

**ORIEL COLLEGE**

**Annual report and financial statements**

**31 July 2010**

**ORIEL COLLEGE**

**Annual report and financial statements for the year ended 31 July 2010**

**INDEX**

	Page
Report of the Governing Body	2
Responsibilities of the Governing Body	9
Statement of principal accounting policies	10
Consolidated income and expenditure account	12
Balance sheets	13
Consolidated cashflow statement	14
Notes to the financial statements	15

## ORIEL COLLEGE

### Report of the Governing Body

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

#### Status

Oriel College is an eleemosynary chartered charitable corporate foundation. It was founded by Adam de Brome under a Royal Charter of Edward the Second, dated 1326. The College consists of the Provost and Fellows ('Scholars'). The College is an exempt charity under s3(5a) Charities Act 1933 (as listed in Schedule 2(b) to that Act). Subsequent to the Charities Act 2006 it is required to register with the Charity Commission. The College is in the process of registering with the Charity Commission, in accordance with the Charities Act 2006.

#### Objects

The College exists to promote undergraduate education within the University of Oxford and also to promote research and advanced study. The College also provides accommodation, advice and resources to graduate students of the University.

The Governing Body has adopted the following specific objects in anticipation of registration with the Charity Commission in 2011:

1. Providing a University Education in a College conducted in accordance with the traditions of its foundation
2. The advancement of education and learning and the promotion of research
3. The advancement of public education, heritage and culture, in particular by the maintenance of articles of historic or aesthetic interest, and the conservation of the College and its grounds
4. Other charitable purposes for the benefit of the public

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

#### Governance

Oriel College is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, Her Majesty the Queen. The College Statutes are made from time to time by Her Majesty in Council in accordance with the Royal Charter of 1326 and the Universities of Oxford and Cambridge Act 1923. Under the Statutes the Provost superintends the property and domestic arrangements of the College, as well as the discipline and education therein. The statutory College Officers are the Vice Provost and the Treasurer. In the absence of the Provost the Vice-Provost acts as his vice-gerent with the same powers and duties as the Provost. The Treasurer has the care of the property and expenditure of the College and acts under the regulation of the Governing Body and in association with the Finance & Estates Committee. The Governing Body comprises the Provost and forty nine Fellows and holds itself responsible for the continuing strategic direction of the College, for its administration and the management of finances and assets. From time to time the Governing Body elects other officers deemed necessary for the business of the College.

The principal governance committees are the Audit Committee, the Remuneration Committee and the Investment Advisory Committee. All have an external chairman and majority of external members or, in the case of the Remuneration Committee, a majority of members not remunerated by the College.

## Governing Body

At the year end the membership of the Governing Body was:

Sir Derek Morris, Provost  
Dr Mark Philp, Vice Provost  
Dr Glenn Black - retired 30 September 2010  
Professor David Charles  
Mr Richard Tur  
Professor Derek Gray  
Professor John Barton  
Professor Andrew Boothroyd  
Dr Michael Spivey  
Professor Annette Volfing  
Professor David Hodgson  
Dr Lynne Cox  
Dr Douglas Hamilton  
Professor Robert Evans  
Professor Pedro Ferreira  
Dr Teresa Morgan  
Professor Brian Leftow  
Dr Oliver Pooley  
Dr Bruno Currie  
Dr John Huber  
Dr Richard Scholar  
Mr Mark Curtis  
Dr Celine Rochon  
Mr Wilf Stephenson, Treasurer  
Dr Yadvinder Malhi  
Dr Kristine Krug  
Dr Ian Forrest  
Dr Christopher Bowdler  
Ms Juliane Kerkhecker  
Professor Michael Devereux  
Dr Christopher Conlon  
Ms Lucinda Ferguson  
Dr Phillip Stier  
Dr Julia Mannherz  
Professor John Armour  
Professor Gonzalo Rodriguez Pereyra  
Dr Jane Hood  
Professor Ian Horrocks  
Professor Lars Fugger  
Dr Nicholas Eyre  
Ms Sandra Robertson  
Dr Kevin Maloy  
Dr William Wood  
Dr Max Crispin  
Dr Eva Sansavior  
Dr Yakov Kremnizer  
Dr Colin MacDonald  
Dr Mungo Wilson  
Dr Xenia de la Ossa - resigned 30 September 2009  
Dr Daniel Butt - resigned 31 August 2009

