



Report and Financial Statements

for the year ended

31 July 2010

Keble College

Report and Financial Statements for the year ended 31 July 2010

Contents	Page
Report of the Governing Body	2
Responsibilities of the Governing Body	5
Independent Auditors' Report to Governing Body	6
Statement of Principal Accounting Policies	8
Consolidated Income and Expenditure Account	10
Balance Sheets	11
Consolidated Cashflow Statement	12
Notes to the Financial Statements	13 – 20

Keble College

Report of the Governing Body

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

Status

Keble College was founded by public subscription and incorporated by Royal Charter dated 6 June 1870. The corporation comprises the Warden 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 is in the process of applying to register as a charity regulated by the Charities Commission.

Objects

The College was founded in 1870 in memory of the Reverend John Keble to provide a University education for young men in a College conducted in accordance with the principles of the Church of England. It has admitted women since 1979. Its Objects are:

- (1) The provision in a College in the University of Oxford to be called Keble College of a University education conducted in accordance with the principles of the Church of England
- (2) The advancement of education and learning and the promotion of research

The College has various permanently endowed trust funds held for specific purposes in connection with the development of College facilities and for scholarships, bursaries, prizes and other educational and religious purposes.

Governance

The Governing Body of the College is constituted and regulated in accordance with the College Statutes and comprises the Warden, the Official Fellows, the Professorial Fellows and such other Fellows as are appointed in accordance with the provisions of the Statutes. The Statutes are as made from time to time by order of Her Majesty in Council in accordance with the College's Royal Charter and the Universities of Oxford and Cambridge Act 1923 and are enforceable ultimately by the Visitor (the Archbishop of Canterbury).

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 Warden and is advised by a range of committees including the Finance Committee, whose role is to oversee the care of the property, income and expenditure of the College, the conduct of its domestic economy and the proper keeping of its accounts.

Scope of financial statements

The financial statements consolidate the accounts of Keble College and its subsidiary undertaking, Conference Keble Limited. Conference Keble Limited is the wholly-owned vehicle for the conference activities of Keble College.

Review of operations and finance

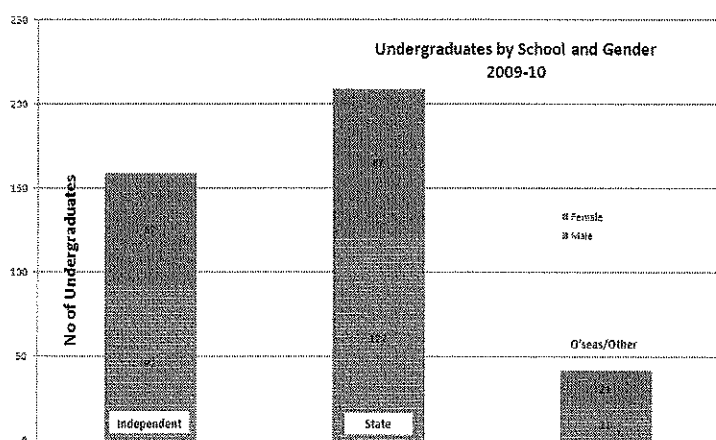
Academic activities

With approximately 410 undergraduates and 240 graduate students Keble is one of the largest colleges in the University of Oxford.

The graph on the following page shows the gender mix and school backgrounds of the College undergraduate student body in 2009-10, with males comprising 57% of the total number, a figure which has recently remained relatively consistent. The nationalities of our undergraduates in 2009-10 were 88% UK; 5% EU; and 7% international.

Keble College

Report of the Governing Body



Amongst graduate students, 63% were male, and 41% came from the UK; 20% the EU; and 39% from other countries.

The field of study division amongst undergraduates was 25% Social Sciences; 30% Humanities; and 45% Sciences (including 7% Medical Sciences). Amongst graduates, on the other hand, 33% were studying in broadly Social Science areas; 14% in Humanities; and 54% in Sciences (with 21% in Medicine).

A significant academic focus of the College over the past year has been the development of new research activity and support structures. A College Research Committee has been formed for the first time, and in 2009-10 it distributed a number of small research seeding grants to Fellows. It also oversaw appointments under a new research associateship scheme, and supported the beginning of the academic visitor programme which will be a central part of the Advanced Studies Centre to be based in the new College development on the Acland site. The College also agreed on the framework for the advertisement and appointment of Career Development Fellows. It is hoped that endowment to fund 12 of these posts will ultimately be raised, forming a core element in the operation of the ASC.

