

HARRIS MANCHESTER COLLEGE

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HARRIS MANCHESTER COLLEGE

Report of the Governing Body

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

Status

Harris Manchester College is an eleemosynary chartered charitable corporation aggregate. It was founded by English Presbyterians in 1786 and granted a Royal Charter of Elizabeth II, dated 12th January 1996. The corporation comprises the Principal and Fellows. The College is an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act).

Objects

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

Governance

The Governing Body of the College comprises the Principal and Fellows. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, Sir Eric Anderson. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 12th January 1996, 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 professional investment managers, lawyers, academics, health and safety officers and fire officers.

Scope of financial statements

The College has no subsidiary or associated undertakings.

Review of operations and finance

The college ended the year with a surplus of £24k on continuing operations compared with a surplus of £10k in 2009. Income for the year was £1.99m (£1.85m in 2009) of which £723k was from college fees, £308k was residential income, £358k was from conferences and £252k was from grants and donations. The college received income of £214k from its endowments representing 3.65% of the closing value of the investments. Expenditure in the year was £1.97m (£1.84 in 2009) Staff costs account for 61.26% of our total expenditure and depreciation for a further 7.8%.

Investment performance

During the year the Endowment of the college decreased by £1.1m as a result of the Governing Body decision to partially finance the capital improvements to student accommodation by the release of £1.6m from the endowment, offset against revaluation gains of £500k. The college continues to remain committed to achieving the steady growth of the endowment whilst recognising that about 4% of the endowment value should be released annually to be used towards the operating costs of the college.

Reserves

The balance on reserves at the end of the year had reduced to £(491)k, from £(515)k in 2009. The historic deficit arises from the accounting treatment of the Colleges fund balances on adoption of the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, and excludes all specific funds relating to the endowment and deferred capital in relation to the previously titled 'Building Fund'.

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 3 November 2010

Rev Dr R Waller
Principal

HARRIS MANCHESTER 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 ensured that:

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

The Governing Body has taken reasonable steps to:

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

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

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

HARRIS MANCHESTER COLLEGE
Independent Auditors' Report to Governing Body

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF HARRIS MANCHESTER COLLEGE

We have audited the financial statements of Harris Manchester 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 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 UK law and accounting standards (UKGAAP) and the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder, are set out in the Responsibilities of the Governing Body.

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

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

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

BASIS OF OPINION

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

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

OPINION

In our opinion:

- a) the financial statements give a true and fair view of the state of affairs of the College as at 31st July 2010 and of its result for the year then ended
- b) the financial statements have been properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder, and.
- c) in all material respects, income received from the University of Oxford out of grants from the Higher Education Funding Council for England during the year ended 31 July 2010 has been applied to the purposes for which it was received.
- d) the information given in the Report of the Governing Body is consistent with the financial statements for the year ended 31st July 2010

SHAW GIBBS LLP
REGISTERED AUDITORS
CHARTERED CERTIFIED ACCOUNTANTS
264 BANBURY ROAD
OXFORD
OX2 7DY

5 November 2010

HARRIS MANCHESTER 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 the Sorp issued in July 2007, which is expected to be implemented in conjunction with the registration of the Oxford Colleges with the Charity Commission, the University of Oxford College Accounts Committee has concluded that there is no benefit in amending the specific requirements this year.

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

Recognition of income

Fees and other income for services provided are credited to the income and expenditure account on a receivable basis. Income from specific endowments and other restricted income is included to the extent of the relevant expenditure incurred during the year. Income from general endowments (the use of which is not legally restricted to a specific purpose or activity) is credited to income and expenditure account on a receivable basis.

General donations

Unrestricted donations and benefactions are credited to income and expenditure account on a receivable basis.

Pension costs

Contributions to the pension schemes provided for employees of the College are charged to the income and expenditure account over the period during which the College benefits from the employees' services. Variations from the regular cost are spread over the expected average remaining working lives of members of 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	5 years

Freehold land is not depreciated. The cost of freehold land associated with the main historic site is not included in the balance sheet, but is unlikely to be material.

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

Works of art and other valuable artefacts that can be regarded as inalienable are not included in the Financial Statements.

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.

Investments

Listed investments held as 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.

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.

HARRIS MANCHESTER COLLEGE
Statement of Principal Accounting Policies

Foreign currencies

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

Taxation status

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

Trading activities undertaken by the College are liable to Corporation Tax.