At the year end there were two fellows elect: Dr Kathryn Murphy and Dr James Sparks were both appointed from 1 October 2010

Dr Glenn Black retired from his official fellowship on 30 September 2010.

### **General Purposes Committee**

The General Purposes Committee is the standing committee of Governing Body with responsibility for reviewing and making recommendations on all business of the College not specifically the responsibility of other standing or ad hoc committees.

The following served on the Committee during the year:

The Provost (Chairman)  
The Vice-Provost  
The Treasurer  
The Senior Tutor  
The Senior Dean  
The Tutor for Admissions  
Dr Daniel Butt resigned 31 August 2009  
Dr Bruno Currie  
Mr Mark Curtis  
Dr Kristine Krug

### **Finance and Estates Committee**

The Finance and Estates Committee is the standing committee of Governing Body with responsibility for considering, acting and reporting on any matter pertaining to the financial affairs and estates of the College.

The following served on the Committee during the year:

The Provost (Chairman)  
The Treasurer  
Dr Glenn Black resigned 28 October 2009  
Dr Mark Philp  
Dr Michael Spivey  
Professor Annette Volfing  
Dr Oliver Pooley  
Mr Mark Curtis  
Mr John Shannon (Treasurer, Oriel College Development Trust)  
Dr John Huber appointed 28 October 2009

## **Audit Committee**

The Audit Committee exists to review, on behalf of the College, the effectiveness of the external audit, the financial statements, internal controls and overall financial governance. The Chairman has access to the Provost at all times and may address the Governing Body on any matters of concern as the Committee requires. The Committee reports annually to the Governing Body on the financial statements and its work during the year.

The members of the Committee during the year were:

Sir Bryan Nicholson (former Chairman of the Financial Reporting Council), Chairman resigned 18 March 2010

Mr Strone Macpherson (Chairman, Close Brothers plc) appointed 18 March 2010, Chairman

Mr John Shannon (Treasurer, Oriel College Development Trust)

Mr Tim Budden (Director of Group Reporting, Grosvenor)

Mr Clifford Webb (Bursar of Merton College)

Professor John Armour - appointed 1 October 2009

Dr Xenia de la Ossa (Fellow) - resigned 30 September 2009

## **Investment Advisory Committee**

The Investment Committee consists of Fellows and members of the College with relevant expertise. The Committee meets at least twice a year to review investment performance and advise on investment strategy and reports annually to the Governing Body. It is also consulted by the Treasurer on matters that arise during the year. Its members are:

Mr Sebastian Grigg (Managing Director, Credit Suisse) Chairman

Mr Keith Jones (former Chief Executive, Morley Fund Management)

Mr Colm Kelleher (Chief Financial Officer, Morgan Stanley)

Mr Rupert Nabarro (Chairman, IPD)

Mr John Shannon (Treasurer, Oriel College Development Trust)

Mr John Cook (Charles Stanley & Co) Chairman elect

Mr Charles Skinner (Oriensis)

The Provost

The Treasurer

Dr Celine Rochon (Fellow in Finance)

Dr Christopher Bowdler (Fellow in Economics)

Ms Sandra Robertson (Fellow and Chief Investment Officer, Oxford University Endowment Management Limited) - appointed 1 October 2009

## **Property Panel**

During the year a panel was established to provide expert advice on strategy and management of the College's property portfolio. Its members are:

Mr Robin Goodchild, (International Director and Head of European Strategy, La Salle Investment Management)

Mr Jonathan Lane, (Chief Executive, Shaftsbury plc)