Twenty four doctoral research students successfully completed their degree during the year, a further increase on last year's good result, with another 15 awaiting their results after submission.

Finance

The College recorded a surplus for the year of £43k. The underlying operating deficit arising from the College's core activities – the difference between what we earn from teaching, research, board and lodging and what we spend on salaries, supplies and the upkeep of our buildings - was £1.1m. Viewed against core activity expenditure of £6.6m this is a measure of the subsidy the College and its benefactors are providing in pursuit of its Objects. Funding for the deficit comes from endowment return and conference surpluses. Compared with 2008-09, the transfer from endowment to the income and expenditure account increased by 4% to £735k. Conferences once again made a large contribution though, at £1.85m, revenues were 14% below the previous year's record.

Donations to the College during the year totalled £2.56m. Of this, £2.01m was given for the endowment, £261k for the funding of capital projects and £287k in support of current activities, including two major gifts to fund the higher level of development activities. The support that Keble receives from its Old Members and friends is transformational and deeply appreciated.

Capital projects

The College spent £1.0m on capital additions during the year. The largest project, accounting for £471k, was the renovation of the Warden's Lodgings, which will be completed by October 2010. This work involves external repairs to the roof, rainwater goods, stone and brickwork; the renewal of all plumbing, electrical and other services; and the complete refurbishment of all rooms which, in several places, involves removing partitions so as to restore rooms to their original dimensions. Work also continued on the replacement of the

Keble College

Report of the Governing Body

College's hot water and electrical systems (£73k), repairs to the present Acland buildings (£40k) and to the Hall floor (£45k). £76k was spent on interim refurbishment of Butterfield rooms and corridors, the rolling programme of major refurbishment having been deferred for a further year because of the scope and cost of the essential works to the Lodgings.

After almost four years of work, planning and listed building consent has finally been given for the redevelopment of the Acland site. The additional cost during the year of this extended planning process was £144k, taking the total cost of the project to-date to £980k. Thanks to a major gift from an Old Member we are now able to proceed with detailed design of the building. Meanwhile work has continued on the new pipe organ for the Chapel, again supported by substantial gifts from Old Members. It is planned that the new organ will be completed in time for St Mark's Day 2011.

Fundraising

In 2020 the College will celebrate its 150th anniversary. In preparation for this we have embarked on a £60m fundraising campaign, £45m for the Acland project and £15m for academic endowment. The Acland project is itself a product of the College's academic ambitions: it will provide a home for the Advanced Studies Centre as well as housing all research graduates and final year undergraduates.

Investment performance

The value of the endowment at the start of the year was £22.6m. Endowment assets are managed for total return and the Governing Body considers it prudent to transfer annually to the College to fund expenditure a maximum of 3.15% of average closing asset value over the previous three years. At year-end the percentage composition of the investment portfolio was as follows:

Fixed Interest	3.8%
Equities and long bias	51.2%
Absolute return funds	30.6%
Private Equity	2.9%
Property	3.8%
Cash	7.6%
	<hr/>
	100.0%

The portfolio achieved a total return of 12.1% for the year. At year-end, after the £735k transfer to income and expenditure and the addition of endowment gifts, the endowment stood at £26.7m, an increase of 18% on the previous year.

Reserves

At year-end the College's reserves amounted to £21.3m of which £20.5m was attributable to tangible fixed assets and £868k to the general reserve, an increase in the latter of £226k. The College intends to continue building the general reserve to a level at least equivalent to three months' expenditure on core activities (£1.7m at current expenditure levels).

Risk management

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

Approved by the Governing Body on 13 October 2010

Sir Jonathan Phillips
Warden

Keble 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 mis-statement 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.

Keble College

Independent Auditors' Report to Governing Body

We have audited the financial statements of Keble College for the year ended 31 July 2010 which comprise the principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and notes 1 to 23. 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 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. The Governing Body are also responsible for the preparation of the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Keble College

Independent Auditors' Report to Governing Body

Opinion

In our opinion:

- a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College, and of the College consolidated with its subsidiaries and connected entities, as at 31 July 2010 and of its consolidated surplus for the year then ended; and
- 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.

