

BALLIOL COLLEGE

Financial Statements

Year ended 31 July 2009

BALLIOL COLLEGE
Financial Statements Contents

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BALLIOL COLLEGE

Report of the Governing Body

The Governing Body of Balliol College presents the Annual Report and Financial Statements for the year ended 31st July 2009.

Status

The Master and Scholars of Balliol College in the University of Oxford are a charitable body corporate having that name. The College was founded in the 13th Century and 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 Master and the Fellows of the College, exclusive of Emeritus Fellows, Supernumerary Fellows, Honorary Fellows and Foundation Fellows. This Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, Lord Bingham of Cornhill, the Senior Law Lord. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Universities of Oxford and Cambridge Act 1923. The Governing Body holds to itself the responsibilities for the ongoing strategic direction of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Master and is advised by a range of committees which include the Academic Committee and the Executive Committee. These two committees have delegated powers with an appeal procedure, if necessary. Tutorial Board also has delegated powers to deal with the affairs of students.

Scope of the Financial Statements

The Financial Statements consolidate the accounts of Balliol College and its subsidiary undertakings, ie the Appeal Trustees' Funds and Balliol College Developments Ltd. Balliol College Developments Ltd is the wholly-owned vehicle for the building activities of Balliol College. The Appeal Trustees' Funds are an exempt UK charity engaged in raising and providing funds for educational and related facilities at Balliol College.

Review of Operations and Finance

For the year ended 31st July 2009, the College reported its fourth successive surplus after a number of years of deficits. This was due to the improved performance of the conference and catering activities, the continuing successes of fundraising through the Annual Fund and the constant management of cost-savings and economy measures.

The College continues to carry-out forward looking financial exercises in order to improve its ability to identify and budget for its key cost items in future years. Whilst this gives some confidence that positive financial outcomes can be maintained in the near term, it also underlines the financial burdens that colleges like Balliol will face in the future. Academic and support costs have risen meaningfully, and continue to outpace Retail Price Index. Maintaining Balliol's academic excellence and the tutorial system – with all its many advantages – will remain costly. Allowing more of the endowment income to be used for academic purposes and the provision of scholarship and bursaries remains a commitment. A number of costs which the College cannot control, such as energy, food and utility bills are growing at rates well in excess of our growth in income. These factors, combined with the expense of maintaining listed buildings, contributes to the financial pressures the College will face for the foreseeable future.

Investment Performance

The College has a total return policy for investment income, and in the current year introduced a new spending rule which is based on the weighted and indexed average of the endowment over a four year period using the value as at the 31st March each year. It draws 4% pa from the endowment based on this average value and for this year the contribution from College capital was £1,559k. In the year ended 31st July 2009, reflecting the downturn in the markets in which we are invested, the overall fall in the value of Balliol's endowment was 13.1%. The impact of the new spending rule reflects the higher endowment values in the preceding three years, and provides an additional contribution from capital of £300k this year. Going forward, of course, average values will reflect market cycles, which in turn determine our investment performance. The new spending rule, in the opinion of the Governing Body, is similar to policies currently in place at leading educational institutions.

The Investment Committee continues to review the strategy that the College put in place, generation of capital growth, risk reduction, diversification and the building of returns which reflect Balliol's financial requirements, and have seen a number of reasons to continue our existing strategies in 2009. As the Accounts demonstrate, the greater part of the endowment is invested in well-diversified holdings in the capital markets; 55% is held in a pooled fund-of-funds with the Oxford Investment Partnership, 13.5% in a multi-asset class portfolio with Partners Capital, 13.3% continues to be held in global tracking funds with RCM and Morgan Stanley, 6.3% in UK property by means of units in the Charities Property Fund and the Schroders Property Fund, 4.1% in Schroders Bond Fund, and the remaining 7.8% is held in a range of smaller investments and cash.

Going forward, the Investments Committee will monitor and review the portfolios, and will effect adjustments to it which best protect the College's financial condition.

