

BRASENOSE COLLEGE
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2010

Index of Contents	Page
Report of the Governing Body	1
Responsibilities of the Governing Body	3
Report of the Independent Auditors	4
Statement of Principal Accounting Policies	6
Consolidated Income and Expenditure Account	8
Consolidated Statement of Total Recognised Gains and Losses	8
Balance Sheets	9
Consolidated Cash Flow Statement	10
Notes to the financial statements	11

Report of the Governing Body

The Governing Body of Brasenose College presents the annual report and financial statements for the year ended 31 July 2010.

Status

Brasenose College is an eleemosynary chartered charitable corporation aggregate. It was founded by William Smyth, Bishop of Lincoln, and Sir Richard Sutton, Knight, under a Charter of King Henry VIII, dated the 15th January in the third year of his reign. The corporation comprises the Principal and Fellows. The College is currently an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act), but has been required under the Charities Act 2006 to register with the Charity Commission. The College has written to the Commission to express its intention to register. That expression of intent has been acknowledged and the College is in the process of registration.

Objects

The College exists to provide and promote undergraduate and graduate education within the University of Oxford, and also to support University academic research. Within these Objects, the College also has various permanently endowed trust funds held for their special purposes in connection with the development of College facilities and for scholarships, bursaries, prizes and other educational purposes.

Governance

The Governing Body of the College comprises the Principal and Fellows. This body is constituted and regulated in accordance with the College Statutes, which are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1512, 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 and assets. It meets regularly under the chairmanship of the Principal and is advised by a range of committees which include the Estates and Finance Committee. This committee is itself advised by the Investment Advisory Committee, which includes external investment professionals. A Governance Working Party was appointed by the Governing Body during the year, in order to review current governance structures and recommend improvements in advance of registration with the Charity Commission. In September 2010 the working party reported to the Governing Body, which is considering its proposals.

Scope of financial statements

The financial statements consolidate the accounts of Brasenose College and its subsidiary, Brasenose Ltd, which is a wholly-owned vehicle for trading activities, including the provision of design and build construction services to Brasenose College.

Review of operations and finance

The College is delighted to have received donations to endowment of £1,151,000 in the year from a total of 3 individual donors (2009 £nil). These funds are all for restricted use, in support of the stated aims of the College to raise new endowment funds in support of tutorial fellowships and graduate studentships. Donations to endowment are credited to the endowment in the balance sheet, and are not included in the income and expenditure account.

The College recorded a surplus of £19,000 (2009 deficit £347,000) on the consolidated Income and Expenditure Account. This surplus included realised gains and investment of £202,000, and the underlying operating deficit was therefore £183,000.

The College receives three main sources of income: Academic fees, tuition income and other HEFCE support, which amounted to £2,180,000 (2009 £2,135,000); other operating income, (which includes student accommodation, catering and conference income and donations of £526,000) which amounted to £3,458,000 (2009 £3,416,000) net of Oxford Opportunity Bursary funding; and endowment return and other interest receivable, which amounted to £3,370,000 (2009 £3,408,000).

Staff costs amounted to £4,808,000 (2009 £4,444,000), an increase over and above the pay settlement, due to an increase in headcount in certain operational areas.

Other operating expenses amounted to £3,326,000 (2009 £3,951,000), which represents a reduction on the prior year, arising from lower expenditure on the quinqucentenary celebrations in the latter half of the calendar year 2009, and slow down in the College's refurbishment programme.

Investment in College buildings

The College recognises the need to maintain the college buildings. In addition to the expenditure on repairs and maintenance and on refurbishment included in other operating expenses, a total of £611,000 (2009 £2,410,000) was spent on work on College buildings that has been included in capital expenditure. This capital investment is largely a major project to improve College facilities. The first phase was the upgrade of the student bar area and cafeteria, and this was completed in the previous financial year. The next phase is major modernisation of the kitchens, hall and other dining areas. Design and planning work continued during the year, and the College appointed a main contractor for the final phase of the project, which commenced in July 2010. The works are due to complete in February 2012. Professional fees incurred in relation to this project have been capitalised over the last few years.

