



Exeter College

Financial Statements
for the
Year ended 31st July 2010

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EXETER COLLEGE

Report of the Governing Body

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

Status

The Rector and Scholars of Exeter College in the University of Oxford, commonly known as Exeter College, is an eleemosynary charitable corporation aggregate. It was founded in 1314 by Walter de Stapledon, Bishop of Exeter, and was enlarged by Sir William Petre under a charter granted by Queen Elizabeth in 1565. The corporation comprises the Rector and Fellows. On 1 June 2010 the status of Oxford Colleges changed from an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act), to an excepted charity, following the passing of statutory instrument, The Charities Act 2006 (Changes in Exempt Charities) Order 2010 No. 500. Exeter College will register with the Charities Commission and become a fully registered charity by 31 May 2011.

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 Rector and Fellows. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, the Bishop of Exeter for the time being. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the 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 Rector and is advised by a range of committees.

The Finance & Estates Committee is responsible for the operational budgeting and financial control of the College and the Investment Committee is responsible for the governance and management of the College Endowment. The Investment Committee comprises Fellows of the College and four independent members with professional investment experience, who serve in a voluntary capacity. The Investment Committee is further supported by an investment adviser, Sand Aire, a private family investment office which evaluates third-party funds that may be incorporated within the portfolio and provides asset allocation and market strategy guidance. The College investments are maintained in accordance with an investment policy which is approved by the Governing Body and reviewed periodically.

The academic operations of the College are guided by the Tutorial Board, which is responsible for student academic performance and the Rector's & Tutors' Committee which awards grants and scholarships.

Scope of financial statements

The financial statements consolidate the accounts of Exeter College and its subsidiary undertaking Collexoncotoo Ltd. This is a wholly-owned vehicle for construction activities of Exeter College.

Review of operations and finance

The College recorded a surplus of £464,000 in the year, a substantially better outcome than anticipated. The principal contributors to this result were: (a) a lower national wage settlement, thus reducing the budgeted increase to payroll costs; (b) academic fees were sustained by moderation of the impact of the reduction in public funding for teaching through HEFCE and by higher numbers of overseas students; (c) rigorous cost-control and increases in charges for catering and accommodation; (d) a donation of £180,000 from the Michael Cohen Trust in support of the fellowships and tutorial objectives for which the Trust was established; and (e) an additional £84,000 in Annual Fund donations. The Annual Fund – gifts made to be spent in the year received – is at £484,000 an increasingly vital contribution to the sustainability of the College's operations.

The three significant events in the College's financial activity in the year – each of which is reflected in the balance sheet – were:

- 1) The completion of the Exeter House project, the College's graduate accommodation which gives 112 new or fully renovated study bedrooms within an enclosed campus. The second phase was successfully completed after the year-end and the site is fully occupied by graduate students. The Fixed Assets relating to Exeter House increased by £3.1 million during the year, reflecting the cost of the second phase, phase one having been accepted and occupied at the start of the financial year.
- 2) The purchase of Ruskin College's Walton Street site was completed and a further £11.4 million, the purchase cost, was added to the Fixed Assets.
- 3) At the year-end, the College had drawn £3.48 million of a loan from Abbey/Santander of which £2.8 million was to complete the building of Exeter House and £680,000 was drawn to fund the first of nine payments to Ruskin College. An initial £1.6 million of the purchase payments for the Walton Street site was made from donations.

EXETER COLLEGE

Report of the Governing Body

Ruskin College will continue in occupation at Walton Street under a lease from the College until October 2012. Since the year-end the College has appointed the first consultants to assist in the shaping of a site brief, the selection and appointment of architects and an application for planning consent. The intention is that the College will be in a position to begin redevelopment as soon as Ruskin College vacates the site in 2012. The College's ability to do this will depend entirely on the funds available and this is one of the focal themes of the 'Exeter Excelling' campaign for 2014, alongside securing the future of the Oxford tutorial system and generous student support.

The £12 million loan will be substantially drawn by the end of the next financial year and the effect of the interest charges will by then have a significant impact on the Income & Expenditure account. The College fixed its future interest rates in anticipation of higher rates during the life of the loan.