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Report of the Governing Body (cont)

Reserves

The balance on consolidated reserves at the end of the year amounted to £18.5m (College £16.4m). After allowing for the amounts invested in or committed to tangible fixed assets and the designated reserves for special purposes, the consolidated and the College's general reserve was £1.4m. When the governing body reviewed the reserves of the College last year it concluded that a general reserve of at least £700k should be maintained to allow the College to be managed efficiently and to provide a buffer for uninterrupted services. This equates to approximately one month's expenditure. In addition, the College maintains a designated reserve of £1.8m for repairs, maintenance and housing.

Risk Management

Because the Governing Body as a whole has a responsibility for overseeing Risk Management within the College, it receives reports from Executive Committee in Michaelmas Term each year. Executive Committee charges each of the College committees to consider potential risks to the College within their area of responsibility. The committees consider the risks and take steps to mitigate them. The major risks to which the College is exposed, as identified by Governing Body, have in this way been reviewed, and systems have been established to mitigate them. (The "major" risks are considered to be those that would prevent the College from carrying out its charitable objects permanently).

Responsibilities of the Governing Body

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

The GB is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The GB is responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College and group and of the surplus or deficit of the College and group for that period. In preparing those financial statements, the GB is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in business.

The GB confirm that they have complied with the above requirements in preparing the financial statements.

The GB is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College and the group and enable them to ensure that the financial statements comply with the provisions of Statute XV made by the Universities of Oxford and Cambridge Act 1923, and of regulations for the accounts of the Colleges made thereunder. It is also responsible for safeguarding the assets of the College and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The GB is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

So far as each member of GB is aware, there is no relevant audit information of which the College's auditors are unaware, and he/she has taken all the steps they ought to have taken as a member of GB in order to make themselves aware of any relevant audit information and to establish that the College's auditors are aware of the information.

Approved by Governing Body on 11th November 2009

Master

BALLIOL COLLEGE

Independent Auditors' Report to the Governing Body

We have audited the financial statements of Balliol College and its subsidiaries for the year ended 31 July 2009 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheets, the consolidated cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Governing Body and Auditors

The Governing Body's responsibilities for preparing 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 and applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Governing Body.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Governors as a body in accordance with Regulation 30 of The Charities (Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Governing Body report is not consistent with the financial statements, if the charity has not kept proper accounting records, if the charity's financial statements are not in agreement with these 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 Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Report of the Governing Body and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to other information.

Basis of audit 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 charity'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 United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College, and the College consolidated with its subsidiaries and connected entities, as at 31 July 2009 and of its net incoming resources and application of resources, including its cash flows, for the year then ended;
- 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
- show that in all material respects, the 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 for the purposes for which it was received.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
26th November 2009

BALLIOL COLLEGE

Statement of Principal Accounting Policies

Basis of preparation

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

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

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 and general endowments and other investment income are also credited to the income and expenditure on a receivable basis. In addition, income from general endowments is calculated according to a sustainable spend rate, currently 4%, and is based on the weighted and indexed average value of the endowment over a four year period using the values as at the 31st March each year. Any deficit on income receivable is credited to income and expenditure through the statement of total recognised gains and losses.

General donations

Unrestricted donations and benefactions are credited to income and expenditure account on a receivable basis. New endowment income is credited to total recognised gains and losses.

Pensions costs

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

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
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Freehold land is not depreciated.

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

The College operates a de minimis limit of £10,000 for the capitalisation of expenditure on items of equipment. Certain assets regarded as inalienable are not included in the financial statements. This includes the cost of freehold land and buildings associated with the main historic site of Balliol College.

Prior to 1 August 2002 it was the practice of the College, in common with other Oxford colleges, not to capitalise building costs. Cost in these accounts represents the College's best estimate of the historical cost, net of accumulated depreciation, of the relevant buildings based on the information available to the College.