CRITCHLEYS LLP
Chartered Accountants
Registered Auditors

OXFORD

15 October 2010

Keble 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 company, Conference Keble Limited. The accounts of the affiliated student bodies (Keble 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 determined by a spending rule which currently permits the transfer of income of not more than 3.15 per cent of the average closing valuation of the endowments in the previous three years and 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 determined by a spending rule which currently permits the transfer of income of not more than 3.15 per cent of the average closing valuation of the endowments in the previous three years.

Donations

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

Tangible fixed assets

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

Freehold buildings	25 years
Building improvements	25 years
Equipment	5 years

Freehold land is not depreciated. The costs of freehold land associated with the main historic site and those buildings that are over 25 years old are not included in the balance sheet, on the basis that the historical amounts would not be material at today's value. 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.

Keble College

Statement of Principal Accounting Policies

The College operates a "de minimis" limit of £20,000 for the capitalisation of expenditure on equipment and building renovation. Works of art and other valuable artefacts that are regarded as inalienable are not included in the financial statements.

Investments

Listed investments and endowment asset investments are stated at market value. Other current asset investments are stated at the lower of cost and net realisable value.

Stocks

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

Maintenance of premises

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

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 or 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 administered through its subsidiary company, which, as a commercial organisation, is liable to Corporation Tax. Profits made by this company are, however, transferred to the College by Gift Aid, income tax being deducted from 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.

Keble College
Consolidated Income and Expenditure Account
Year ended 31 July 2010

	Note	2010 £000	2009 £000
INCOME			
Academic fees, tuition income and other HEFCE support	1	2,829	2,813
Other operating income	2	4,711	4,755
Endowment return and interest receivable	3	742	721
Total income		8,282	8,289
EXPENDITURE			
Staff costs	4	4,276	4,148
Depreciation	6	1,088	1,029
Other operating expenses	6	2,867	3,090
Interest payable	6	3	4
Contribution under Statute XV		5	4
Total expenditure		8,239	8,275
Surplus for the year on continuing operations before taxation and disposal of fixed assets		43	14
Surplus on disposal of fixed assets		0	0
Surplus for the year after taxation	7,8	43	14

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

	Note	2010 £000	2009 £000
Reserves			
Surplus for the year		43	14
Endowments			
Income receivable from endowment asset investments	15	10	98
Endowment return transferred to income and expenditure account	15	(736)	(707)
Endowment capital transferred to deferred capital	15		(133)
Appreciation (depreciation) of endowment asset investments	15	2,839	(467)
Endowment management fees	15	(105)	
New endowments received	15	2,013	624
Other			
Net movement to deferred capital	14	92	523
Total recognised gains relating to the year		4,156	(48)
Opening reserves and endowments		47,620	47,668
Closing reserves and endowments		51,776	47,620

Keble College
Balance Sheets
As at 31 July 2010

	Note	CONSOLIDATED		COLLEGE	
		2010 £000	2009 £000	2010 £000	2009 £000
Fixed assets					
Tangible assets	9	24,253	24,345	24,253	24,345
Investments	10	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<u>24,253</u>	<u>24,345</u>	<u>24,253</u>	<u>24,345</u>
Endowment asset investments					
Securities and cash deposits	11	26,656	22,635	26,656	22,635
		<u>26,656</u>	<u>22,635</u>	<u>26,656</u>	<u>22,635</u>
Current assets:					
Stocks		60	66	60	66
Debtors	12	1,503	1,115	1,706	953
Short term investments and cash deposits		1	1	1	1
Cash at bank and in hand		<u>1,084</u>	<u>1,427</u>	<u>249</u>	<u>810</u>
		2,648	2,609	2,016	1,830
Creditors:					
Amounts falling due within one year	13	(1,781)	(1,969)	(1,220)	(1,261)
		<u>867</u>	<u>640</u>	<u>796</u>	<u>569</u>
Net current assets					
		<u>867</u>	<u>640</u>	<u>796</u>	<u>569</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>51,776</u>	<u>47,620</u>	<u>51,705</u>	<u>47,549</u>
Deferred capital	14	3,801	3,709	3,801	3,709
Endowments					
Specific	15	11,626	10,589	11,626	10,589
General	15	<u>15,030</u>	<u>12,046</u>	<u>15,030</u>	<u>12,046</u>
		26,656	22,635	26,656	22,635
Reserves					
General reserves	16	<u>21,319</u>	<u>21,276</u>	<u>21,248</u>	<u>21,205</u>
		21,319	21,276	21,248	21,205
TOTAL FUNDS		<u>51,776</u>	<u>47,620</u>	<u>51,705</u>	<u>47,549</u>

The financial statements were approved by the Governing Body of Keble College on 13 October 2010.