On 1 August 2010, Exeter College Trading Ltd commenced trading. All of the College's commercial activity, such as banquets, conferences and weddings will be run through this company. The company is a wholly-owned subsidiary of the College and is being formed not only to comply with Charities Legislation but also to provide assurance that all commercial activity is profitable and is not a burden on the College and its charitable assets. Any profits from the company will be gift-aided back to the College.

Investment performance

The College Endowment funds are managed on a total return principle; a Spending Rule is applied to determine the annual transfer to the College Income Account. The spend rate is currently 3.25%, subject to a smoothing methodology.

Although anxiety and confusion over the global economy persist – ahistorical interest rates in the US and UK; unprecedented levels of central bank stimulus (QE and QE2); alarming public deficits and, in the UK, an imminent regime of austerity – there have been strong positive returns from a range of global financial markets. The Investment Committee has maintained a cautious position and has placed a high premium on liquidity, despite the negative real returns on cash. At the year-end 14.2% of the assets were in cash. Notwithstanding, the Endowment recorded a total return in the year of 14.3%.

Reserves

The General Reserves increased modestly to £11.706 million. After taking account of the additions to Tangible Fixed Assets, the increased level of borrowing to purchase the new assets and Deferred Capital Grants, the College had free reserves of £2.317m.

Risk Management

The College has an active policy of reviewing all major risks, including both operational and strategic. The Governing Body of the College is committed to identifying such risks and establishing procedures and strategic plans to mitigate them. The significant changes to the control and implementation of Endowment investments completed during this year have improved this aspect of the College's risk management.

Academic Activity

The student body comprised 544 students (345 undergraduates; 321 Home/EU 24 Overseas and 199 graduate students). An increased number of overseas postgraduate taught students compared to last year contributed to a slightly higher than expected fee income. There were no new appointments to Fellowships this year but four new Fellows elected last year took up their Fellowships. Two of these are postdoctoral Fellows who provide some teaching for both Exeter College students and students on the Williams College visiting student programme. The other two are research Fellows. The appointment processes for the Glaxo Chair of Experimental Pathology and the University Readership in Experimental Pathology were started with adverts placed at the end of Trinity Term. It is expected that appointments to these posts will be made early in the next academic year. The Readership in Experimental Pathology is associated with a College lectureship to provide tutorial teaching in pathology for the College's undergraduate medical students, which is currently being undertaken by a tutor from another College. Appointing a suitable person to the Readership without too much delay is important for maintaining the quality of the College teaching provision in medicine. Once again it was decided to delay appointment to the Michael Cohen Fellowship in Philosophy to allow consideration of the outcome of the Humanities Teaching review being undertaken by the University. The Stipendiary Lecturer covering the teaching in Philosophy was re-appointed for a second year.

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and it is proposed that they be re-appointed auditors for the ensuing year.

Approved by the Governing Body on 3 November 2010:

F Cairncross
Rector

W P J Jensen
Bursar

EXETER COLLEGE

Responsibilities of the Governing Body

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

It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University.

In preparing the financial statements, the Governing Body has followed best practice and ensured that:

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

The Governing Body has taken reasonable steps to:

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

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

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

EXETER COLLEGE

Independent Auditors' Report to Governing Body

We have audited the financial statements of Exeter College for the year ended 31 July 2010 which comprise the principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, and notes 1 to 28. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investment assets, and the accounting policies set out therein.

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

Respective responsibilities of the Governing Body and auditors

The Governing Body's responsibilities for preparing the Report of the Governing Body and the financial statements in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the Accounts of the Colleges made there under, 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 & 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. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Governing Body and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International standards on Auditing (UK & Ireland). 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 judgments 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 the United Kingdom Generally Accepted Accounting Practice of the state of affairs of the College as at 31 July 2010 and of its surplus for the year then ended.
- b) The financial statements have been properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the Accounts of the Colleges made there under, and
- c) income for the provision of education received from the University of Oxford during the year ended 31 July 2010 has been applied for the purposes for which it was received.