Investment performance

The year end valuation of the endowment assets is £82,867,000 (2009 £71,742,000), which represents a restoration of value after the depreciation of capital value experienced in the prior year. The assets are held in a diversified portfolio which is carefully managed by the Investment Advisory Committee in line with the asset allocation set out in the College's investment policy.

At the request of the Investment Advisory Committee, and in accordance with the policy of triennial external valuation, the College commissioned independent reviews and valuations of its agricultural land holdings and property. This confirmed the increase in value of endowment land and property to £23,443,000 (2009 £20,222,000). All other asset classes likewise experienced a restoration and even a small increase over and above the values prior to y/e 2009.

The endowment return reflected in the College's income and expenditure account is £3,115,000 (2009 £3,024,000) and constitutes a transfer of 3.75% of the 5 year rolling average of the closing value of the endowment on 31st July each year, as adjusted to ensure that the costs of managing the investment portfolio, including legal fees in relation to land and property, are charged to the endowment. In the opinion of the Estates and Finance Committee and the Investment Advisory Committee, the transfer from endowment is sufficiently prudent to safeguard the capital value of the endowment in the long term.

Reserves

The balance on reserves at the year end amounted to £19,362,000 (2009 £19,189,000). This includes a revaluation reserve which reflects the increase, since the date of original investment, in the capital value of funds invested by the College by way of a designated building reserve. The assets are shown at their current market value as a fixed asset investment in the College's balance sheet.

Risk Management

The major risks to which the College is exposed, as identified by the Governing Body, have been reviewed and systems have been established to mitigate these risks.

Approved by the Governing Body on

Prof. A. Bowman – Acting Principal

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 adequately kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University.

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

- * suitable accounting policies are selected and applied consistently;
- * judgements and estimates are made that are reasonable and prudent;
- * applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * it 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; 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 only applied in support of purposes which are charitable in law. The College is in the process of registering with the Charity Commission in accordance with the new Charities Act 2006 following the loss of exempt charity status.



Grant Thornton

BRASENOSE COLLEGE

Report of the Independent Auditor to the Governing Body

We have audited the consolidated financial statements ("the financial statements") of Brasenose College for the year ended 31 July 2010 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement and notes 1 to 28. 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 there under and whether the information given in the Report of the Governing Body is consistent with the financial statements.

In addition we report to you if, in our opinion, the college has not kept adequate accounting records, if the college's financial statements are not in agreement with the accounting records and returns, 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.



BRASENOSE COLLEGE

Report of the Independent Auditor to the Governing Body (continued)

Opinion

In our opinion:

- a) the financial statements give a true and fair view in accordance with UK GAAP of the state of the College's affairs as at 31 July 2010 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 there under;
- 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 2010 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 2010.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
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 assets and fixed 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 with effect from the year ending 31 July 2011 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, Brasenose Ltd.

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

Recognition of income

Fees, income for services provided and income earned on investments held in the College Balance Sheet are credited to the Income and Expenditure Account on a receivable basis. Conference income in relation to conferences that span the year end is accrued for in accordance with the proportion of completion. Income from specific endowments and other restricted income is included in the Income and Expenditure Account to the extent that expenditure is incurred during the year. Income receivable from investment funds representing general endowments (the use of which is not legally restricted to a specific purpose or activity) is included in accordance with a policy of total return accounting (see below).

Total Return Accounting

Income from general endowment is transferred to the Income and Expenditure account under a spending rule, determined to be a percentage (currently 3.75%) of the five year rolling average year end value of the endowment. Income earned by the endowment assets, and revaluation gains/losses are thus credited directly to the endowment. Expenses incurred in the management of the endowment are charged to the endowment.

General donations

Unrestricted donations and benefactions are credited to Income and Expenditure Account on receipt. Restricted donations are held either in deferred income or in a designated reserve until the relevant expenditure has occurred. Annual fundraising expenditure is included in the income and expenditure account.

Pension costs

The College accounts for pension contributions including defined benefit multi-employer schemes as if the schemes concerned are defined contribution schemes, in accordance with the requirements of FRS 17. The amount charged to Income and Expenditure Account represents the contributions payable to the schemes.

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
Equipment	4 years
Computer Systems	4 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 £5,000 for the capitalisation of expenditure on equipment but, subject to that, all such expenditure is capitalised.