Investments

Investments in subsidiary undertakings are valued at cost. All other investments are valued at market value.

Stocks

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

Maintenance of premises

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

Provisions

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

BALLIOL COLLEGE
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.

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

	Notes	2009 £000's	2008 £000's
INCOME			
Academic fees and tuition income	1	2,536	2,396
Other operating income	2	4,119	3,162
Endowment return and interest receivable	3	2,931	3,082
Total income		<u>9,586</u>	<u>8,640</u>
EXPENDITURE			
Staff costs	4	5,011	4,680
Depreciation		225	213
Other operating expenses		3,866	3,410
Contribution under Statute XV		43	80
Total expenditure	6	<u>9,145</u>	<u>8,383</u>
Surplus for the year	7	<u>441</u>	<u>257</u>

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

	Notes	2009 £000's	2008 £000's
Reserves			
Surplus for the year		441	257
Transferred to endowments	15	(2,662)	(314)
Depreciation of fixed asset investments	15	(747)	(265)
Depreciation of short term investments	15	(489)	(103)
Endowments			
Income receivable from endowment asset investments	14	1,172	1,551
Endowment return transferred to income and expenditure account	14	(2,731)	(2,882)
Endowment transferred from reserves	14	2,662	314
Depreciation of endowment asset investments	14	(10,129)	(4,292)
New endowments received	14	947	2,373
Total recognised losses relating to the year		<u>(11,536)</u>	<u>(3,361)</u>
Opening fund balances		83,575	86,936
Closing fund balances		<u>72,039</u>	<u>83,575</u>

BALLIOL COLLEGE
Balance Sheets
As at 31 July 2009

	CONSOLIDATED		COLLEGE		
	2009	2008	2009	2008	
	£000's	£000's	£000's	£000's	
Notes					
Fixed assets					
Tangible assets	8	9,496	8,689	9,496	8,689
Investments	9	3,207	4,059	3,207	4,059
		<u>12,703</u>	<u>12,748</u>	<u>12,703</u>	<u>12,748</u>
Endowment asset investments					
Securities and cash deposits		49,728	56,155	34,963	38,330
Land and property		3,780	5,432	3,780	5,432
	10	<u>53,508</u>	<u>61,587</u>	<u>38,743</u>	<u>43,762</u>
Current assets:					
Stocks		53	35	53	35
Debtors	11	895	1,363	1,382	1,395
Short term investments	19	4,064	6,262	4,064	6,262
Cash at bank and in hand	19	1,877	2,274	1,329	2,181
		<u>6,889</u>	<u>9,934</u>	<u>6,828</u>	<u>9,873</u>
Creditors:					
Amounts falling due within one year	12	(1,061)	(694)	(1,053)	(686)
		<u>5,828</u>	<u>9,240</u>	<u>5,775</u>	<u>9,187</u>
Net current assets					
		<u>5,828</u>	<u>9,240</u>	<u>5,775</u>	<u>9,187</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		72,039	83,575	57,221	65,697
Creditors:					
Amounts falling due after more than one year	13	-	-	(2,096)	(2,096)
TOTAL NET ASSETS		<u>72,039</u>	<u>83,575</u>	<u>55,125</u>	<u>63,601</u>
Endowments					
Specific		26,762	30,888	25,580	29,487
General		26,746	30,699	13,163	14,275
	14	<u>53,508</u>	<u>61,587</u>	<u>38,743</u>	<u>43,762</u>
Reserves					
Designated reserves	15	8,627	11,230	6,478	9,081
Revaluation reserve	15	145	892	145	892
General reserves	15	9,759	9,866	9,759	9,866
		<u>18,531</u>	<u>21,988</u>	<u>16,382</u>	<u>19,839</u>
TOTAL FUNDS		<u>72,039</u>	<u>83,575</u>	<u>55,125</u>	<u>63,601</u>

The financial statements on pages 5 to 15 were approved by the Governing Body of Balliol College on 11th November 2009.

