grants from the Higher Education Funding Council for England during the year ended 31 July 2009 has been applied to the purposes for which it was received.

Critchleys  
Statutory Auditors  
Chartered Accountants  
Oxford

**THE QUEEN'S COLLEGE, OXFORD**  
**Statement of Principal Accounting Policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of endowment asset investments and in accordance with applicable accounting standards and according to the University of Oxford Statute XV to meet specific requirements imposed by University and College statutes.

These specific requirements reflect the provisions set out in the Statement of Recommended Practice ("SORP"): Accounting for Further and Higher Education issued in July 2003 but have not been updated for the introduction of the amended version of this SORP issued in July 2007. Due to the proposed future movement of the College financial statements to the Charities SORP, which is expected to be implemented in conjunction with the registration of the Oxford Colleges with the Charity Commission, the University of Oxford College Accounts Committee has concluded that there is no benefit in amending the specific requirements this year.

The accounts of the affiliated student bodies (The Queen'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 included in the income and expenditure account on a the basis of the sustainable return on the underlying investments.

**General donations**

Unrestricted donations and benefactions are normally credited to general endowment on a receivable basis. At the discretion of the Governing Body, unrestricted donations and benefactions may under certain circumstances be credited to income on receipt.

**Pension costs**

Contributions to the pension schemes provided for employees of the College are charged to the income and expenditure account on the basis of contributions payable during the year.

**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	20 - 50 years
Equipment	4 - 10 years

Freehold land is not depreciated.

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

The College operates a "de minimis" limit of £10,000 for the capitalisation of expenditure on equipment. Works of art and other valuable artefacts that can be regarded as inalienable are not included in the financial statements.

**Investments**

Endowment asset investments are included in the balance sheet at market value. Current asset investments are included at the lower of cost and net realisable value.

**Stocks**

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

**Maintenance of premises**

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

**THE QUEEN'S COLLEGE, OXFORD**  
**Statement of Principal Accounting Policies**

**Foreign currencies**

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

**Taxation status**

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

**College Contribution Scheme**

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



**THE QUEEN'S COLLEGE, OXFORD**  
**Income and Expenditure Account**  
**Year ended 31 July 2009**

	Notes	2009 £'000	2008 £'000
<b>INCOME</b>			
Academic fees, tuition income and HEFCE support	1	1,731	1,679
Other operating income	2	2,206	2,183
Endowment return and interest receivable	3	3,955	3,574
<b>Total income</b>		<u>7,892</u>	<u>7,436</u>
<b>EXPENDITURE</b>			
Staff costs	4	4,265	3,874
Depreciation		328	347
Other operating expenses		2,617	2,199
Interest payable		196	249
Contribution under Statute XV		185	8
<b>Total expenditure</b>	6	<u>7,591</u>	<u>6,677</u>
Surplus for the year on continuing operations before taxation and disposal of fixed assets		301	759
Profit on disposal of fixed assets		0	159
<b>Surplus for the year</b>		<u>301</u>	<u>918</u>

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

	Notes	2009 £'000	2008 £'000
<b>Reserves</b>			
Surplus for the year		301	918
<b>Endowments</b>			
Income receivable from endowment asset investments	13	3,540	1,936
Endowment return transferred to income and expenditure account	13	(3,955)	(3,574)
Depreciation of endowment asset investments	13	(8,107)	(2,253)
New endowments received	13	792	1,745
<b>Other</b>			
Write off of deferred capital	12	(633)	
<b>Total recognised gains relating to the year</b>		<u>(8,062)</u>	<u>(1,228)</u>
Opening reserves and endowments		147,114	148,342
<b>Closing reserves and endowments</b>		<u>139,052</u>	<u>147,114</u>