Kingston Smith LLP
Chartered Accountants and Registered Auditors
Devonshire House
60 Goswell Road
London EC1M 7AD

EXETER 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 of its subsidiary undertakings, Collexonco Limited (non-trading) and Collexoncotoo Limited. The accounts of the affiliated student bodies (Exeter College Senior, Junior and Middle Common Rooms and Amalgamated Sports Club) have not been consolidated because the College does not control these activities.

Recognition of income

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

Income from specific endowments and other restricted income is credited to the Income and Expenditure Account in accordance with the total returns policy.

With effect from 1st August 2003, following an amendment to the statutes approved by Privy Council, the available funds from endowments are calculated by reference to a sustainable income rate of 3.25% of the appropriately averaged endowment values.

Pension costs

The College contributes to the Universities Superannuation Scheme and the University of Oxford Staff Pension Scheme at rates set by the scheme actuaries and advised to the College by the scheme administrators. These schemes are both multi-employer schemes, and it is not possible to identify the assets of the scheme which are attributable to the College. In accordance with FRS17 these schemes are accounted for on a defined contribution basis and contributions to these schemes are included as expenditure in the period in which they are payable.

Tangible fixed assets

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

Freehold buildings	40-50 years
Building improvements	10-40 years
Equipment	3-10 years

Freehold land is not depreciated. The original cost of the main historic site is not included in the balance sheet as it is not material, nor is the value of certain properties owned by the College and used for educational purposes or accommodation.

The cost of major renovation projects which 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 £3,000 for the capitalisation of expenditure on equipment. Works of art and other valuable artefacts that can be regarded as inalienable are not included in the financial statements.

Investments

Endowment asset investments and College fixed asset investments are stated at market value at the balance sheet date. Current Asset 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.

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Statement of Principal Accounting Policies

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.

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

Trading activities undertaken by the College are administered through its subsidiary companies, which, as commercial organisations, are liable to Corporation Tax. Profits made by these companies are, however, transferred to the College by Gift Aid, income tax being deducted from the Gift Aid payments and recovered by the College.

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.

EXETER 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	2,211	2,105
Research grants and contracts	2	0	0
Other operating income	3	3,930	3,550
Endowment return and interest receivable	4	1,601	1,757
Total income		7,742	7,412
EXPENDITURE			
Staff costs	5	3,987	3,951
Depreciation		427	437
Other operating expenses		2,712	3,240
Interest payable		106	9
Contribution under Statute XV		46	1
Total expenditure	7	7,278	7,638
Transfer from General Endowment Fund	18	0	683
Surplus for the year on continuing operations before taxation and disposal of fixed assets		464	457
Surplus on disposal of fixed assets		0	1,569
Taxation	8	0	0
Surplus for the year after taxation	9	464	2,026

Consolidated statement of total recognised gains and losses
Year ended 31 July 2010

	Notes	2010 £'000	2009 £'000
Surplus for the year		464	2,026
Appreciation/(depreciation) of endowment asset investments	18	5,758	(2,694)
Net endowment capital transferred to revenue	18	(1,548)	(1,038)
New endowments received	18	153	799
Total recognised gains/(losses) relating to the year		4,827	(907)
Opening reserves and endowments		53,795	54,702
Closing reserves and endowments		58,622	53,795