College Contribution Scheme

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

HARRIS MANCHESTER COLLEGE
Income and Expenditure Account
Year ended 31 July 2010

	Notes	2010 £000	2009 £000
INCOME			
Academic fees and tuition income	1	723	658
Research grants and contracts	2	0	0
Other operating income	3	1,059	958
Endowment return and interest receivable	4	214	236
Total income		<u>1,996</u>	<u>1,852</u>
EXPENDITURE			
Staff costs	5	1,208	1,152
Depreciation		154	127
Other operating expenses		610	563
Interest payable		0	0
Contribution under Statute XV		0	0
Total expenditure	7	<u>1,972</u>	<u>1,842</u>
Surplus/(deficit) for the year on continuing operations before taxation and disposal of fixed assets		24	10
Surplus/(deficit) on disposal of fixed assets		0	0
Taxation	8	0	0
Surplus/(Deficit) for the year after taxation	9	<u>24</u>	<u>10</u>

Statement of total recognised gains and losses
Year ended 31 July 2010

	Notes	2010 £	2009 £
Surplus/(Deficit) for the year		24	10
Appreciation /(depreciation) of endowment asset investments	18	500	(267)
Income receivable from endowment asset investments	18	50	18
Transfer to income & expenditure account from general endowment	18	(1,807)	(21)
Net additions to deferred capital	17	2,448	149
New endowments received	18	127	1,292
Total recognised gains/(losses) relating to the year		<u>1,342</u>	<u>1,182</u>
Opening reserves and endowments		10,726	9,544
Closing reserves and endowments		<u>12,068</u>	<u>10,726</u>

HARRIS MANCHESTER COLLEGE
Balance Sheet
As at 31 July 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Tangible assets	10	6,037	5,853
Investments	11	0	0
		<u>6,037</u>	<u>5,853</u>
Endowment asset investments			
Securities and cash deposits		5,857	6,987
Land and property		0	0
	12	<u>5,857</u>	<u>6,987</u>
Current assets:			
Stocks		18	18
Debtors	13	106	301
Short term investments		0	0
Cash at bank and in hand		1,157	221
		<u>1,280</u>	<u>540</u>
Creditors:			
Amounts falling due within one year	14	(747)	(658)
Net current liabilities		<u>534</u>	<u>(118)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,428	12,722
Creditors:			
Amounts falling due after more than one year	15	(360)	(1,996)
Provision for liabilities and charges	16	0	0
TOTAL NET ASSETS		<u>12,068</u>	<u>10,726</u>
Deferred capital	17	6,702	4,254
Endowments			
Specific		341	355
General		5,516	6,632
	18	<u>5,857</u>	<u>6,987</u>
Reserves			
Designated reserves		0	0
Revaluation reserve		0	0
General reserves		(491)	(515)
	19	<u>(491)</u>	<u>(515)</u>
TOTAL FUNDS		<u>12,068</u>	<u>10,726</u>

The financial statements were approved by the Governing Body of Harris Manchester College on 3 November 2010

Rev Dr R Waller
Principal

Mrs J Nisbet
Secretary

HARRIS MANCHESTER COLLEGE

Cashflow Statement

Year ended 31 July 2010

	Note	2010 £000	2009 £000
Net cash inflow/ (outflow) from operating activities	25	<u>246</u>	<u>(396)</u>
Returns on investments and servicing of finance			
Income from endowments received			
Other income from investments and interest received		<u>214</u>	<u>236</u>
Interest paid		0	0
Net cash inflow from returns on investments and servicing of finance		<u>214</u>	<u>236</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		(337)	(1,600)
Net realisation/(acquisition) of fixed asset investments		0	0
Net realisation/(acquisition) of endowment asset investments		(613)	(449)
Endowments received		127	1,292
Deferred capital released		2,448	148
Other net capital movements		(1,757)	(3)
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>(131)</u>	<u>(612)</u>
Net cash (outflow)/ inflow before use of liquid resources and financing		329	(772)
Management of liquid resources	26	0	0
Financing	27	(1,636)	1,496
Increase in cash	28	<u>(1,307)</u>	<u>724</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash for the year		(1,307)	724
Increase/(decrease) in liquid resources and current asset investments		0	0
Increase/(decrease) in debt		0	0
Change in net funds		<u>(1,307)</u>	<u>724</u>
Net funds at 1 August 2009		4,448	3,724
Net funds at 31 July 2010		<u>3,141</u>	<u>4,448</u>

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

	2010 £000	2009 £000
1 ACADEMIC FEES AND TUITION INCOME		
Tuition fees from UK and European Union students	403	435
Tuition fees from overseas students	262	153
Other fees	57	70
Other tuition income	0	0
	<u>723</u>	<u>658</u>

The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £325,859 (2009 - £327,766).