**THE QUEEN'S COLLEGE, OXFORD**  
**Balance Sheet**  
**As at 31 July 2009**

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible assets	7	<u>11,855</u>	<u>10,018</u>
<b>Endowment asset investments</b>			
Securities and cash deposits		87,524	88,841
Land and property		49,139	55,295
	8	<u>136,663</u>	<u>144,136</u>
Financed by loans	11	<u>(4,000)</u>	<u>(4,000)</u>
		<u>132,663</u>	<u>140,136</u>
<b>Current assets:</b>			
Stocks		361	379
Debtors	9	1,124	876
Cash at bank and in hand		<u>385</u>	<u>563</u>
		<u>1,870</u>	<u>1,818</u>
<b>Creditors:</b>			
Amounts falling due within one year	10	(836)	(858)
		<u>1,034</u>	<u>960</u>
<b>Net current assets</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		145,552	151,114
<b>Creditors:</b>			
Amounts falling due after more than one year	11	(6,500)	(4,000)
<b>TOTAL NET ASSETS</b>			
		<u>139,052</u>	<u>147,114</u>
<b>Deferred Capital</b>			
	12	<u>0</u>	<u>474</u>
<b>Endowments</b>			
Specific		31,196	32,947
General		<u>101,467</u>	<u>107,189</u>
	13	<u>132,663</u>	<u>140,136</u>
<b>Reserves</b>			
General reserves	14	<u>6,389</u>	<u>6,504</u>
<b>TOTAL FUNDS</b>			
		<u>139,052</u>	<u>147,114</u>

The financial statements were approved by the Governing Body of The Queen's College on 5 December 2009

PA Madden  
Provost

RB Nickerson  
Estates Bursar

**THE QUEEN'S COLLEGE, OXFORD**  
**Cash Flow Statement**  
**Year ended 31 July 2009**

	Note	2009 £'000	2008 £'000
<b>Net cash outflow from operating activities</b>	15	<u>(3,382)</u>	<u>(2,697)</u>
Returns on investments and servicing of finance			
Income from endowments received		3,699	2,190
Interest paid		(355)	(503)
Net cash inflow from returns on investments and servicing of finance		<u>3,344</u>	<u>1,687</u>
Capital expenditure and financial investment			
Acquisition of tangible fixed assets		(2,798)	(3,233)
Disposal of tangible fixed assets		0	272
Net acquisition of endowment asset investments		(422)	(2,195)
Endowments received		792	1,745
Net cash outflow from capital expenditure and financial investment		<u>(2,428)</u>	<u>(3,411)</u>
<b>Net cash outflow before use of liquid resources and financing</b>		(2,466)	(4,421)
Management of liquid resources	16	(212)	3,301
Financing: Loans received		2,500	1,000
<b>Decrease in cash</b>	17	<u>(178)</u>	<u>(120)</u>
<b>Reconciliation of net cash flow to movement in net debt</b>	17		
Decrease in cash for the year		(178)	(120)
Increase / (decrease) in liquid resources		212	(3,301)
Increase in debt		(2,500)	(1,000)
Change in net debt		<u>(2,466)</u>	<u>(4,421)</u>
Net debt at beginning of year		(6,893)	(2,472)
<b>Net debt at end of year</b>		<u>(9,359)</u>	<u>(6,893)</u>

**THE QUEEN'S COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

	2009 £'000	2008 £'000
<b>1 ACADEMIC FEES, TUITION INCOME AND HEFCE SUPPORT</b>		
Tuition fees from UK and European Union students	1,091	1,468
Tuition fees from overseas students	247	174
Other fees	0	0
Other tuition income and HEFCE support	393	37
	<u>1,731</u>	<u>1,679</u>

The above analysis includes support from the University from HEFCE funds amounting to £1,411,000 (2008: £1,363,000)

	£'000	£'000
<b>2 OTHER OPERATING INCOME</b>		
Residential income from college members	1,583	1,489
Conference income	444	354
Other charges for services	101	65
VAT recovery from prior years	47	245
Other income	31	30
	<u>2,206</u>	<u>2,183</u>

	£'000	£'000
<b>3 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>		
Transferred from specific endowments (note 13)	881	793
Transferred from general endowments (note 13)	3,074	2,781
	<u>3,955</u>	<u>3,574</u>

	£'000	£'000
<b>4 STAFF COSTS</b>		
Gross pay	3,513	3,228
Social Security costs	259	236
Other pension costs	423	343
Other benefits	70	67
	<u>4,265</u>	<u>3,874</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.