Sir Jonathan Phillips
Warden

R J Boden
Bursar

Keble College
Consolidated Cashflow Statement
Year ended 31 July 2010

	Note	2010 £000	2009 £000
Net cash inflow (outflow) from operating activities	22	<u>(346)</u>	<u>326</u>
Returns on investments and servicing of finance			
Income from endowments	15	10	98
Other income from investments and interest received		<u>6</u>	<u>14</u>
		16	112
Interest paid		<u>(3)</u>	<u>(4)</u>
Net cash inflow from returns on investments and servicing of finance		<u>13</u>	<u>108</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets	9	(996)	(1,425)
Net realisation/(acquisition) of endowment asset investments	11	(547)	(1,485)
Endowments received	15	2,013	624
Endowment management fees	15	(105)	0
Deferred capital received	14	260	545
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>625</u>	<u>(1,741)</u>
Net cash inflow/(outflow) before use of liquid resources and financing		292	(1,307)
Decrease in short term investments		0	0
Increase/(decrease) in cash		<u>292</u>	<u>(1,307)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash for the year		292	(1,307)
Increase/(decrease) in liquid resources and current asset investments			
Decrease in debt			
Change in net funds		292	(1,307)
Opening net funds		2,819	4,126
Net funds at 31 July 2009 (short-term investments and cash)		<u>3,111</u>	<u>2,819</u>

Keble College
Notes to the Financial Statements
Year ended 31 July 2010

	2010	2009
1 ACADEMIC FEES AND TUITION INCOME	£000	£000
Tuition fees from UK and European Union students	1,431	1,399
Tuition fees from overseas students	446	425
Other fees	161	108
Other tuition income and HEFCE support	791	881
	<u>2,829</u>	<u>2,813</u>

The above analysis includes support from the University from HEFCE funds amounting to £1,783k (2009: £1,767k).

2 OTHER OPERATING INCOME	£000	£000
Residential income from College members	2,185	2,038
Conference and function income	1,853	2,161
Grants and donations	373	255
Release of deferred capital contributions	168	155
Other income	132	146
	<u>4,711</u>	<u>4,755</u>

3 ENDOWMENT RETURN AND INTEREST RECEIVABLE	£000	£000
Transferred from specific endowments (note 15)	353	332
Transferred from general endowments (note 15)	383	375
Other investment income	0	0
Other interest receivable	6	14
	<u>742</u>	<u>721</u>

4 STAFF COSTS	£000	£000
Gross pay	3,593	3,519
Social Security costs	235	231
Other pension costs (note 5)	448	398
	<u>4,276</u>	<u>4,148</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 College.

5 PENSION SCHEMES

5.1 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 one employee in another pension scheme. In addition, the College is contributing to the personal pension arrangements of certain staff who were ineligible to join USS or OSPS.

5.2 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	£322m
Value of assets:	£28,842m	£279m
Funding Surplus/(Deficit):	£707m b	(£43m) c
Principal assumptions:		
Rate of interest (past service liabilities)	4.4% pa	-
Rate of interest (future service liabilities)	6.1% pa	-
Rate of interest (periods up to retirement)	-	6.9% pa
Rate of interest (periods after retirement)	-	4.9% pa
Rate of increase in salaries	4.3% pa	4.8% pa
Rate of increase in pensions	3.3% 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:	31/03/2011 a	31/03/2010

Keble 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 2002 valuation, 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 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.

5.3 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 at last valuation, rated down by a further year)	increase by £1.6bn	increase by £10m

5.4 Pension charge for the year:

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

	2010	2009
	£000	£000
Scheme:		
Universities Superannuation Scheme	246	199
University of Oxford Staff Pension Scheme	191	188
Other Schemes - contributions	8	8
Supplementation payments ^f	3	3
	<u>448</u>	<u>398</u>

Notes

f. The College continues to make a small number of supplementation payments to retired employees.