	£000	£000
2 RESEARCH GRANTS AND CONTRACTS		
Research councils	0	0
UK based charities	0	0
European commission	0	0
Other grants and contracts	0	0
	<u>0</u>	<u>0</u>

	£000	£000
3 OTHER OPERATING INCOME		
Residential income from college members	308	280
Conference and function income	358	313
Grants and donations	252	277
Release of deferred capital contributions	129	83
Other income	11	6
	<u>1,059</u>	<u>958</u>

	£000	£000
4 ENDOWMENT RETURN AND INTEREST RECEIVABLE		
Transferred from specific endowments (note 18)	0	0
Transferred from general endowments (note 18)	154	70
Other investment income	59	165
Other interest receivable	0	0
	<u>214</u>	<u>236</u>

	£000	£000
5 STAFF COSTS		
Gross pay	1,208	1,152
Social Security costs	94	89
Other pension costs	83	68
Other benefits	0	0
	<u>1,384</u>	<u>1,309</u>

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

6 PENSION SCHEMES

1. The pension scheme

The principal pension scheme for the College's staff is the Universities Superannuation Scheme (USS). The scheme is a contributory defined benefit scheme (ie: it provides benefits based on length of service and final pensionable salary) and is contracted out from the State Second Pension Scheme. The assets of USS are held in separate trustee-administered funds. The scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, as required by the accounting standard FRS17 "Retirement Benefits", the College accounts for the scheme as if it were a defined contribution scheme. 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 any 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.

The College has also made available a Stakeholder Scheme for individual employees, but does not contribute to that scheme.

2. Actuarial valuations

Qualified actuaries periodically value the Scheme using the "projected unit" method embracing a market value approach. The resulting level of contribution takes account of any actuarial surpluses or deficiencies in the 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	
Date of valuation	31/03/2008	a
Date of valuation results published	04/02/2009	
Value of liabilities	£28,135m	
Value of assets	£28,842m	
Funding Surplus/(Deficit)	£707m	b
Principal assumptions		
Rate of interest (past service liabilities)	44% pa	
Rate of interest (future service liabilities)	6.1% pa	
Rate of interest (periods up to retirement)	-	
Rate of interest (periods after retirement)	-	
Rate of increase in salaries	4.3% pa	
Rate of increase in pensions	3.3% pa	
Mortality assumptions		
Assumed life expectancy as age 65 (males)	23 yrs	
Assumed life expectancy as age 65 (females)	25 yrs	
Funding Ratios		
Technical Provisions basis	103%	d
Statutory Pension Protection Fund basis	107%	
"Buy-out" basis	79%	d
Estimated FRS17 Basis	104%	d
Recommended Employer's contribution rate (as % of pensionable salaries):	16%	
Effective date of next valuation	31/03/2011	a

HARRIS MANCHESTER 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 should be carried forward to the next valuation.
- c. OSPS' actuarial valuation as at 31 July 2007 identified a required long-term employer contribution rate of 17.85% of total pensionable salaries, but also a funding deficit of £43.2m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by increasing the employer contribution rate to the previously agreed rate of 21.5% of total pensionable salaries with effect from 1 August 2008. The actuary has certified that the additional 3.65% contribution should eliminate the deficit by 31 July 2025.
- d. Since 31 March 2005, the financial security of USS has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 103% at 31 March 2008. This fluctuation is due to the volatility of investment returns and gilt yields (used to value scheme liabilities) compared to the rates assumed at 31 March 2005. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2008 was above 104% and on a buy out basis was approximately 79%.
- e. The USS employer contribution rate required for future service benefits alone at the date of the valuation was 16.0% of total pensionable salaries and the Trustee company, on the advice of the actuary, decided to implement the increase from 14% to 16% on 1 October 2009.