**THE QUEEN'S COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
Year ended 31 July 2009

**5 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.

**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.

	<b>USS</b>	<b>OSPS</b>
Date of valuation:	31/03/2008	31/07/2007
Value of liabilities:	£28,135 m	£322 m
Value of assets:	£28,842 m	£279 m
Funding surplus / (deficit)	£707 m	(£43) m
Principal assumptions:		
Rate of interest (past service liabilities)	4.4% pa	-
Rate of interest (future service liabilities)	6.1% pa	-
Rate of interest (periods up to retirement)	-	6.9% pa
Rate of interest (periods after retirement)	-	4.9% pa
Rate of increase in salaries	4.3% pa	4.8% pa
Rate of increase in pensions	3.3% pa	3.3% pa
Mortality assumptions:		
Assumed life expectancy at age 65 (males)	23 yrs	22 yrs
Assumed life expectancy at age 65 (females)	25 yrs	24 yrs
Funding Ratios:		
Technical Provisions basis	103%	87%
Statutory Pension Protection Fund basis	107%	95%
"Buy-out" basis	79%	71%
Estimated FRS17 basis	104%	89%
Recommended Employer's contribution rate (as % of pensionable salaries):	16.0%	21.5%
Effective date of next valuation:	31/03/2011	31/03/2010

**THE QUEEN'S COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

**5 PENSION SCHEMES (Continued)**

**Notes**

- a USS' actuary will undertake an actuarial valuation of the Scheme as at 31 March 2011, the results of which are not expected to be finalised until December 2011, with publication of the final results in 2012.
- b In the light of the considerable swings in markets since the valuation date, the nature of the demographic and financial assumptions used in the ongoing and solvency valuations, the significant positive cash flows and equity orientated investment strategy, USS' actuary recommended, and the Trustee agreed, that the small ongoing funding surplus should be carried forward to the next valuation.
- c OSPS' actuarial valuation as at 31 July 2007 identified a required long-term employer contribution rate of 17.85% of total pensionable salaries, but also a funding deficit of £43.2m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by increasing the employer contribution rate to the previously agreed rate of 21.5% of total pensionable salaries with effect from 1 August 2008. The actuary has certified that the additional 3.65% contribution should eliminate the deficit by 31 July 2025.
- d Since 31 March 2005, the financial security of USS has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 103% at 31 March 2008. This fluctuation is due to the volatility of investment returns and gilt yields (used to value scheme liabilities) compared to the rates assumed at 31 March 2005. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2008 was above 104% and on a buy out basis was approximately 79%.
- e The USS employer contribution rate required for future service benefits alone at the date of the valuation was 16.0% of total pensionable salaries and the Trustee company, on the advice of the actuary, decided to implement the increase from 14% to 16% on 1 October 2009.

**Sensitivity of actuarial valuation assumptions:**

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

**USS**

- An increase of 0.5% in the valuation rate of interest would result in a decrease of £2.2 billion in scheme liabilities
- An increase of 0.5% in the rate of pension increases would result in an increase of £1.5 billion in scheme liabilities
- An increase of 0.5% in the rate of salary growth would result in an increase of £0.7 billion in scheme liabilities
- An downrating by one year in the mortality rate would result in an increase of £1.6 billion in scheme liabilities

**OSPS**

- An increase of 0.5% in the valuation rate of interest would result in a decrease of £30 million in scheme liabilities
- An increase of 0.5% in the rate of pension increases would result in an increase of £20 million in scheme liabilities
- An increase of 0.5% in the rate of salary growth would result in an increase of £7 million in scheme liabilities
- An downrating by one year in the mortality rate would result in an increase of £10 million in scheme liabilities

**Pension charge for the year**

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

	2009 £'000	2008 £'000
Universities Superannuation Scheme	201	186
University of Oxford Staff Pension Scheme	222	157
	<u>423</u>	<u>343</u>