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.

Works of art and other valuable artefacts that can be regarded as inalienable are not included in the financial statements in accordance with CAC guidance.

Fixed Asset Investments

An investment of College funds which is held for more than one year but not classified as endowment asset investment is treated as a fixed asset investment and held at market value in the balance sheet. Any increase in value at the year end is taken to reserves as a Revaluation Reserve. Any decrease in subsequent years will be set off against the balance on the Revaluation Reserve to the extent it is attributable to that asset. On disposal any increase in value since the previous year end is recorded in the Income and Expenditure Account.

Investments

Listed investments and properties held as fixed asset and endowment asset investments are stated at market value. Other investments are stated at the lower of cost and net realisable value.

Surpluses or deficits arising on the revaluation or realisation of endowment asset investments are added to or subtracted from the funds concerned.

The College policy is to obtain an external professional valuation of its properties every three years.

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.

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.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

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 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, general exemption from Value Added Tax.

Trading activities undertaken by the College are administered through its subsidiary company, which, as a commercial organisation, is liable to Corporation Tax. Any profit made by this company will be transferred to the College by Gift Aid.

College Contribution Scheme

The College is potentially 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.

Oxford Opportunity Bursary Scheme

Funding received from the University for the Oxford Opportunity Scheme is not taken to income, nor are the bursaries included in operating expenditure, as the College is deemed to act as an agent in the distribution of these bursaries. This is consistent with the treatment in the prior year.

BRASENOSE COLLEGE
Consolidated Income and Expenditure Account
Year ended 31 July 2010

	Notes	2010 £'000	2009 £'000
INCOME			
Academic fees, tuition income and other HEFCE support	1	2,180	2,135
Research grants and contracts	2	0	0
Other operating income	3	3,458	3,416
Endowment return and interest receivable	4	3,370	3,408
Total income		<u>9,008</u>	<u>8,959</u>
EXPENDITURE			
Staff costs	5	4,808	4,444
Depreciation		570	531
Other operating expenses		3,326	3,951
Interest payable		412	309
Contribution under Statute XV		75	71
Total expenditure	7	<u>9,191</u>	<u>9,306</u>
Deficit for the year on continuing operations before taxation and disposal of fixed assets		(183)	(347)
Surplus on disposal of fixed assets		202	0
Taxation	8	0	0
Surplus/(deficit) for the year after taxation	9	<u>19</u>	<u>(347)</u>

Consolidated Statement of Total Recognised Gains and Losses
Year ended 31 July 2010

	Notes	2010 £'000	2009 £'000
Surplus for the year		19	(347)
Revaluation of Fixed Asset Investment	19	155	182
Appreciation (depreciation) of endowment asset investments	18	10,955	(8,514)
Income receivable from endowment investments	18	2,071	2,333
Transfer to income & expenditure account from endowment	18	(3,115)	(3,024)
Release of deferred capital	17	(7)	(7)
New endowments received	18	1,214	61
Total recognised gains relating to the year		<u>11,291</u>	<u>(9,316)</u>
Opening reserves and endowments		91,246	100,562
Closing reserves and endowments		<u>102,537</u>	<u>91,246</u>

A transfer of £367k was made from the Revaluation Reserve to General Reserves in respect of previously unrealised gains on fixed asset investments disposed of in the current year.