The Treasurer

The Master of Works

## Remuneration Committee

The Remuneration Committee consists of an external chairman, one other external member, two professorial fellows and one other fellow. The Committee meets twice a year to review matters of remuneration policy and any significant remuneration issues raised by members or by the Governing Body. Its members are:

Professor Donald Hay (former Pro-VC for Planning and Resources), Chairman

Mr Ben Ruck Keene (Bursar of Corpus Christi College)

Dr Glenn Black resigned 30 September 2010

Professor John Barton resigned 1 October 2010

Professor Michael Devereux

Dr David Hodgeson - appointed 1 October 2010

Professor Brian Leftow - appointed 1 October 2010

## Scope of financial statements

The financial statements consolidate the accounts of the College and its wholly owned subsidiaries, Land Estates and Property Limited and Tean Limited. Both subsidiaries manage endowment property. In addition they consolidate the accounts of the Oriel College Development Trust.

Oriel College Development Trust is a separate registered charity whose sole purpose is to support the work of the College. The Trust has a policy of transferring funds raised for endowment, capital projects or revenue expenditure to the College as soon as practicable.

## Strategic aims and objectives

The College plan aims to maintain and enhance Oriel's standing within the University of Oxford as a world-class college in a world-class university. By 2026, the 700th anniversary of the foundation, the twofold aim is firstly to have secured the financial resources and significantly improved the facilities to support teaching, scholarships and research and secondly to maintain and develop the historic buildings to provide appropriate residential accommodation, teaching, research and social facilities for the twenty first century. The College has an overall fundraising target of £75 million at 2004 values. All new fund raising is conducted through the Oriel College Development Trust. Gifts and legacies of £1.4 million were received during the year and the Development Trust donated £1.1m to the College.

Specific aims of the long term plan include increased funding to enable Oriel to continue to attract the best Fellows and lecturers, further endowment of bursaries and other support for undergraduate and graduate students so they can be admitted purely on merit irrespective of their own financial resources.

The College's academic strategy is focused on the development of teaching teams able to deliver focused teaching across subjects which are becoming more diversified. These will also provide attractive steps in the academic ladder for post-graduate and post-doctoral researchers.

## Review of the year (against the principle objects)

1. 297 undergraduate (2009; 289) and 182 graduate (2009; 188) students were in residence during the year. Academic performance was very satisfactory. In Final examinations 29.1% obtained first class degrees and 62.0% upper seconds. In Chemistry there were three firsts out of four candidates. In Computer Science three out of five. Modern Languages, Biochemistry and Biology, and Theology had 50% firsts. English, History and Maths had over 40% firsts. It is clear that steps taken in recent years to improve academic performance, including the appointment of additional tutorial fellows and stipendiary lecturers, have been effective.

Twenty graduate students were awarded doctorates. Over 40% of the College's students are now taking graduate courses. They represent a significant part of the College's contribution to the educational activities of the collegiate university and to the intellectual and social life of the College.

The College continued its support of a Third World undergraduate by paying college and university fees. Members of the JCR contributed to a fund to cover living costs so the student is fully funded for his 4 year course in Oxford.

Generous prizes (funded by the Oriel Society) were awarded for the best performances by undergraduates in First Public Examinations in addition to the College prizes awarded for first class results in all public examinations.

College bursaries totalling £46,000 were awarded to students in addition to the College's participation on the Oxford Opportunity Bursary Scheme. Additional grants were made to students with exceptional needs and also to enable students to avoid taking paid work during vacations to concentrate on their studies.

Vacation travel bursaries were awarded to 74 students to assist with the costs of travel related to the pursuit of their academic objectives.

2. Five Fellows won prestigious prizes or awards during the year. Professor John Barton was awarded a Leverhulme Major Research Fellowship of three years. Professor Lars Fugger was elected a Fellow of the Academy of Medical Sciences. Dr Colin Macdonald was awarded the Richard Diphra prize for outstanding research in applied mathematics. Dr. Richard Scholar and Dr Eva Sansaviour received a substantial award from the Leverhulme Trust to support their Francophone Caribbean Literature Project.

