

University College, Oxford

Financial Statements for the year ended 31 July 2009



UNIVERSITY COLLEGE, OXFORD

Year ended 31 July 2009

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Report of the Governing Body

Status

University College is a chartered charitable corporation. It traces its origins to a bequest of 1249 from William of Durham. Its earliest official statutes date from 1280/1, and it was granted a charter of incorporation in 1573, since when the corporation has comprised the Master and Fellows of the College. The College was an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act). Following the Charities Act 2006 the College intends to apply to the Charity Commission for registration.

Objects

University College exists to provide and promote collegiate 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 scholarships, bursaries, prizes and other educational purposes as well as specific fellowships.

Governance

The Governing Body of the College comprises the Master and Fellows. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, Her Majesty Queen Elizabeth II. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1573, and the Universities of Oxford and Cambridge Act 1923.

The Governing Body holds to itself the responsibilities for the ongoing strategic direction of the College, for its administration and for the management of its finances. It meets regularly under the chairmanship of the Master and is advised by a range of committees that include the Finance, Tutorial, General Purposes, and Development Committees.

Scope of financial statements

The financial statements consolidate the accounts of University College and its wholly owned subsidiary undertaking Micklehall Limited, a vehicle for property development activities of the College.

Review of operations and finance

Operating income and expenditure

Academic expenditure increased by 13.9%.

Grants to students continued to increase, rising from £394,000 to £438,000. These grants are for academic purposes as well as hardship.

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At the College in 2008/09, the total number of fee paying junior members decreased slightly while total fee income under the College Funding Formula increased by 2.2%.

Non-academic expenditure remained virtually unchanged overall reflecting a prudent approach in the face of economic uncertainties.

Investment Income

Investment income decreased by 16% while endowment management expenses decreased by 9.2% from the previous year due to lower levels of activity relating to property holdings.

Grants and Donations

Donations received amounted to £1,314,000 in the form of income, plus £1,055,000 in the form of capital added to endowment. This generous support is greatly appreciated by the College.

Surplus

The College's consolidated surplus on continuing operations decreased to £116,000 in 2008/09 from £854,000 in 2007/08. This reflects the impact on investment income of the cut in the Bank Rate to the lowest level of the last 300 years.

The College disposed of one of its North Oxford properties and realised a surplus of £1,767,000.

The College revalued its research centre. This gave rise to an impairment write off of £233,000.

The College's total consolidated surplus for the year increased from £854,000 to £1,650,000.

Outlook

The economic outlook is very uncertain and the UK's fiscal position is stretched. Government support for Higher Education is likely to be reduced in real terms. The College is taking a cautious approach to endowment investment and to operational expenditure, while giving priority in our expenditures to maintaining the quality of our academic provision.

Investment Strategy

Our investment objectives are:

- funding current spending at an appropriate drawing rate; our guideline is 4%
- growing the capital sufficiently to keep pace with our own inflation rate; our guideline is RPI+2%

Investment Committee

The College is advised by an investment committee that is chaired by the Estates Bursar. Besides certain members of the Governing Body, the members are Mark Creedy, Sandra Robertson, Hugh Stevenson and Tim Tacchi. We are very grateful indeed to them for making their time and expertise available.

Endowment Capital

Total returns for the College's endowment in the 12-month period ending 31 July 2009 amounted to negative 4.2% in difficult economic and financial conditions. The defensive strategy of the fund preserved value fairly well in difficult markets.

Over the year as a whole our endowment asset allocation changed as follows:

	% of endowment assets	
	31.7.2009	31.7.2008
Property	31	36
Equities	34	31
Bonds	27	15
Private Equity	1	1
Hedge Funds	0	6
Endowment Cash	7	11
Total	100	100

Property

The College's property estate consists predominantly of Oxford commercial property, some agricultural property and a little other commercial property. The Oxford property is predominantly secondary retail with residential on the upper floors, and there are also two hotels. The property portfolio is valued annually by independent professional agents. Cluttons act for the College in respect of commercial/residential property; Stephenson & Son are the land agents for agricultural property.

The College made no material purchases or sales of endowment property in 2008/09. Micklehall realised a profit on the sale of part of its holding of development land.

Equities

The College now holds its principal UK equity portfolio in the RCM Chariguard indexed fund and uses collective investment vehicles for its overseas equities.