AWM Graham
Master

RH Collier
Finance Bursar

BALLIOL COLLEGE
Consolidated Cashflow Statement
Year ended 31 July 2009

	Notes	2009 £000's	2008 £000's
Net cash outflow from operating activities	18	<u>(1,448)</u>	<u>(3,357)</u>
Returns on investments and servicing of finance			
Income from endowments received		1,172	1,551
Other income from investments and interest received		200	200
Net cash inflow from returns on investments and servicing of finance		<u>1,372</u>	<u>1,751</u>
Capital expenditure and financial investment			
Net acquisition of tangible fixed assets		(1,032)	(133)
Net realisation of fixed asset investments		105	203
Net acquisition of short term investments		(489)	(103)
Net acquisition of endowment asset investments		(2,050)	(1,356)
Endowments received		947	2,373
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>(2,519)</u>	<u>984</u>
Net cash outflow		<u>(2,595)</u>	<u>(622)</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash for the year		(397)	739
Decrease in current asset investments		(2,198)	(1,361)
Change in net funds		<u>(2,595)</u>	<u>(622)</u>
Net funds at 1 August		8,536	9,158
Net funds at 31 July	19	<u>5,941</u>	<u>8,536</u>

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

	2009 £000's	2008 £000's
1 ACADEMIC FEES AND TUITION INCOME		
Tuition fees from UK and European Union students	1,389	1,825
Tuition fees from overseas students	563	354
Other tuition income and HEFCE support	584	217
	<u>2,536</u>	<u>2,396</u>

The above analysis includes support from the University from HEFCE funds amounting to £1,707k (2008:£1,633k)

	2009 £000's	2008 £000's
2 OTHER OPERATING INCOME		
Residential income from college members	2,073	1,986
Conference and function income	511	408
Grants and donations	1,524	620
Other income	11	148
	<u>4,119</u>	<u>3,162</u>

	2009 £000's	2008 £000's
3 ENDOWMENT RETURN AND INTEREST RECEIVABLE		
Transferred from specific endowments	499	589
Transferred from general endowments	2,232	2,293
Other interest receivable	200	200
	<u>2,931</u>	<u>3,082</u>

	2009 £000's	2008 £000's
4 STAFF COSTS		
Gross pay	3,902	3,662
Social Security costs	284	264
Other pension costs	522	442
Other benefits	89	80
Outside contracts and services	214	232
	<u>5,011</u>	<u>4,680</u>

5 PENSION SCHEMES

The College participate 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, as required by 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 Schemes are periodically valued by qualified actuaries. 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 assumptions which have the most significant effect on the result of the latest valuations and the determination of the contribution levels were as follows.

USS: The latest actuarial valuation of the scheme was at 31 March 2008. It was assumed that salary increases would be 4.3% per annum and pensions would increase by 3.3% per annum. In relation to past service liabilities it was assumed that the valuation rate of return would be 4.4% per annum, and in relation to future service liabilities it was assumed that the valuation rate of interest would be 6.1% per annum.

OSPS: The latest actuarial valuation of the scheme was at 31 July 2007. It was assumed that salary increases would be 4.8% per annum and pensions would increase by 3.3% per annum. It was assumed that the valuation rate of interest would be 6.9% per annum in relation to the period up to retirement and 4.9% per annum in relation to the period after retirement.

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

5 PENSION SCHEMES (Continued)

Results of the latest actuarial valuations of the two schemes are:

	USS	OSPS
Date of valuation	31/3/08	31/7/07
Value of liabilities	£28,135m	£322m
Value of assets	£28,842m	£279m
Funding Surplus/(Deficit)	£707m	(£43m)
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%	21.5%

Universities Superannuation Scheme (USS)

The 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, subject to review should equity markets stagnate or decline over a prolonged period.

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 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. The pension charge recorded by the College during the accounting period was equal to the contributions apayable of £216k (2008: £193k).