Keble College
Notes to the Financial Statements
Year ended 31 July 2010

6 ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other operating expenses	2010 Total £000	2009 Total £000
	£000	£000	£000		
Academic	1,901		714	2,615	2,493
Residential	1,472		1,325	2,797	2,944
Premises	283	1,088	431	1,802	1,814
College administration	225		244	469	486
Endowment management				0	27
Fundraising	334		136	470	419
Other	61		17	78	84
	<u>4,276</u>	<u>1,088</u>	<u>2,867</u>	<u>8,231</u>	<u>8,267</u>
Interest payable				3	4
Contribution under Statute XV				5	4
Total expenditure				<u>8,239</u>	<u>8,275</u>
				2010 £000	2009 £000
Interest payable relates to bank loans, overdrafts and other loans:					
Repayable within 5 years				<u>3</u>	<u>4</u>
				2010 £000	2009 £000
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				14	13
in respect of other services				<u>0</u>	<u>1</u>
				<u>14</u>	<u>14</u>

7 TAXATION

As the College is a charity, all College income and capital gains are applied to charitable purposes only and all profits of subsidiary undertakings are paid to the College under Gift Aid, no liability arises to United Kingdom corporation tax.

8 SURPLUS FOR THE YEAR

	2010 £000	2009 £000
College's surplus for the year	43	14
Surplus generated by the subsidiary undertaking	0	0
Consolidated surplus for the year	<u>43</u>	<u>14</u>

9 TANGIBLE FIXED ASSETS

	Consolidated			College		
	Freehold Land & Buildings £000	Equipment £000	Total £000	Freehold Land & Buildings £000	Equipment £000	Total £000
Cost						
At start of year	29,353	1,051	30,404	29,353	1,051	30,404
Additions	721	275	996	721	275	996
At end of year	<u>30,074</u>	<u>1,326</u>	<u>31,400</u>	<u>30,074</u>	<u>1,326</u>	<u>31,400</u>
Depreciation						
At start of year	5,526	533	6,059	5,526	533	6,059
Charge for period	908	180	1,088	908	180	1,088
At end of year	<u>6,435</u>	<u>713</u>	<u>7,147</u>	<u>6,435</u>	<u>713</u>	<u>7,147</u>
Net book value						
At end of year	<u>23,639</u>	<u>613</u>	<u>24,253</u>	<u>23,639</u>	<u>613</u>	<u>24,253</u>
At start of year	<u>23,827</u>	<u>518</u>	<u>24,345</u>	<u>23,827</u>	<u>518</u>	<u>24,345</u>

The net book value of tangible fixed assets does not include any amounts in respect of assets held under finance leases.

10 FIXED ASSET INVESTMENTS

The College owns 100% of the issued share capital of Conference Keble Limited, a company incorporated in England and Wales. The principal business activity of Conference Keble Limited is the provision of conference facilities in Keble College.

11 ENDOWMENT ASSET INVESTMENTS

CONSOLIDATED AND COLLEGE	Securities & Cash £000	Property £000	Total £000
At market value			
At start of year	21,459	1,176	22,635
Purchases at cost	7,788	200	7,988
Sales proceeds	(7,103)	(338)	(7,441)
Increase (decrease) in cash	635		635
Revaluation gains	2,853	(14)	2,839
At end of year	<u>25,632</u>	<u>1,024</u>	<u>26,656</u>
<i>Analysed as</i>			
Fixed Interest	1,018		
Equities and long bias	13,650		
Absolute return funds	8,152		
Private Equity	786		
Property		1,024	
Cash	2,026		
	<u>26,656</u>		

12 DEBTORS

	Consolidated		College	
	2010 £000	2009 £000	2010 £000	2009 £000
Amounts falling due within one year				
Trade debtors	699	600	173	32
Amounts owed by College members	104	86	104	86
Amounts owed by group undertakings	0	0	762	423
Prepayments and accrued income	171	213	138	196
Other debtors	46	55	46	55
Amounts falling due after more than one year				
Loans	483	161	483	161
	<u>1,503</u>	<u>1,115</u>	<u>1,706</u>	<u>953</u>