EXETER COLLEGE
Balance Sheets
As at 31 July 2010

	Notes	CONSOLIDATED		COLLEGE	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
Fixed assets					
Tangible assets	10	26,213	11,807	26,213	11,807
Investments	11	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
		<u>26,213</u>	<u>11,807</u>	<u>26,214</u>	<u>11,808</u>
Endowment asset investments					
Securities and cash deposits		40,209	36,422	40,209	36,422
Land and property		6,706	6,129	6,706	6,129
	12	<u>46,915</u>	<u>42,551</u>	<u>46,915</u>	<u>42,551</u>
Current assets:					
Stocks		118	109	109	109
Debtors	13	570	499	875	499
Short term investments		0	0	0	0
Cash at bank and in hand		<u>3,710</u>	<u>4,986</u>	<u>3,082</u>	<u>4,934</u>
		4,398	5,594	4,066	5,542
Creditors:					
Amounts falling due within one year	14	(8,195)	(1,223)	(7,864)	(1,172)
Net current (liabilities)/assets		<u>(3,797)</u>	<u>4,371</u>	<u>(3,798)</u>	<u>4,370</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>69,332</u>	<u>58,729</u>	<u>69,331</u>	<u>58,729</u>
Creditors:					
Amounts falling due after more than one year	15	(5,760)	(2,300)	(5,760)	(2,300)
Provision for liabilities and charges	16	(125)	(125)	(125)	(125)
TOTAL NET ASSETS		<u>63,446</u>	<u>56,304</u>	<u>63,446</u>	<u>56,304</u>
Deferred capital	17	4,824	2,509	4,824	2,509
Endowments					
Specific		15,155	13,783	15,155	13,783
General		<u>31,761</u>	<u>28,770</u>	<u>31,761</u>	<u>28,770</u>
	18	46,916	42,553	46,916	42,553
Reserves					
Designated reserves		0	0	0	0
General reserves		<u>11,706</u>	<u>11,242</u>	<u>11,706</u>	<u>11,242</u>
	19	11,706	11,242	11,706	11,242
TOTAL FUNDS		<u>63,446</u>	<u>56,304</u>	<u>63,446</u>	<u>56,304</u>

The financial statements were approved by the Governing Body of Exeter College on 3 November 2010.

F Cairncross
Rector

W P J Jensen
Bursar

EXETER COLLEGE
Consolidated Cashflow Statement
Year ended 31 July 2010

	Note	2010 £'000	2009 £'000
Net cash outflow from operating activities	25	<u>(852)</u>	<u>(1,681)</u>
Returns on investments and servicing of finance			
Income from endowments received		754	1,177
Other income from investments and interest received		<u>53</u>	<u>225</u>
		807	1,402
Interest paid		(106)	0
Net cash inflow from returns on investments and servicing of finance		<u>701</u>	<u>1,402</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		(14,833)	(1,078)
Net realisation/(acquisition) of fixed asset investments		0	0
Net realisation/(acquisition) of endowment asset investments		640	241
Endowments received		153	799
Deferred capital received		2,315	9
Other net capital movements		0	0
Net cash outflow from capital expenditure and financial investment		<u>(11,725)</u>	<u>(29)</u>
Net cash outflow before use of liquid resources and financing		(11,876)	(308)
Management of liquid resources	26	0	0
Financing	27	10,600	2,000
(Decrease)/increase in cash	28	<u>(1,276)</u>	<u>1,692</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash for the year		(1,276)	1,692
Increase/(decrease) in liquid resources and current asset investments		0	0
(Increase) in debt		(10,600)	(2,000)
Change in net funds		(11,876)	(308)
Net funds at 1 August		2,686	2,994
Net funds at 31 July		<u>(9,190)</u>	<u>2,686</u>

EXETER 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	1,419	1,226
Tuition fees from overseas students	530	393
Other fees	-	-
Other tuition income and HEFCE support	262	486
	<u>2,211</u>	<u>2,105</u>
The above analysis includes support from the University from HEFCE funds amounting to £1,469 (2009 - £1,493)		
2 RESEARCH GRANTS AND CONTRACTS	£'000	£'000
Research councils	-	-
UK based charities	-	-
European commission	-	-
Other grants and contracts	-	-
	<u>-</u>	<u>-</u>
3 OTHER OPERATING INCOME	£'000	£'000
Residential income from college members	1,896	1,781
Conference and function income	1,013	931
Grants and donations	986	713
Release of deferred capital contributions	-	-
Other income	35	125
	<u>3,930</u>	<u>3,550</u>
4 ENDOWMENT RETURN AND INTEREST RECEIVABLE	£'000	£'000
Transferred from specific endowments (note 18)	576	579
Transferred from general endowments (note 18)	972	953
Other investment income	0	57
Other interest receivable	53	168
	<u>1,601</u>	<u>1,757</u>
5 STAFF COSTS	£'000	£'000
Gross pay	3,332	3,328
Social Security costs	228	225
Other pension costs	427	398
Other benefits	-	-
	<u>3,987</u>	<u>3,951</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.

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

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 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.