Other asset classes

The College invests (alongside other colleges and the University) in private equity. During the year, we continued to add to our commitment to private equity.

The College realised its investment in its hedge fund holding during the year.

The College's cash is managed by Royal London Cash Management Limited.

The College's holdings of sovereign bonds are managed primarily by Morgan Stanley.

Reserves

The balance on reserves at the year-end amounted to £19.1m. The designated reserve for replacement and maintenance of functional and endowment buildings increased to £3.9m.

After allowing for the amounts invested in fixed assets and designated reserves for special purposes, the College's general reserve was £2.6m. The Governing Body has reviewed the reserves of the College and has concluded that this level of general reserve should be maintained to allow the College to be managed efficiently and to provide a buffer for uninterrupted services. This equates to approximately 3 months of expenditure.

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.

Responsibilities of 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 being 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:

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Year ended 31 July 2009

- 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.

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

UNIVERSITY COLLEGE

Report of the Independent Auditor to the Governing Body

We have audited the group and the College financial statements ("the financial statements") of University 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 group and College balance sheets, the consolidated cash flow statement and notes 1 to 21. 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 group's and 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
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
OXFORD

UNIVERSITY COLLEGE, OXFORD
Consolidated Income and Expenditure Account
Year ended 31 July 2009

	Notes	2009 £000	2008 £000
INCOME			
Academic fees and tuition income	1	2,188	2,141
Research grants and contracts	2	257	247
Other operating income	3	3,729	3,439
Endowment return and interest receivable	4	3,494	4,140
		<u>9,668</u>	<u>9,967</u>
Total income			
EXPENDITURE			
Staff costs	5	4,266	3,956
Depreciation		304	226
Other operating expenses		4,868	4,908
Contribution under Statute XV		114	23
		<u>9,552</u>	<u>9,113</u>
Total expenditure	7		
Surplus for the year on continuing operations before taxation and disposal and impairment of fixed assets		116	854
Surplus on disposal of fixed assets		1,767	-
Impairment of fixed assets	9	(233)	-
		<u>1,650</u>	<u>854</u>
Surplus for the year	8		

Consolidated Statement of Total Recognised Gains and Losses
Year ended 31 July 2009

	Notes	2009 £000	2008 £000
Reserves:			
Surplus for the year		1,650	854
Endowments:			
Income receivable from endowment asset investments	16	3,705	4,495
Endowment return transferred to income & expenditure account	16	(3,327)	(4,021)
(Depreciation)/appreciation of endowment asset investments	16	(7,942)	(3,218)
Net new endowments received	16	1,055	2,868
Other:			
Net (deductions from)/additions to deferred capital	15	(15)	53
		<u>(4,874)</u>	<u>1,031</u>
Total recognised (losses)/gains relating to the year		111,818	110,787
Opening fund balances		-	-
		<u>106,944</u>	<u>111,818</u>
Closing fund balances			

UNIVERSITY COLLEGE, OXFORD
Balance Sheets
Year ended 31 July 2009

	Notes	CONSOLIDATED		COLLEGE	
		2009 £000	2008 £000	2009 £000	2008 £000
Fixed assets					
Tangible assets	9	13,167	10,873	13,167	10,873
Investments	10	-	-	-	-
		<u>13,167</u>	<u>10,873</u>	<u>13,167</u>	<u>10,873</u>
Endowment asset investments					
Securities and cash deposits		60,352	60,484	60,642	61,589
Land and property		26,909	33,289	26,169	31,639
	11	<u>87,261</u>	<u>93,773</u>	<u>86,811</u>	<u>93,228</u>
Current assets:					
Stocks		81	81	81	81
Debtors	12	688	705	872	793
Cash at bank and in hand		8,481	8,926	8,481	8,899
		<u>9,250</u>	<u>9,712</u>	<u>9,434</u>	<u>9,773</u>
Creditors:					
Amounts falling due within one year	13	2,634	2,440	2,629	2,416
Net current assets		<u>6,616</u>	<u>7,272</u>	<u>6,805</u>	<u>7,357</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		107,044	111,918	106,783	111,458
Creditors:					
Amounts falling due after more than one year	14	100	100	100	100
TOTAL NET ASSETS		<u>106,944</u>	<u>111,818</u>	<u>106,683</u>	<u>111,358</u>
Deferred capital	15	512	527	512	527
Endowments					
Specific		51,949	54,530	51,573	54,070
General		35,312	39,243	35,238	39,158
	16	<u>87,261</u>	<u>93,773</u>	<u>86,811</u>	<u>93,228</u>
Reserves					
Designated reserves	17	3,891	3,598	3,891	3,598
General reserves	17	15,280	13,920	15,469	14,005
		<u>19,171</u>	<u>17,518</u>	<u>19,360</u>	<u>17,603</u>
TOTAL FUNDS		<u>106,944</u>	<u>111,818</u>	<u>106,683</u>	<u>111,358</u>