BRASENOSE COLLEGE
Balance Sheets
As at 31 July 2010

	Notes	CONSOLIDATED		COLLEGE	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
Fixed assets					
Tangible assets	10	19,606	19,565	19,742	19,478
Investments	11	977	3,689	977	3,689
		<u>20,583</u>	<u>23,254</u>	<u>20,719</u>	<u>23,167</u>
Endowment asset investments					
Securities and cash deposits		59,424	51,520	59,424	51,520
Land and property		23,443	20,222	23,443	20,222
	12	<u>82,867</u>	<u>71,742</u>	<u>82,867</u>	<u>71,742</u>
Current assets:					
Stocks		192	192	170	192
Debtors	13	2,638	2,815	2,818	2,914
Short term investments		0	0	0	0
Cash at bank and in hand		6,479	3,963	6,434	3,909
		<u>9,309</u>	<u>6,970</u>	<u>9,422</u>	<u>7,014</u>
Creditors:					
Amounts falling due within one year	14	(1,222)	(1,524)	(1,135)	(1,275)
		<u>8,087</u>	<u>5,446</u>	<u>8,287</u>	<u>5,739</u>
Net current assets (liabilities)					
		<u>8,087</u>	<u>5,446</u>	<u>8,287</u>	<u>5,739</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		111,537	100,442	111,873	100,649
Creditors:					
Amounts falling due after more than one year	15	(9,000)	(9,000)	(9,000)	(9,000)
Provision for liabilities and charges	16	0	(196)	0	(196)
		<u>102,537</u>	<u>91,246</u>	<u>102,873</u>	<u>91,453</u>
TOTAL NET ASSETS					
		<u>102,537</u>	<u>91,246</u>	<u>102,873</u>	<u>91,453</u>
Deferred capital	17	308	315	308	315
Endowments					
Specific		5,259	3,880	5,259	3,880
General		77,608	67,862	77,608	67,862
	18	<u>82,867</u>	<u>71,742</u>	<u>82,867</u>	<u>71,742</u>
Reserves					
Designated reserves		2,581	2,732	2,581	2,732
Revaluation reserve		388	600	388	600
General reserves		16,393	15,857	16,729	16,063
	19	<u>19,362</u>	<u>19,189</u>	<u>19,698</u>	<u>19,395</u>
TOTAL FUNDS		<u>102,537</u>	<u>91,246</u>	<u>102,873</u>	<u>91,452</u>

The financial statements were approved by the Governing Body of Brasenose College

Prof Alan Bowman
Acting Principal

Mr Philip Parker
Bursar

BRASENOSE COLLEGE
Consolidated Cashflow Statement
Year ended 31 July 2010

	Note	2010 £000	2009 £000
Net cash inflow/(outflow) from operating activities	25	<u>(2,698)</u>	<u>(2,692)</u>
Returns on investments and servicing of finance			
Income from endowments received		2,071	2,335
Other income from investments and interest received		<u>255</u>	<u>384</u>
		2,326	2,719
Interest paid		(412)	(309)
Net cash inflow from returns on investments and servicing of finance		<u>1,914</u>	<u>2,410</u>
Capital expenditure and financial investment			
Net acquisition of tangible fixed assets		(808)	(1,889)
Net realisation/(acquisition) of fixed asset investments		3,069	(1,990)
Net acquisition of endowment asset investments		(152)	(651)
Endowments received		1,214	61
Deferred capital received		0	0
Other net capital movements		0	0
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>3,323</u>	<u>(4,469)</u>
Net cash inflow before use of liquid resources and financing		2,539	(4,751)
Management of liquid resources	26	0	0
Financing	27	0	9,000
Increase in cash	28	<u>2,539</u>	<u>4,249</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash for the year		2,539	4,249
Increase/(decrease) in liquid resources and current asset investments		0	0
Increase/(decrease) in debt		0	0
Change in net funds		<u>2,539</u>	<u>4,249</u>
Net funds at 1 August		5,683	1,434
Net funds at 31 July		<u>8,222</u>	<u>5,683</u>

BRASENOSE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

	2010 £'000	2009 £'000
1 ACADEMIC FEES, TUITION INCOME AND HEFCE SUPPORT		
Tuition fees from UK and European Union students	1,431	1,677
Tuition fees from overseas students	283	270
Other fees	39	39
Other tuition income and HEFCE support	427	149
	<u>2,180</u>	<u>2,135</u>

The above analysis includes support from the University from HEFCE funds amounting to £1,567k (2009 - £1,573k)

2 RESEARCH GRANTS AND CONTRACTS

No research grants were received in the year or the prior year.

	£'000	£'000
3 OTHER OPERATING INCOME		
Residential income from college members	2,026	1,940
Conference and function income	650	739
Grants and donations	717	595
Release of deferred capital contributions	7	7
Other income	58	135
	<u>3,458</u>	<u>3,416</u>

4 ENDOWMENT RETURN AND INTEREST RECEIVABLE

	£'000	£'000
Transferred from specific endowments (note 18)	69	55
Transferred from general endowments (note 18)	3,046	2,969
Other investment income	239	343
Other interest receivable	16	41
	<u>3,370</u>	<u>3,408</u>

5 STAFF COSTS

	£'000	£'000
Gross pay	3,992	3,666
Social Security costs	274	266
Other pension costs	495	466
Other benefits	47	46
	<u>4,808</u>	<u>4,444</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.