University of Oxford Staff Pension Scheme (OSPS)

The 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 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.

The contributions payable by the College during the accounting period were equal to 21.5% of total pensionable salaries (2008: 17.5%), in accordance with the agreement between the University and the trustees. The pension charge recorded by the College during the accounting period was equal to the contributions payable of £306k (2008: £249k).

6 ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other operating expenses	2009 Total	2008 Total
	£000's	£000's	£000's	£000's	£000's
Academic	2,426	-	1,176	3,602	3,191
Residences, catering and conferences	1,491	-	1,035	2,526	2,230
Premises	452	225	967	1,644	1,610
College administration	485	-	141	626	616
Fundraising	60	-	486	546	444
Other	97	-	61	158	212
	<u>5,011</u>	<u>225</u>	<u>3,866</u>	<u>9,102</u>	<u>8,303</u>
Contribution under Statute XV				43	80
Total expenditure				<u>9,145</u>	<u>8,383</u>
Other operating expenses include:					
auditors remuneration in respect of these financial statements (College £20k)				27	27

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

7 SURPLUS FOR THE YEAR	2009 £000's	2008 £000's
College's surplus for the year	441	225
Deficit generated by the subsidiary undertakings	-	32
	<u>441</u>	<u>257</u>

8 TANGIBLE FIXED ASSETS

CONSOLIDATED AND COLLEGE

	Freehold Land & buildings £000's
Cost	
At start of year	10,808
Additions	1,032
At end of year	<u>11,840</u>
Depreciation	
At start of year	2,119
Charge for period	225
At end of year	<u>2,344</u>
Net book value	
At end of year	<u>9,496</u>
At start of year	<u>8,689</u>

9 FIXED ASSET INVESTMENTS

	CONSOLIDATED		COLLEGE	
	£000's		£000's	
At start of year	4,059		4,059	
Net investments	(852)		(852)	
At end of year	<u>3,207</u>		<u>3,207</u>	
	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Investments stated at market value				
Properties	100	205	100	205
Listed securities	3,107	3,854	3,107	3,854
Total at end of year	<u>3,207</u>	<u>4,059</u>	<u>3,207</u>	<u>4,059</u>

The College owns 100% of the issued share capital of Balliol Developments Limited, a company incorporated in England and Wales. The principal business activity of Balliol Developments Limited is the construction and project management of new student accommodation for Balliol College.

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

10 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED			COLLEGE		
	Securities & cash	Land & property	Total	Securities & cash	Land & property	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At market value						
At start of year	56,155	5,432	61,587	38,330	5,432	43,762
Purchases at cost	618	-	618	619	-	619
Increase in cash held	1,435	-	1,435	1,835	-	1,835
Revaluation losses	(8,480)	(1,652)	(10,132)	(5,821)	(1,652)	(7,473)
At end of year	<u>49,728</u>	<u>3,780</u>	<u>53,508</u>	<u>34,963</u>	<u>3,780</u>	<u>38,743</u>
Analysed as:						
Equities (listed)	36,829			22,489		
Cash	3,233			2,808		
Other net assets	9,666			9,666		
	<u>49,728</u>			<u>34,963</u>		
Historical cost at end of year	<u>54,841</u>			<u>37,416</u>		

11 DEBTORS

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Amounts falling due within one year				
Trade debtors	88	188	88	188
Amounts owed by College members	126	150	126	150
Amounts owed by group undertakings	-	-	489	36
Prepayments and accrued income	681	1,025	679	1,021
	<u>895</u>	<u>1,363</u>	<u>1,382</u>	<u>1,395</u>

12 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Trade creditors	354	132	354	132
College Contribution	131	172	131	172
Social security and other taxation	104	114	104	114
Accruals and deferred income	187	114	179	106
Other creditors	285	162	285	162
	<u>1,061</u>	<u>694</u>	<u>1,053</u>	<u>686</u>

13 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2009	2008	2009	2008
	£000's	£000's	£000's	£000's
Other creditors	-	-	2,096	2,096
	<u>-</u>	<u>-</u>	<u>2,096</u>	<u>2,096</u>

Interest is payable at 5% per annum on a loan from the Balliol Appeal Funds Trustees and the capital is repayable by 2028.