The financial statements were approved by the Governing Body of University College on 11th November 2009.

Sir Ivor Crewe
Master

F N Marshall
Estates Bursar

UNIVERSITY COLLEGE, OXFORD
Consolidated Cashflow Statement
Year ended 31 July 2009

	Note	2009 £000	2008 £000
Net cash outflow from operating activities	18	<u>(2,888)</u>	<u>(2,389)</u>
Returns on investments and servicing of finance			
Income from endowments received		3,705	4,495
Other income from investments and interest received		<u>167</u>	<u>119</u>
		3,872	4,614
Net cash inflow from returns on investments and servicing of finance		<u>3,872</u>	<u>4,614</u>
Capital expenditure and financial investment			
Net acquisition of tangible fixed assets		(1,064)	(2,912)
Net realisation of endowment asset investments		(5,656)	(9,258)
Endowments received		1,055	2,868
Deferred capital received		10	66
Exchange movement on endowment assets cash holdings		42	-
Other		90	-
Net cash outflow from capital expenditure and financial investment		<u>(5,523)</u>	<u>(9,236)</u>
Net cash outflow before use of liquid resources and financing		(4,539)	(7,011)
Decrease in cash	19	<u>(4,539)</u>	<u>(7,011)</u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash for the year		(4,539)	(7,011)
Change in net funds		<u>(4,539)</u>	<u>(7,011)</u>
Net funds at 1 August		19,306	26,317
Net funds at 31 July	19	<u>14,767</u>	<u>19,306</u>

Statement of Principal Accounting Policies

Basis

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of endowment asset investments and research centres, and in accordance with applicable accounting standards (up to and including *Financial Reporting Standard 28*) and according to the University of Oxford Statute XV to meet specific requirements imposed by University and College Statutes.

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

The financial statements consolidate the accounts of the College and of its subsidiary undertaking, Micklehall Limited. The accounts of the affiliated student bodies (Junior and Middle Common Rooms) have not been consolidated because the College does not control these activities. The accounts of the University College Old Members' Trust have also not been consolidated because the College does not control its activities. The net assets of the Old Members' Trust as at 31 July 2009 were £8.97m (2008: £9.59m). Its income for the year then ended was £270,000 (2008: £442,000) and it contributed £258,000 (2008: £280,000) to the College during the year.

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 are included to the extent of the relevant expenditure incurred during the year, including related contributions towards overhead costs. All 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 arising from fundraising for the Annual Fund are credited to the income and expenditure account where the donor's intention is that the funds will be spent within 12 months of receipt. Other unrestricted donations and benefactions are credited to general endowment.

Pension costs

Contributions to the pension schemes provided for employees of the College are charged to the income and expenditure account as payable.

Tangible Fixed assets

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

Freehold buildings (including improvements) – 50 years
Heritage assets – 50 years
Equipment – 5 years

Freehold land is not depreciated.

Research centres are valued at market value.

The cost of major renovation projects in excess of £10,000 that increase the service potential of buildings is capitalised and depreciated over applicable periods.

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

The College operates a "de minimis" limit of £10,000 for the capitalisation of expenditure on furniture, equipment and buildings. Works of art and other valuable artefacts that are currently regarded as inalienable and have no readily ascertainable cost 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

Actual expenditure on routine and planned maintenance is charged to the income and expenditure account in the period it is incurred. The College has a planned maintenance programme that is reviewed on an annual basis.

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. Monetary assets and liabilities denominated in foreign currencies

are translated into sterling at year-end rates of exchange. The resultant exchange differences are included in the income and expenditure account for the year or the movement on endowment assets as appropriate.