3. Sensitivity of actuarial valuation assumptions:

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

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

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

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:

	2010 £000	2009 £000
Universities Superannuation scheme	65	54
Other schemes	15	14
	<u>80</u>	<u>68</u>

Provision for future supplementation payments

Other schemes:

The college also has a number of staff in a pension scheme operated by the Pensions Trust (PT).

The Scheme is a money purchase scheme.

Employer contributions under this scheme was £15k in the year.

FRS 17:

The schemes in which the College participates are either defined contribution or multi-employer schemes where the share of the assets and liabilities applicable to each employer are not identified. The College will therefore account for its pension costs for the scheme on a defined contribution basis as permitted by FRS 17.

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

7 ANALYSIS OF EXPENDITURE

	Staff costs £	Depreciation £	Other operating expenses £	2010 Total £	2009 Total £
Academic	581	0	71	652	611
Residences, catering and conferences	332	0	247	579	612
Premises	60	154	121	335	268
College administration	224	0	70	294	306
Endowment management	0	0	0	0	0
Fundraising	0	0	18	18	9
Other	11	0	83	94	36
	<u>1,208</u>	<u>154</u>	<u>610</u>	<u>1,972</u>	<u>1,842</u>
Interest payable				0	0
Contribution under Statute XV				0	0
Total expenditure				<u>1,972</u>	<u>1,644</u>
				£	£
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable within 5 years				0	0
Repayable wholly or partly in more than 5 years				0	0
Finance leases				0	0
				<u>0</u>	<u>0</u>
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				7	7
in respect of other services				<u>0</u>	<u>0</u>

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

	2010 £000	2009 £000
8 TAXATION		
United Kingdom corporation tax at 21%	<u>0</u>	<u>0</u>
9 SURPLUS/(DEFICIT) FOR THE YEAR		
College's surplus/(deficit) for the year	24	10
	<u>24</u>	<u>10</u>

10 TANGIBLE FIXED ASSETS

	Land & buildings			Equipment £	Total £
	Freehold £	Long leasehold £			
Cost					
At start of year	6,370	0	668	7,038	
Additions	308	0	29	337	
Disposals	0	0	0	-	
At end of year	<u>6,678</u>	<u>0</u>	<u>697</u>	<u>7,375</u>	
Depreciation					
At start of year	580	0	606	1,186	
Charge for period	129	0	25	154	
On disposals	0	0	0	0	
At end of year	<u>709</u>	<u>0</u>	<u>631</u>	<u>1,338</u>	
Net book value					
At end of year	<u>5,969</u>	<u>0</u>	<u>66</u>	<u>6,037</u>	
At start of year	<u>5,791</u>	<u>0</u>	<u>62</u>	<u>5,853</u>	

11 FIXED ASSET INVESTMENTS

At start of year	£	0
Net investments		0
Revaluation gains		0
At end of year		<u>0</u>
	2010 £000	2009 £000
Investments stated at market value		
Properties	0	0
Listed securities	0	0
Investments stated at cost		
Subsidiary undertakings	0	0
Total at end of year	<u>0</u>	<u>0</u>
The original cost of investments stated at market value:	0	0

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

12 ENDOWMENT ASSET INVESTMENTS

	Securities & cash £000	Land & property £000	Total £000
At market value			
At start of year	6,987	0	6,987
Purchases at cost	613	0	613
Sales proceeds	0	0	0
Increase in cash	(2,243)	0	(2,243)
Revaluation gains	500	0	500
At end of year	<u>5,857</u>	<u>0</u>	<u>5,857</u>
Analysed as			
Fixed interest stocks (listed)	0		
Equities (listed)	3,873		
Unlisted securities	0		
Cash	1,984		
Other net assets	0		
	<u>5,857</u>		
Historical cost at end of year	<u>5,426</u>		

13 DEBTORS

	2010 £000	2009 £000
Amounts falling due within one year		
Trade debtors	21	95
Amounts owed by College members	4	4
Amounts owed by group undertakings	0	0
Loans	0	0
Prepayments and accrued income	81	202
Amounts falling due after more than one year		
Loans	0	0
Other debtors	0	0
	<u>106</u>	<u>301</u>