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

14 ENDOWMENTS	CONSOLIDATED			COLLEGE		
	Specific	General	Total	Specific	General	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At start of year	30,888	30,699	61,587	29,487	14,275	43,762
New endowments received	530	417	947	530	417	947
Designated reserves transferred to endowment	1,372	1,290	2,662	1,372	1,290	2,662
Depreciation of endowment investments	(6,028)	(4,101)	(10,129)	(5,809)	(1,660)	(7,469)
Income receivable from endowment asset investments	499	673	1,172	483	493	976
Transferred to income and expenditure account (note 3)	(499)	(2,232)	(2,731)	(483)	(1,652)	(2,135)
At end of year	26,762	26,746	53,508	25,580	13,163	38,743

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.

15 RESERVES

DESIGNATED RESERVES	CONSOLIDATED	COLLEGE
	£000's	£000's
At start of year	11,230	9,081
Designated reserves transferred to endowment	(2,662)	(2,662)
Transfers from general reserves	335	335
Depreciation in value of short term investment	(276)	(276)
At end of year	8,627	6,478

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

	£000's	£000's
Reserve for replacement and maintenance of functional buildings	1,836	1,836
Building project loan fund	3,543	1,447
Trust funds accumulated balances	1,381	1,381
Other designated reserves	1,867	1,814
	8,627	6,478

REVALUATION RESERVE

CONSOLIDATED AND COLLEGE	2009	2008
	£000's	£000's
At start of year	892	1,157
Depreciation in value of fixed asset investments	(747)	(265)
At end of year	145	892

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15 RESERVES (continued)

GENERAL RESERVES

	CONSOLIDATED £000's	COLLEGE £000's
At start of year	9,866	9,866
Surplus for the year	441	441
Transfers to designated reserves	(335)	(335)
Depreciation in value of short term investment	(213)	(213)
At end of year	<u>9,759</u>	<u>9,759</u>

	CONSOLIDATED AND COLLEGE	
	2009 £000's	2008 £000's
Representing:		
Capital reserve	8,332	8,557
College general reserve	1,427	1,309
	<u>9,759</u>	<u>9,866</u>

16 CAPITAL COMMITMENTS

	CONSOLIDATED AND COLLEGE	
	2009 £000's	2008 £000's
Commitments contracted at 31 July	<u>-</u>	<u>-</u>

17 RELATED PARTY TRANSACTIONS

FRS 8 "Related Party Disclosures", requires the disclosure of the details of material transactions between the reporting entity and any related parties. However, transactions between the College and its subsidiary and connected entities have not been disclosed in accordance with the exemption in FRS 8 paragraph 3(c). There were no other related party transactions.

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

	2009 £000's	2008 £000's
Surplus for the year	441	257
Depreciation	225	213
Endowment income and interest receivable	(2,931)	(3,082)
(Increase)/decrease in stocks	(18)	-
(Increase)/decrease in debtors	468	(610)
Increase/(decrease) in creditors	367	(135)
Net cash outflow from operating activities	<u>(1,448)</u>	<u>(3,357)</u>

19 ANALYSIS OF CHANGES IN NET FUNDS

	2009 £000's	Changes £000's	2008 £000's
Cash at bank and in hand	1,877	(397)	2,274
Short term current asset investments	4,064	(2,198)	6,262
	<u>5,941</u>	<u>(2,595)</u>	<u>8,536</u>

20 ULTIMATE CONTROLLING PARTY

The Governing Body do not consider there to be an ultimate controlling party of Balliol College.