6 PENSION SCHEMES

6.1 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 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.

BRASENOSE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

6.2 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:	31/03/2008a	31/07/2007
Date valuation results published:	04/02/2009	09/10/2008
Value of past service liabilities:	£28,135m	£325m
Value of assets:	£28,842m	£282m
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	3.3% 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%d	87%
Statutory Pension Protection Fund basis:	107%	95%
"Buy-out" basis:	79%d	71%
Estimated FRS17 basis	104%d	89%
Recommended Employer's contribution rate (as % of pensionable salaries):	16%e	21.5%c
Effective date of next valuation:	31/03/2011a	31/07/2010

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 £42.9m. 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 2008, global investment markets have continued to fluctuate and the actuary has estimated that the funding level of USS had fallen from 103% at 31 March 2008 to 91% (a deficit of £3,065m) at 31 March 2010. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). On the FRS17 basis, the actuary estimated that the funding level at 31 March 2010 was 80% and on a buy out basis was approximately 57%.
- 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.

BRASENOSE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

6.3 Sensitivity of actuarial valuation assumptions:

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

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

6.4 Pension charge for the year:

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

Scheme	2010 £'000	2009 £'000
Universities Superannuation Scheme	247	200
University of Oxford Staff Pension Scheme	248	266
Other schemes - contributions	0	0
Supplementation payments	0	0
Total:	495	466

6.5 Release of provision

A provision had been held in the accounts in relation to potential future costs of the University of Oxford Staff Pension Scheme. This provision was released in the year as it no longer meets the requirements of current accounting standards.

7 ANALYSIS OF EXPENDITURE

	Staff costs £'000	Depreciation £'000	Other operating expenses £'000	2010 Total £'000	2009 Total £'000
Academic	2,013	0	515	2,528	2,517
Residences, catering and conferences	1,600	465	1,069	3,134	3,152
Premises	316	0	1,054	1,370	1,449
College administration	529	105	251	885	906
Endowment management	0	0	123	123	164
Fundraising	286	0	78	364	341
Other	64	0	236	300	397
	4,808	570	3,326	8,704	8,926
Interest payable				412	309
Contribution under Statute XV				75	71
Total expenditure				9,191	9,306
				£'000	£'000
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable within 5 years				412	309
Repayable wholly or partly in more than 5 years				0	0
Finance leases				412	309
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				15	15
in respect of other services				12	9

BRASENOSE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

8 TAXATION	2010 £'000	2009 £'000
United Kingdom corporation tax	<u>0</u>	<u>0</u>
9 SURPLUS FOR THE YEAR		
	£'000	£'000
College's surplus (deficit) for the year	154	(180)
Surplus (deficit) generated by the subsidiary undertaking	(135)	(167)
	<u>19</u>	<u>(347)</u>

10 TANGIBLE FIXED ASSETS

CONSOLIDATED	Land & buildings			
	Freehold £'000	Long leasehold £'000	Equipment £'000	Total £'000
Cost				
At start of year	24,072	0	989	25,061
Additions	586	0	25	611
Disposals	0	0	0	0
At end of year	<u>24,658</u>	<u>0</u>	<u>1,014</u>	<u>25,672</u>
Depreciation				
At start of year	4,678	0	818	5,496
Charge for period	465	0	105	570
On disposals	0	0	0	0
At end of year	<u>5,143</u>	<u>0</u>	<u>923</u>	<u>6,066</u>
Net book value				
At end of year	<u>19,515</u>	<u>0</u>	<u>91</u>	<u>19,606</u>
At start of year	<u>19,394</u>	<u>0</u>	<u>171</u>	<u>19,565</u>

The net book value of the College and consolidated tangible fixed assets at 31 July differ because intragroup profits in relation to the kitchen and servery project, recharged from the subsidiary to the College have been eliminated on consolidation.