**THE QUEEN'S COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

**6 ANALYSIS OF EXPENDITURE**

	Staff costs	Depreciation	Other operating expenses	2009 Total	2008 Total
	£'000	£'000	£'000	£'000	£'000
Academic	1,922	0	416	2,338	2,140
Residences, catering and conferences	1,219	2	1,020	2,241	2,040
Premises	279	316	416	1,011	976
College administration	519	10	114	643	583
Endowment management	102	0	481	583	379
Fundraising	141	0	70	211	147
Other	83	0	100	183	155
	<u>4,265</u>	<u>328</u>	<u>2,617</u>	<u>7,210</u>	<u>6,420</u>
Interest payable				196	249
Contribution under Statute XV				185	8
<b>Total expenditure</b>				<u>7,591</u>	<u>6,677</u>
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				13	13
in respect of other services				<u>1</u>	<u>1</u>

The above analysis includes expenditure in respect of UK and European Union students met by publicly funded fee income amounting to £1,411,000 (2008: £1,363,000).

**7 TANGIBLE FIXED ASSETS**

	Freehold land & buildings	Equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At start of year	12,150	116	12,266
Additions	2,778	20	2,798
Disposals ( <i>see note 12</i> )	(633)	0	(633)
At end of year	<u>14,295</u>	<u>136</u>	<u>14,431</u>
<b>Depreciation</b>			
At start of year	2,187	61	2,248
Charge for period	303	25	328
On disposals	0	0	0
At end of year	<u>2,490</u>	<u>86</u>	<u>2,576</u>
<b>Net book value</b>			
At end of year	<u>11,805</u>	<u>50</u>	<u>11,855</u>
At start of year	<u>9,963</u>	<u>55</u>	<u>10,018</u>

**THE QUEEN'S COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

**8 ENDOWMENT ASSET INVESTMENTS**

	Securities & cash £'000	Land & property £'000	Total £'000
<b>At market value</b>			
At start of year	88,841	55,295	144,136
Purchases at cost	7,299	0	7,299
Sales proceeds	(5,880)	(785)	(6,665)
Revaluation gains / (losses)	(2,736)	(5,371)	(8,107)
At end of year	<u>87,524</u>	<u>49,139</u>	<u>136,663</u>
Analysed as			
Equities (listed)	67,058		
Unlisted securities	19,710		
Short Term deposits	756		
	<u>87,524</u>		
Historical cost at end of year	<u>74,516</u>		

A formal independent valuation of the College's land and property was carried out as at 31 July 2009 by Chartered Surveyors, and the resulting losses have been reflected in these accounts.

**9 DEBTORS**

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade debtors	465	223
Amounts owed by College members	200	162
Loans	43	52
Prepayments and accrued income	33	13
Amounts falling due after more than one year		
Loans	383	426
	<u>1,124</u>	<u>876</u>

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

	2009 £'000	2008 £'000
Trade creditors	154	165
College Contribution	200	200
Other taxation and social security	163	136
Obligations under HP and Finance Leases	16	7
Accruals and deferred income	100	168
Other creditors	203	182
	<u>836</u>	<u>858</u>

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

	£'000	£'000
Bank loan		
Used to finance endowment asset investments	4,000	4,000
Used to finance extension and improvements to premises	6,500	4,000
	<u>10,500</u>	<u>8,000</u>

£8m is borrowed from Handelsbanken NV and is unsecured with interest charged at 0.25% above LIBOR. A further loan, to fund the extension and refurbishment of the catering and dining facilities at the main College site has been agreed with Barclays PLC. This facility is unsecured with interest charged at 0.20% above LIBOR. The facility is for a maximum of £7.0m of which £2.5m had been drawn at 31 July 2009.



**THE QUEEN'S COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

<b>12 DEFERRED CAPITAL</b>	2009 £'000	2008 £'000
At start of year	474	0
Library extension and improvement	159	474
Write off of expenditure	(633)	0
<b>At end of year</b>	<u>0</u>	<u>474</u>

The College intended to extend and improve its library facilities in the near future. The costs incurred since 2008 have therefore been capitalised as fixed assets. However following a review the College has decided not to proceed at present with the building and has therefore written off the capitalised expenditure against deferred capital.