13 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	Consolidated		College	
	2010 £000	2009 £000	2010 £000	2009 £000
Bank loans and overdrafts	0	0	0	0
Trade creditors	1,266	1,292	743	621
Other taxation and social security	137	141	137	141
Accruals and deferred income	175	363	137	325
Other creditors	203	173	203	174
	<u>1,781</u>	<u>1,969</u>	<u>1,220</u>	<u>1,261</u>

14 DEFERRED CAPITAL

	Consolidated		College	
	2010 £000	2009 £000	2010 £000	2009 £000
At start of year	3,709	3,186	3,709	3,186
New capital	260	545	260	545
Transferred from endowment funds	0	133	0	133
Released to income and expenditure account	(168)	(155)	(168)	(155)
At the end of the year	<u>3,801</u>	<u>3,709</u>	<u>3,801</u>	<u>3,709</u>

Following the demise of the Chapel pipe organ in the late 1980s donations towards the purchase of a new organ were credited to general endowment. During the financial year 2008-09 the College contracted to purchase a new pipe organ and accordingly accumulated donations in the amount of £133k were transferred from general endowment to deferred capital.

Keble College
Notes to the Financial Statements
Year ended 31 July 2010

15 ENDOWMENTS

CONSOLIDATED AND COLLEGE	Specific £000	General £000	Total £000
At start of year	10,589	12,046	22,635
Endowments received	106	1,907	2,013
Appreciation (depreciation) of endowment investments	1,328	1,511	2,839
Income receivable from endowment asset investments	5	5	10
Transferred to income and expenditure account (note 3)	(353)	(383)	(736)
Endowment management charges	(49)	(56)	(105)
At end of year	11,626	15,030	26,656

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 £1,215k which provide income for purposes that lie outside the objects of the College. Income arising therefrom amounted to £35k.

16 GENERAL RESERVES

	Consolidated £000	College £000
At start of year	21,276	21,205
Surplus from income and expenditure account	43	43
At end of year	21,319	21,248

Representing:	Consolidated		College	
	2010 £000	2009 £000	2010 £000	2009 £000
Undepreciated cost of tangible fixed assets less deferred capital financed out of general reserve	20,452	20,636	20,452	20,636
College general reserve	867	640	796	569
	21,319	21,276	21,248	21,205

17 CAPITAL COMMITMENTS

At 31 July 2010 the College had contracts outstanding amounting to £1,205k, comprising £403k for the new pipe organ and £802k for building renovations and refurbishments. At 31 July 2009 the College had contracts outstanding amounting to £579k, comprising £486k for the new pipe organ and £93k for buildings renovations.

18 FINANCIAL COMMITMENTS

The College had no annual commitments under non-cancellable operating leases at 31 July 2010 and 31 July 2009.

19 POST BALANCE SHEET EVENTS

No material event occurred after the date of the balance sheet the disclosure of which is deemed to contribute to a proper understanding of the financial position.

20 CONTINGENT LIABILITIES

The College had no contingent liabilities at 31 July 2010 and 31 July 2009.

21 RELATED PARTY TRANSACTIONS

The College has both a loan scheme and a joint-equity scheme for house purchase which is available to members of Governing Body. At 31 July 2010 two loans under the scheme, amounting in aggregate to £480,354, were outstanding to the Warden and a former member of the Governing Body. The College's Endowment Asset Investments included joint-equity investments, valued at £1,025k, in six properties.

22 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH

INFLOW FROM OPERATING ACTIVITIES

	£000
Surplus for the year	43
Depreciation	1,088
Release of deferred capital	(168)
Endowment income and interest receivable	(742)
Interest payable	3
Decrease (increase) in stocks	6
Decrease (increase) in debtors	(388)
(Decrease) increase in creditors	(188)
	<hr/>
	(346)
	<hr/>

23 ANALYSIS OF CHANGES IN NET FUNDS

	2009	Changes	2010
	£000	£000	£000
Cash at bank and in hand	1,427	(343)	1,084
Endowment assets cash	1,391	635	2,026
Bank overdrafts	0	0	0
	<hr/>	<hr/>	<hr/>
Current asset investments	2,818	292	3,110
	1	0	1
	<hr/>	<hr/>	<hr/>
Net Funds	2,819	292	3,111
	<hr/>	<hr/>	<hr/>