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 and capital gains received within categories covered by Section 505 of the Taxes Act 1988 and Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. Trading activities undertaken by the College are administered through its subsidiary company, which, as a commercial organisation, is liable to Corporation Tax. Profits made by this company are, however, transferred to the College by Gift Aid. The College is registered for Value Added Tax, but since the supply of education is an exempt activity on which no output tax is charged it is unable to recover input tax on the majority of its purchases.

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 to colleges on the basis of need. The Contribution is calculated annually in accordance with regulations made by Council.

UNIVERSITY COLLEGE, OXFORD
Notes to the Financial Statements
Year ended 31 July 2009

	2009	2008
	£000	£000
1 ACADEMIC FEES AND TUITION INCOME		
Tuition fees from UK and European Union students	1,589	1,685
Tuition fees from overseas students	406	330
Other fees	2	5
Other tuition income and HEFCE support	191	121
	<u>2,188</u>	<u>2,141</u>
The above analysis includes support from the University from HEFCE funds fee amounting to £1,587,000 (2008: £1,545,000)		
	£000	£000
2 RESEARCH GRANTS AND CONTRACTS		
UK based charities	32	37
Other grants and contracts	225	210
	<u>257</u>	<u>247</u>
	£000	£000
3 OTHER OPERATING INCOME		
Residential income from college members	1,627	1,427
Conference and function income	690	718
Grants and donations	1,314	1,185
Release of deferred capital contributions	25	13
Other income	73	96
	<u>3,729</u>	<u>3,439</u>
	£000	£000
4 ENDOWMENT RETURN AND INTEREST RECEIVABLE		
Transferred from specific endowments (note 16)	1,450	1,404
Transferred from general endowments (note 16)	1,877	2,617
Other investment income	167	119
	<u>3,494</u>	<u>4,140</u>
	£000	£000
5 STAFF COSTS		
Gross pay	3,484	3,214
Social Security costs	260	231
Other pension costs	429	378
Other benefits	93	133
	<u>4,266</u>	<u>3,956</u>

6 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.

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 ^a	31/07/2007
Date valuation results published	04/02/2009	09/10/2008
Value of liabilities:	£28,135m	£322m
Value of assets:	£28,842m	£279m
Funding surplus/(deficit)	£707m ^b	(£43m) ^c
Principal assumptions:		
Rate of interest (past service liabilities)	4.4% pa	-
Rate of interest (future service liabilities)	6.1% pa	-
Rate of interest (periods up to retirement)	-	6.9% pa
Rate of interest (periods after retirement)	-	4.9% pa
Rate of increase in salaries	4.3% pa	4.8% pa
Rate of increase in pensions	3.30%	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% ^d	87%
Statutory Pension Protection Fund basis:	107%	95%
"Buy-out" basis:	79% ^d	71%
Estimated FRS17 basis	104% ^a	89%
Recommended Employer's contribution rate (as % of pensionable salaries):	16% ^d	21.5% ^c
Effective date of next valuation:	31/03/2011 ^a	31/07/2010

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.

UNIVERSITY COLLEGE, OXFORD

Notes to the Financial Statements

Year ended 31 July 2009

6 PENSION SCHEMES -continued

Notes:

- 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% of total pensionable salaries but the Trustee company, on the advice of the actuary, decided to implement the increase from 14% to 16% on 1 October 2009.

3. 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	Year to 31/07/2009	Year to 31/07/2008
Universities Superannuation Scheme	234	217
Oxford Staff Pension Scheme	193	141
Other	2	20
Total	429	378

7 ANALYSIS OF EXPENDITURE

	Staff costs	Depreci- ation	Other operating expenses	2009 Total	2008 Total
	£000	£000	£000	£000	£000
Academic	2,037	-	1,379	3,416	2,999
Residences, catering and conferences	1,181	138	1,199	2,518	2,437
Premises	214	164	1,635	2,013	2,068
College administration	312	-	107	419	389
Endowment management	153	-	182	335	369
Fundraising	316	-	182	498	569
Other	53	2	184	239	259
	4,266	304	4,868	9,438	9,090
Contribution under Statute XV				114	23
Total expenditure				9,552	9,113
				2009	2008
				£000	£000
Other operating expenses include auditor's remuneration:					
in respect of the audit of these financial statements				16	19
in respect of other services				6	7