<b>13 ENDOWMENTS</b>	Specific £'000	General £'000	Total £'000
At start of year	32,947	107,189	140,136
Endowments received	508	284	792
Appreciation of endowment investments	(2,065)	(6,042)	(8,107)
Income receivable from endowment investments	846	2,694	3,540
Transfers to income and expenditure account (Note 3)	(881)	(3,074)	(3,955)
Transfer to deferred capital	(159)	0	(159)
Transfer from reserves	0	416	416
<b>At end of year</b>	<u>31,196</u>	<u>101,467</u>	<u>132,663</u>

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

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

General Endowments represent the corporate capital of the College and include bequests and gifts where the use of the capital and income, or only the income is for the general purposes of the College. General Endowments include funds of £5,865,000 (2008: £4,683,000)

Specific endowments include funds valued at £146,000 (2008: £152,000) which provide income for purposes that lie outside the objects of the College. Income arising amounted to £4,000 (2008: £5,000).

Specific endowments include expendable balances of £565,000 (2008: £438,000)

**THE QUEEN'S COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

**14 RESERVES**

**GENERAL RESERVES**

	£	
At start of year		6,504
Surplus from income and expenditure account		301
Transfer to endowment		(416)
<b>At end of year</b>		<b><u>6,389</u></b>
	2009	2008
	£'000	£'000
Representing:		
Undepreciated cost of tangible fixed assets	11,855	10,018
Less: Financed by bank loan	<u>(6,500)</u>	<u>(4,000)</u>
Financed out of general reserve	5,355	6,018
College general reserve	1,034	486
	<b><u>6,389</u></b>	<b><u>6,504</u></b>

The transfer from the endowment is made to ensure that the general reserves are sufficient to meet the short term requirements of the College. It largely reflects the requirement to fund fixed asset additions.

**15 RECONCILIATION OF OPERATING DEFICIT TO NET CASH  
OUTFLOW FROM OPERATING ACTIVITIES**

	2009	2008
	£'000	£'000
Surplus for the year	301	918
Interest payable	196	249
Depreciation	328	347
Profit on disposal of assets	0	(159)
Endowment income and interest receivable	(3,955)	(3,574)
Decrease in stocks	18	17
Increase in debtors	(248)	(47)
Decrease in creditors	(22)	(448)
	<b><u>(3,382)</u></b>	<b><u>(2,697)</u></b>

**16 MANAGEMENT OF LIQUID RESOURCES**

	2009	2008
	£'000	£'000
Net increase / (decrease) in deposits	<b><u>212</u></b>	<b><u>(3,301)</u></b>

**17 ANALYSIS OF CHANGES IN NET FUNDS**

	2009	Changes	2008
	£'000	£'000	£'000
Cash at bank and in hand	385	(178)	563
Short term deposits	756	212	544
	<b><u>1,141</u></b>	<b><u>34</u></b>	<b><u>1,107</u></b>
Debt due after 1 year	(10,500)	(2,500)	(8,000)
	<b><u>(9,359)</u></b>	<b><u>(2,466)</u></b>	<b><u>(6,893)</u></b>

**THE QUEEN'S COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2009**

**18 CAPITAL COMMITMENTS**

	£'000	£'000
Commitments contracted at 31 July	<u>5,500</u>	<u>7,000</u>

The College has entered into contracts to improve the catering and dining facilities on its main site.

**19 FINANCIAL COMMITMENTS**

At 31 July 2009 the College had no annual commitments under non-cancellable operating leases.

**20 POST BALANCE SHEET EVENTS**

The College has been advised of a substantial legacy. Although the College became entitled to the funds prior to the year end it has not been included in the accounts. The tax liabilities of the estate have not yet been determined and consequently the exact amount to be received remains uncertain.

**21 CONTINGENT LIABILITIES**

None.

**22 RELATED PARTY TRANSACTIONS**

None.