11 FIXED ASSET INVESTMENTS

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	3,689	3,689
Net investments	(2,867)	(2,867)
Revaluation gains	155	155
At end of year	<u>977</u>	<u>977</u>

	CONSOLIDATED		COLLEGE	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Investments stated at market value				
Properties	0	0	0	0
Listed securities (a)	977	3,689	977	3,689
Investments stated at cost	0	0	0	0
Subsidiary undertakings (b)	0	0	0	0
Total at end of year	<u>977</u>	<u>3,689</u>	<u>977</u>	<u>3,689</u>

The original cost of investments stated at market value: 660 3,160 660 3,160

(a) These assets are held as a building reserve, and may be utilised at the discretion of the Governing Body in the funding of a major capital building project.

(b) The College owns 100% of the issued share capital of Brasenose Limited, a company incorporated in England and Wales. The principal business activity of Brasenose Limited is the construction and project management of capital construction investments on behalf of Brasenose College.

12 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED AND COLLEGE		
	Securities & cash	Land & property	Total
	£	£	£
At market value			
At start of year	51,520	20,222	71,742
Purchases at cost	6,873	14	6,887
Sales proceeds	(6,641)	(94)	(6,735)
Decrease in cash held by fund manager	18		18
Revaluation gains	7,654	3,301	10,955
	<u>59,424</u>	<u>23,443</u>	<u>82,867</u>
Analysed as			
Fixed interest stocks (listed)			
Equities (listed)	56,834		
Unlisted securities	847		
Cash	1,743		
Other net assets	0		
	<u>59,424</u>		

Independent valuation of the agricultural estates land and property has been undertaken as at 31 July 2010 by Savills, and of the commercial and residential property, by Cluttons in accordance with the policy of triennial external valuation. The basis of valuation being open market value on existing use.

13 DEBTORS

	CONSOLIDATED		COLLEGE	
	2010 £	2009 £	2010 £	2009 £
Amounts falling due within one year				
Trade debtors	335	347	333	264
Amounts owed by College members	103	64	103	64
Amounts owed by group undertakings	0	0	182	208
Loans	10	7	10	7
Prepayments and accrued income	695	953	695	953
Amounts falling due after more than one year				
Loans	1,470	1,418	1,470	1,418
Other debtors	25	26	25	0
	<u>2,638</u>	<u>2,815</u>	<u>2,818</u>	<u>2,914</u>

BRASENOSE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

14 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade creditors	331	422	275	271
College Contribution	85	95	85	95
Corporation tax	0	0	0	0
Other taxation and social security	79	98	79	98
Amounts owed to group undertakings	0	0	0	0
Accruals and deferred income	624	763	593	665
Other creditors	103	146	103	146
	<u>1,222</u>	<u>1,524</u>	<u>1,135</u>	<u>1,275</u>

15 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	£'000	£'000	£'000	£'000
Bank loans	9,000	9,000	9,000	9,000
Obligations under finance leases	0	0	0	0
	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>

In 2009 the College took out a bank loan at 4.588% fixed rate repayable in 2049.

16 PROVISIONS FOR LIABILITIES AND CHARGES

CONSOLIDATED AND COLLEGE	2010 £'000	2009 £'000
At start of year	196	196
Expenditure in the period	0	0
Transfer from income and expenditure account	(196)	0
Transfer to reserves	0	0
At end of year	<u>0</u>	<u>196</u>

This provision had been made in respect of the OSPS Pension Scheme. See note 6.

17 DEFERRED CAPITAL

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	315	315
New capital	0	0
Released to income and expenditure account	(7)	(7)
At end of year	<u>308</u>	<u>308</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.

BRASENOSE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

18 ENDOWMENTS

	CONSOLIDATED AND COLLEGE		
	Specific £'000	General £'000	Total £'000
At start of year	3,880	67,862	71,742
Endowments received	1,151	63	1,214
Appreciation (depreciation) of endowment investments	229	10,726	10,955
Income receivable from endowment asset investments	68	2,003	2,071
Transferred to income and expenditure account (note 4)	(69)	(3,046)	(3,115)
Capital grant from the University	0	0	0
Transfer (to) from reserves	0	0	0
At end of year	5,259	77,608	82,867

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 £2,378 which provide income for purposes that lie outside the objects of the College. Income arising amounted to £149.