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8 SURPLUS FOR THE YEAR

	2009	2008
	£000	£000
The surplus for the year is made up as follows:		
College's surplus for the year	1,833	909
Net income/(expenditure) recognised in subsidiary undertaking's profit and loss account	3	-
Less group transactions	<u>(186)</u>	<u>(55)</u>
	<u>1,650</u>	<u>854</u>

9 TANGIBLE FIXED ASSETS

CONSOLIDATED AND COLLEGE

	Land & buildings General Freehold £000	Land & buildings Research Centres Freehold £000	Heritage assets £000	Equipment £000	Total £000
Cost or valuation					
At start of year	10,472	1,263	51	690	12,476
Additions	2,761	-	-	70	2,831
Disposals	-	-	-	-	-
At end of year	<u>13,233</u>	<u>1,263</u>	<u>51</u>	<u>760</u>	<u>15,307</u>
Depreciation/Impairment/Revaluation					
At start of year	1,400	120	2	81	1,603
Charge for period	164	233	2	138	537
On disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
At end of year	<u>1,564</u>	<u>353</u>	<u>4</u>	<u>219</u>	<u>2,140</u>
Net book value					
At end of year	<u>11,669</u>	<u>910</u>	<u>47</u>	<u>541</u>	<u>13,167</u>
At start of year	<u>9,072</u>	<u>1,143</u>	<u>49</u>	<u>609</u>	<u>10,873</u>

The current declared value for insurance purposes of functional College buildings is £126,297,000 (2009:£124,938,000). As stated in the Governing Body report Research Centres are valued at market value and valuations have been made by the College's land agent, an independent firm of Chartered Surveyors at 31 July 2009.

10 FIXED ASSET INVESTMENTS

	CONSOLIDATED		COLLEGE	
	£000		£000	
At start of year	-	-	-	-
Net investments	-	-	-	-
Revaluation gains	-	-	-	-
At end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£000	£000	£000	£000
Investments stated at cost:				
Subsidiary undertakings	-	-	-	-
Total at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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10 FIXED ASSET INVESTMENTS-continued

The College owns 100% of the issued share capital of the following company (incorporated in England & Wales):

	Principal Business Activity
Micklehall Limited	Property ownership & development

At 31 July 2009 the net assets of Micklehall were £43,000 (2007/08 -£43,000) and its issued share capital was £2. For the year ended 31 July 2009 Micklehall made a profit of £nil (2007/08 -£nil).

11 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED			COLLEGE		
	Securities & cash £000	Land & property £000	Total £000	Securities & cash £000	Land & property £000	Total £000
At market value						
At start of year	60,484	33,289	93,773	61,589	31,639	93,228
Purchases at cost	29,986	8	29,994	30,063	-	30,063
Sales proceeds	(23,526)	(812)	(24,338)	(24,347)	-	(24,347)
Decrease in cash held by fund manager	(4,136)	(90)	(4,226)	(4,207)	-	(4,207)
Revaluation (losses)/gains	(2,456)	(5,486)	(7,942)	(2,456)	(5,470)	(7,926)
At end of year	60,352	26,909	87,261	60,642	26,169	86,811
Analysed as						
Fixed interest stocks (listed)	23,153			23,153		
Equities (listed)	29,916			29,916		
Unlisted securities	1,097			1,097		
Cash & Other	6,186			6,115		
Loan to subsidiary				361		
	60,352			60,642		
Historical cost at end of year	67,917			68,278		

Estates land and property valuations as at 31 July 2009 have been made by the College's land agents, two independent firms of Chartered Surveyors. The basis of valuation being market value.

12 DEBTORS

	CONSOLIDATED		COLLEGE	
	2009 £000	2008 £000	2009 £000	2008 £000
Amounts falling due within one year				
Trade debtors	352	248	352	248
Amounts owed by College members	211	311	211	311
Amounts owed by group undertakings	-	-	184	88
Loans	125	146	125	146
	688	705	872	793

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2009 £000	2008 £000	2009 £000	2008 £000
Trade creditors	769	904	764	882
College Contribution	140	160	140	160
Other taxation and social security	1	119	1	119
Accruals and deferred income	1,724	1,257	1,724	1,255
	2,634	2,440	2,629	2,416

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14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED & COLLEGE	
	2009	2008
	£000	£000
Other creditors	<u>100</u>	<u>100</u>

15 DEFERRED CAPITAL

	CONSOLIDATED & COLLEGE	
	2009	2008
	£000	£000
At start of year	527	474
New capital	10	66
Transfer from endowment	-	-
Released to income and expenditure account	(25)	(13)
At end of year	<u>512</u>	<u>527</u>

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.