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:	31/03/2008 ^a	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)	23.0 yrs	22.0 yrs
Assumed life expectancy at age 65 (females)	25.0 yrs	24.0 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% ^d	89%
Recommended Employer's contribution rate (as % of pensionable salaries):	16% ^e	21.5% ^c
Effective date of next valuation:	31/03/2011 ^a	31/07/2010

EXETER COLLEGE
Notes to the Financial Statements
Year ended 31 July 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 could be carried forward to the next valuation.

c. OSPS' actuarial valuation as at 31 July 2007 identified a required long-term employer contribution rate of 17.85% of total pensionable salaries, but also a funding deficit of £43.2m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by increasing the employer contribution rate to the previously agreed rate of 21.5% of total pensionable salaries with effect from 1 August 2008. The actuary has certified that the additional 3.65% contribution should eliminate the deficit by 31 July 2025.

d. Since 31 March 2008, global investment markets have continued to fluctuate and the actuary has estimated 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.

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	250	220
University of Oxford Staff Pension Scheme	174	178
Total:	424	398

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Notes to the Financial Statements
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7 ANALYSIS OF EXPENDITURE

	Staff costs £'000	Depreciation £'000	Other operating expenses £'000	2010 Total £'000	2009 Total £'000
Academic	1,651	0	814	2,465	2,498
Residences, catering and conferences	1,231	0	858	2,089	2,102
Premises	252	427	579	1,258	1,249
College administration	571	0	246	817	781
Endowment management	0	0	0	0	0
Fundraising	268	0	205	473	372
Other	14	0	10	24	(57)
	<u>3,987</u>	<u>427</u>	<u>2,712</u>	<u>7,126</u>	<u>6,945</u>
Donation to Michael Cohen Trust				0	683
				<u>7,126</u>	<u>7,628</u>
Interest payable				106	9
Contribution under Statute XV				46	1
Total expenditure				<u>7,278</u>	<u>7,638</u>
				£'000	£'000
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable within 5 years				0	9
Repayable wholly or partly in more than 5 years				106	0
Finance leases				0	0
				<u>106</u>	<u>9</u>
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				15	15
in respect of other services				<u>2</u>	<u>5</u>

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8 TAXATION	2010 £'000	2009 £'000
United Kingdom corporation tax at X%	<u>0</u>	<u>0</u>

9 SURPLUS FOR THE YEAR	£'000	£'000
College's surplus for the year	457	1,975
Surplus generated by the subsidiary undertaking(s)	7	51
	<u>464</u>	<u>2,026</u>

10 TANGIBLE FIXED ASSETS

CONSOLIDATED AND COLLEGE

	Land & buildings			
	Freehold	Buildings under construction	Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At start of year	11,447	3,227	1,154	15,828
Additions	11,640	3,141	52	14,833
Disposals	0	0	0	0
Transfer	105	(105)	0	0
At end of year	<u>23,192</u>	<u>6,263</u>	<u>1,206</u>	<u>30,661</u>
Depreciation				
At start of year	3,238	0	783	4,021
Charge for period	345	0	82	427
On disposals	0	0	0	0
At end of year	<u>3,583</u>	<u>0</u>	<u>865</u>	<u>4,448</u>
Net book value				
At end of year	<u>19,609</u>	<u>6,263</u>	<u>341</u>	<u>26,213</u>
At start of year	<u>8,209</u>	<u>3,227</u>	<u>371</u>	<u>11,807</u>

11 FIXED ASSET INVESTMENTS

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	0	1
Net investments	0	0
Revaluation gains	0	0
At end of year	<u>0</u>	<u>1</u>

	CONSOLIDATED		COLLEGE	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Investments stated at market value				
Properties	0	0	0	0
Listed securities	0	0	0	0
Investments stated at cost				
Subsidiary undertakings	0	0	1	1
Total at end of year	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
The original cost of investments stated at market value:	0	0	0	0

The College owns 100% of the issued share capital of Exeter College Trading Limited and 100% of the issued share capital of Collexoncotoo Limited; both companies are incorporated in England and Wales. Exeter College Trading Ltd did not trade during the year, but will commence trading on 1 August 2010. Collexoncotoo Limited manages major building contracts on behalf of the College.