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14 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	2010 £000	2009 £000
Bank loans and overdrafts	0	0
Obligations under finance leases	0	0
Unsecured loans	20	20
Trade creditors	66	80
College Contribution	0	0
Corporation tax	0	0
Other taxation and social security	29	27
Amounts owed to group undertakings	0	0
Accruals and deferred income	155	20
Other creditors	477	511
	<u>747</u>	<u>658</u>

15 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	£000	£000
Bank loans	0	0
Obligations under finance leases	0	0
Other creditors	360	1,996
	<u>360</u>	<u>1,996</u>

16 PROVISIONS FOR LIABILITIES AND CHARGES

	2010 £000	2009 £000
At start of year	0 0	0
Expenditure in the period	0 0	0
Transfer from income and expenditure account	0 0	0
Transfer to reserves	0 0	0
At end of year	<u>0</u>	<u>0</u>

17 DEFERRED CAPITAL

	£
At start of year	4,254
New capital	2,577
Released to income and expenditure account	(129)
At end of year	<u>6,702</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.

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18 ENDOWMENTS

	Specific £000	General £000	Total £000
At start of year	355	6,632	6,987
Endowments received	(20)	147	127
Appreciation/ (depreciation) of endowment investments	0	500	500
Income receivable from endowment asset investments	6	44	50
Transferred to income and expenditure account (note 4)	0	(1,807)	(1,807)
Capital grant from the University	0	0	0
Transfer (to) from reserves	0	0	0
At end of year	341	5,516	5,857

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 include funds valued at £0 which provide income for purposes that lie outside the objects of the College. Income arising amounted to £0.

The Governing Body decided to partially fund the capital improvements of the College by releasing £1.6million from the endowment. This is shown as a transfer to the income and expenditure account in the year

19 RESERVES

DESIGNATED RESERVES

	£000
At start of year	-
Transfers (to)/ from general reserve	0
At end of year	0

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 2008 they comprised:

	£000
Reserve for replacement and maintenance of functional buildings	0
Other designated reserves	0
	0

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19 RESERVES (continued)

GENERAL RESERVES

	£	
At start of year		(515)
Surplus/(deficit) from income and expenditure account		24
Transfer (to)/ from endowment		0
Capital repaid to endowment		0
Transfers (to)/ from designated reserves		0
At end of year		<u>(491)</u>
	2010	2,009
	£000	£000
Representing:		
Undepreciated cost of tangible fixed assets financed out of general reserve	589	588
College general reserve	(1,080)	(1,103)
	<u>(491)</u>	<u>(515)</u>

20 CAPITAL COMMITMENTS

	£000	£000
Commitments contracted at 31 July	47	1,148
Commitments under finance leases entered into but not yet provided for in the financial statements	0	0
	<u>47</u>	<u>1,148</u>

21 FINANCIAL COMMITMENTS

At 31 July 2010 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	23	32
Expiring in over five years	0	0
	<u>23</u>	<u>32</u>

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22 POST BALANCE SHEET EVENTS

There are no material post balance sheet events

23 CONTINGENT LIABILITIES

At 31st July 2010, the College had no contingent liabilities

24 RELATED PARTY TRANSACTIONS

The College contracted with the College's Special Projects Officer and Fellow, Mr G Hudson, for the construction of a Library Gallery for a total cost of £450,000.

An amount of £263,000 is included in additions to fixed assets for the year.

This transaction was undertaken at market value.

There were no other material related party transactions during the year.

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

	2010 £000	2009 £000
Surplus/(deficit) for the year	24	10
Depreciation	154	127
Endowment income and interest receivable	(214)	(236)
Interest payable	0	0
Decrease /(increase) in stocks	0	6
Decrease /(increase) in debtors	195	7
(Decrease)/ increase in creditors	87	(310)
(Decrease)/ increase in provisions	0	0
	<u>246</u>	<u>(396)</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		1,516
Repayments of amounts borrowed	(20)	(20)
Loan written off	(1,616)	0
Capital element of finance lease rental payments	0	0
	<u>(1,636)</u>	<u>1,496</u>

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28 ANALYSIS OF CHANGES IN NET FUNDS

	2010 £000	Changes £000	2009 £000
Cash at bank and in hand	1,157	936	221
Endowment assets cash	1,984	(2,243)	4,227
Bank overdrafts	0	0	0
Short term deposits	0	0	0
	<u>3,141</u>	<u>(1,307)</u>	<u>4,448</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>3,141</u>	<u>(1,307)</u>	<u>4,448</u>