16 ENDOWMENTS

	CONSOLIDATED			COLLEGE		
	Specific £000	General £000	Total £000	Specific £000	General £000	Total £000
At start of year	54,530	39,243	93,773	54,070	39,158	93,228
Endowments received	314	741	1,055	314	741	1,055
Transfers	(80)	80	-	(80)	80	-
Depreciation of endowment investments	(3,121)	(4,821)	(7,942)	(3,107)	(4,819)	(7,926)
Income receivable from endowment asset investments	1,826	1,879	3,705	1,858	1,879	3,737
Transferred to income and expenditure account (note 4)	(1,450)	(1,877)	(3,327)	(1,482)	(1,877)	(3,359)
Transferred to deferred capital	-	-	-	-	-	-
Transfer (to)/from reserves	(70)	67	(3)	-	76	76
At end of year	<u>51,949</u>	<u>35,312</u>	<u>87,261</u>	<u>51,573</u>	<u>35,238</u>	<u>86,811</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. Part of these funds may have been designated for a particular purpose by the Governing Body. Specific endowments (consolidated and College) include funds valued at £4,863,179 (2008: £5,004,607) which provide income for purposes that lie outside the objects of the College. Income receivable amounted to £168,493 (2008: £182,725).

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17 RESERVES

DESIGNATED RESERVES

CONSOLIDATED AND COLLEGE

	2009
	£000
At start of year	3,598
Transfers from general reserves	293
At end of year	<u>3,891</u>

Designated reserves are those reserves set aside by the College to be used for a special purpose, and which do not form part of the College endowments. At 31 July 2009 they comprised:

	£000
Reserve for replacement and maintenance of functional buildings	3,000
Reserve for replacement and maintenance of endowment properties	891
	<u>3,891</u>

GENERAL RESERVES

	CONSOLIDATED	COLLEGE
	2009	2009
	£000	£000
At start of year	13,920	14,005
Surplus from income and expenditure account	1,650	1,833
Transfer from/(to) endowment	3	(76)
Transfers to designated reserves	(293)	(293)
At end of year	<u>15,280</u>	<u>15,469</u>

	CONSOLIDATED	COLLEGE	CONSOLIDATED	COLLEGE
	2009	2009	2008	2008
	£000	£000	£000	£000
Representing:				
Undepreciated cost of tangible fixed assets financed out of general reserve	12,655	12,655	10,346	10,346
College general reserve	2,625	2,814	3,574	3,659
	<u>15,280</u>	<u>15,469</u>	<u>13,920</u>	<u>14,005</u>

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

	2009 £000	2008 £000
Operating Surplus for the year	116	854
Depreciation	304	226
Release of deferred capital	(25)	(13)
Endowment income and interest receivable	(3,494)	(4,140)
Decrease/(Increase) in stocks	0	(15)
Decrease in debtors	17	292
Increase in creditors	194	407
	<u>(2,888)</u>	<u>(2,389)</u>

19 ANALYSIS OF CHANGES IN NET FUNDS

	2009 £000	Change £000	2008 £000
Cash at bank and in hand	8,481	(445)	8,926
Endowment assets cash	6,186	(4,094)	10,280
	<u>14,667</u>	<u>(4,539)</u>	<u>19,206</u>
Debt due after 1 year	100	-	100
	<u>14,767</u>	<u>(4,539)</u>	<u>19,306</u>

20 RELATED PARTY TRANSACTIONS

During the year there were no related party transactions except those referred to in the Governing Body report. In 2008 the College paid £117,000 for the part purchase of one property at arms length. This was to assist a member of the Governing Body with the purchase of his principal private residence.

21 CAPITAL COMMITMENTS

	CONSOLIDATED & COLLEGE	
	2009 £000	2008 £000
Commitments contracted for at 31 July	<u>-</u>	<u>1,069</u>