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12 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED			COLLEGE		
	Securities & cash	Land & property	Total	Securities & cash	Land & property	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At market value						
At start of year	36,422	6,129	42,551	36,422	6,129	42,551
Purchases at cost	5,516	0	5,516	5,516	0	5,516
Sales proceeds	(5,748)	0	(5,748)	(5,748)	0	(5,748)
Decrease in cash held by fund manager	(409)	0	(409)	(409)	0	(409)
Revaluation gains	4,428	577	5,005	4,428	577	5,005
At end of year	40,209	6,706	46,915	40,209	6,706	46,915
Analysed as						
Fixed interest stocks (listed)	4,533			4,533		
Equities (listed)	21,214			21,214		
Unlisted securities	7,803			7,803		
Cash	6,659			6,659		
Other net assets	0			0		
	40,209			40,209		
Historical cost at end of year	34,023			34,023		

Estates land and property valuations as at 31 July have been made by Savill's, the College land agent, the basis of valuation being open market value.

The College operates a Common Investment Fund ('COIF') for all investment assets whether Endowment Investments or College Investments. Each separate Endowment owns a number of Units in the COIF and additions to the endowments are converted into units at prevailing market value.

13 DEBTORS

	CONSOLIDATED		COLLEGE	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Amounts falling due within one year				
Trade debtors	309	251	309	251
Amounts owed by College members	0	0	0	0
Amounts owed by group undertakings	0	0	305	0
Other debtors	11	184	11	184
Prepayments and accrued income	250	64	250	64
Amounts falling due after more than one year				
Loans	0	0	0	0
Other debtors	0	0	0	0
	570	499	875	499

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14 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank loans and overdrafts	300	0	300	0
Obligations under finance leases	0	0	0	0
Unsecured loans	0	0	0	0
Trade creditors	563	246	118	223
College Contribution	37	36	37	36
Corporation tax	0	0	0	0
Other taxation and social security	(27)	26	89	80
Amounts owed to group undertakings	0	0	0	347
Accruals and deferred income	323	802	321	373
Other creditors (see note 15)	6,999	113	6,999	113
	<u>8,195</u>	<u>1,223</u>	<u>7,864</u>	<u>1,172</u>

The bank loan for £300,000 carries interest at 0.3% above Barclays Bank plc base rate and is due for repayment on 30 September 2010.

15 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	£'000	£'000	£'000	£'000
Bank loans	3,480	2,300	3,480	2,300
Obligations under finance leases	0	0	0	0
Other creditors	2,280	0	2,280	0
	<u>5,760</u>	<u>2,300</u>	<u>5,760</u>	<u>2,300</u>

A revolving facility and/or term loan agreement has been arranged enabling the College to borrow up to a maximum of £12m. The loan carries interest at 0.55% above LIBOR. The maximum term of any term loan facility is 27 March 2022. Earlier repayments of term loans from surpluses, the sale of existing assets or donations may be made without penalty.

At 31 July 2010, the College owed £9.12m to Ruskin College for the balance due on the Walton Street site. This figure is included within Other Creditors - £6.84m due in less than one year and £2.28m due in more than one year. The creditor is secured on the Walton St site until the point at which the College makes its final payment to Ruskin on 1 October 2012.

16 PROVISIONS FOR LIABILITIES AND CHARGES

CONSOLIDATED AND COLLEGE	2010 £'000	2009 £'000
At start of year	125	206
Expenditure in the period	0	0
Transfer from income and expenditure account	0	(81)
Transfer to reserves	0	0
At end of year	<u>125</u>	<u>125</u>

The provision is in respect of pension liabilities for pensions payable to ex employees by the College and not funded through external pension schemes.

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17 DEFERRED CAPITAL	CONSOLIDATED £'000	COLLEGE £'000
At start of year	2,509	2,509
New capital	2,315	2,315
Released to income and expenditure account	0	0
At end of year	<u>4,824</u>	<u>4,824</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.