19 RESERVES

DESIGNATED RESERVES	CONSOLIDATED	COLLEGE
	£'000	£'000
At start of year	2,732	2,732
Transfers to general reserve	(151)	(151)
At end of year	2,581	2,581

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 31 July 2010 they comprised:

	£'000	£'000
Reserve for replacement and maintenance of functional buildings	1,100	1,100
Other designated reserves	1,481	1,481
	2,581	2,581

REVALUATION RESERVE CONSOLIDATED AND COLLEGE	2010	2009
	£'000	£'000
At start of year	600	419
Appreciation in value of fixed asset investments	155	181
Transfer to General Reserve on disposal of Fixed Asset Investment	(367)	0
At end of year	388	600

BRASENOSE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

19 RESERVES (continued)

GENERAL RESERVES

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	15,857	16,063
Prior year adjustment	0	0
Surplus from income and expenditure account	19	154
Transfer from endowment	0	0
Other	(1)	0
Capital repaid to endowment	0	0
Transfers from designated reserves	151	145
Transfer from Revaluation reserve	367	367
At end of year	<u>16,393</u>	<u>16,729</u>

	CONSOLIDATED		COLLEGE	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Representing:				
Undepreciated cost of tangible fixed assets financed out of general reserve	19,606	19,565	19,742	19,482
College general reserve	(3,213)	(3,708)	(3,013)	(3,419)
	<u>16,393</u>	<u>15,857</u>	<u>16,729</u>	<u>16,063</u>

20 CAPITAL COMMITMENTS

CONSOLIDATED AND COLLEGE

	2010 £'000	2009 £'000
Commitments contracted at 31 July	4,412	0
Commitments under finance leases entered into but not yet provided for in the financial statements	0	0
	<u>4,412</u>	<u>0</u>

The College has entered in to a construction contract through the subsidiary company, Brasenose Ltd, in relation to a major redevelopment of the kitchen and servery area within the College.

21 FINANCIAL COMMITMENTS

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	2010 £'000	2009 £'000
Land and buildings		
Expiring within one year	0	0
Expiring between two and five years inclusive	0	0
Expiring in over five years	0	0
	<u>0</u>	<u>0</u>
Other		
Expiring within one year	0	0
Expiring between two and five years inclusive	0	0
Expiring in over five years	0	0
	<u>0</u>	<u>0</u>

22 POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

BRASENOSE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

23 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 July 2010 or 31 July 2009.

24 RELATED PARTY TRANSACTIONS

Included in the debtors figure is £1.420k (2009 - £1,418k) of outstanding loans made to 14 (2009 - 15) members of the Governing Body to assist with the purchase of housing. There was one new loan and two redemptions in the year.

25 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010 £'000	2009 £'000
Surplus (Deficit) for the year	19	(346)
Depreciation	570	531
Endowment income and interest receivable	(3,370)	(3,408)
Release of deferred capital	(7)	(7)
Interest payable	412	309
Decrease (increase) in stocks	0	(14)
Decrease (increase) in debtors	177	(84)
(Decrease) increase in creditors	(302)	327
(Decrease) increase in provisions	(196)	0
	<u>(2,697)</u>	<u>(2,692)</u>

26 MANAGEMENT OF LIQUID RESOURCES

	£'000	£'000
Net (purchase)/sale of investments	0	0
Net increase/(decrease) in deposits	0	0
	<u>0</u>	<u>0</u>

27 FINANCING

	£'000	£'000
New loans	0	9,000
Repayments of amounts borrowed	0	0
Capital element of finance lease rental payments	0	0
	<u>0</u>	<u>9,000</u>

28 ANALYSIS OF CHANGES IN NET FUNDS

	2010 £	Changes £	2009 £
Cash at bank and in hand	6,479	2,516	3,963
Endowment assets cash	1,743	23	1,720
Bank overdrafts	0	0	0
Short term deposits	0	0	0
	<u>8,222</u>	<u>2,539</u>	<u>5,683</u>
Current asset investments	0	0	0
Debt due within 1 year	0	0	0
Debt due after 1 year	0	0	0
Finance leases	0	0	0
	<u>8,222</u>	<u>2,539</u>	<u>5,683</u>