18 ENDOWMENTS	CONSOLIDATED			COLLEGE		
	Specific £'000	General £'000	Total £'000	Specific £'000	General £'000	Total £'000
At start of year	13,783	28,770	42,553	13,783	28,770	42,553
Endowments received	73	80	153	73	80	153
Appreciation of endowment investments	1,623	3,381	5,004	1,623	3,381	5,004
Income receivable from endowment asset investments	252	502	754	252	502	754
Transferred to income and expenditure account (note 4)	(576)	(972)	(1,548)	(576)	(972)	(1,548)
Capital grant from the University	0	0	0	0	0	0
Transfer (to) from reserves	0	0	0	0	0	0
At end of year	<u>15,155</u>	<u>31,761</u>	<u>46,916</u>	<u>15,155</u>	<u>31,761</u>	<u>46,916</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.

19 RESERVES

DESIGNATED RESERVES	CONSOLIDATED £'000	COLLEGE £'000
At start of year	0	0
Transfers (to) from general reserve	0	0
At end of year	<u>0</u>	<u>0</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 College endowments.

REVALUATION RESERVE	2010 £'000	2009 £'000
At start of year	0	0
Appreciation in value of fixed asset investments	0	0
At end of year	<u>0</u>	<u>0</u>

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19 RESERVES (continued)

GENERAL RESERVES

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	11,242	11,242
Prior year adjustment	0	0
Surplus from income and expenditure account	464	464
Transfer from endowment	0	0
Capital repaid to endowment	0	0
Transfers (to) from designated reserves	0	0
At end of year	<u>11,706</u>	<u>11,706</u>

	CONSOLIDATED		COLLEGE	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Representing:				
Undepreciated cost of tangible fixed assets financed out of general reserve and borrowings	26,213	11,807	26,213	11,807
Borrowings on acquisition of fixed assets	(12,000)	(2,000)	(12,000)	(2,000)
Deferred capital grants received	(4,824)	(2,509)	(4,824)	(2,509)
College general reserve	2,317	3,944	2,317	3,944
	<u>11,706</u>	<u>11,242</u>	<u>11,706</u>	<u>11,242</u>

20 CAPITAL COMMITMENTS

CONSOLIDATED AND COLLEGE	2010 £'000	2009 £'000
Commitments contracted at 31 July	900	3,400
Commitments under finance leases entered into but not yet provided for in the financial statements	0	0
	<u>900</u>	<u>3,400</u>

21 FINANCIAL COMMITMENTS

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

	£'000	£'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>

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22 POST BALANCE SHEET EVENTS

There were no material events occurring after the date of the balance sheet which require disclosure.

23 CONTINGENT LIABILITIES

There were no material contingent liabilities at 31st July 2010.

24 RELATED PARTY TRANSACTIONS

There were no material related party transactions in the year ended 31st July 2010.

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

	2010 £'000	2009 £'000
Surplus for the year	464	457
Depreciation	427	437
Endowment income and interest receivable	(53)	(225)
Endowment capital transferred to revenue	(1,548)	(2,215)
Interest payable	106	0
Decrease (increase) in stocks	(9)	2
Decrease (increase) in debtors	(71)	169
(Decrease) increase in creditors	(168)	(225)
(Decrease) increase in provisions	-	(81)
	<u>(852)</u>	<u>(1,681)</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	1,480	2,000
Repayments of amounts borrowed	0	0
Capital element of finance lease rental payments	0	0
Deferred consideration on acquisition of property	9,120	0
	<u>10,600</u>	<u>2,000</u>

EXETER COLLEGE
Notes to the Financial Statements
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28 ANALYSIS OF CHANGES IN NET FUNDS

	2010 £'000	Changes £'000	2009 £'000
Cash at bank and in hand	3,710	(1,276)	4,986
Endowment assets cash	0	0	0
Bank overdrafts	0	0	0
Short term deposits	0	0	0
	<u>3,710</u>	<u>(1,276)</u>	<u>4,986</u>
Current asset investments			
Debt due within 1 year	(300)	(300)	0
Debt due after 1 year	(3,480)	(1,180)	(2,300)
Deferred consideration on acquisition of property	(9,120)	(9,120)	0
	<u>0</u>	<u>0</u>	<u>0</u>
	<u>(9,190)</u>	<u>(11,876)</u>	<u>2,686</u>