Mr Richard Tur continued to develop the English Law Summer School for students of 4 universities in China.

The College's visiting musician was Thierry Escaich, organist at the Church of Saint Etienne-du-mont in Paris. The College sponsored another concert at the Holywell music room given by the previous year's visiting musician, the jazz pianist, Gwilym Simcock.

The chapel choir had a successful year ending with a tour to Rome.

3. The College has been open to guided tours for many years but otherwise closed to the public. Governing Body agreed to open to individual visitors from September 1 and appropriate preparations for this were made. A number of film crews were hosted during the year. Most were making documentary programmes to mark the beatification of Cardinal John Henry Newman a former fellow of the College.

Dr John Stephenson gave the annual Lee Seng Tee Lecture on the history of the College. This covered Oriel during the First World War. Professor Kenneth Parker gave a lecture on John Henry Newman and the Oriel College Library Register. Two concerts were held in the Senior Library during the year featuring the Pavlova Wind Quintet and the internationally acclaimed violinist, Soojin Han (a former student of the College).

£503k was spent during the year on maintenance, restoration and conservation of the College's historic buildings.

In addition new accommodation was completed at the James Mellon Hall annex in Rectory Road which provides 38 additional student rooms including 2 new fully accessible rooms and accessible kitchen facilities.

The Governing Body confirms that it has complied with the Charities Act 2006 to have due regard to the guidance on public benefit, 'Charities and Public Benefit'. Oriel College's charitable purpose is embedded within its objects outlined above.



## **Financial review**

Total income for the year was £8,586,000 and total expenditure £8,141,000 giving an operating surplus of £445,000. Endowment income receivable £3,827,000 on a gross asset base of an average of £61,876,000 giving a yield of 6.1%. Net investment assets grew from £39,131,000 over the year to £44,714,000 at the year-end.

The College's finances remain severely constrained as we remain neither able to obtain the funds from government required to fulfill our principle educational and research objects nor to raise fees to an appropriate level to meet our costs.

A demanding balanced budget for the year was met and we were able to reduce the draw on the endowment below the target for the year of 4.3% to 3.8%. A balanced budget has been set for 2010/11 which assumes a draw of 4.3% from endowment funds.

## **Investment performance**

Endowment assets are invested in land and property, equities, fixed income securities and cash deposits. Land and property investments rose in value from £37,134,000 to £41,294,000. The value of securities and cash increased from £19,452,000 to £20,591,000.

## **Reserves**

The Governing Body has sufficient reserves for the College to be managed efficiently and to ensure uninterrupted services.

## **Risk management**

The major risks to which the College is exposed, as identified by the Governing Body, have been reviewed and systems established to mitigate them. A risk register is maintained and reviewed annually by Finance & Estates and Audit Committees who report to Governing Body on the adequacy of measures taken and any areas of concern.

## **Trustee recruitment and training**

Trustees are the members of Governing Body elected on the recommendation of appointment committees which normally include external members. Most are selected for their outstanding academic achievements and teaching abilities others are selected for specific management roles. Extensive references are taken prior to appointment. All new fellows receive a comprehensive briefing on the governance of the College and their duties as trustees and further training will be arranged during the next 12 months to ensure that all fellows are fully aware of their responsibilities in the light of registration with the Charity Commission.

Approved by the Governing Body on 10 November 2010

Sir Derek Morris

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

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

In so far as the Governing Body is aware:

- there is no relevant audit information of which the College's auditor is unaware; and
- the Governing Body have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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. The College is in the process of registering with the Charity Commission, in accordance with the Charities Act 2006.

## **ORIEL 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, College freehold buildings, 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. 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 College is in the process of registering with the Charity Commission and confirmation has been received that the tax status is not affected.

The financial statements consolidate the accounts of the College and of its subsidiary undertakings, Land Estates and Property Limited and Tean Limited, together with those of Oriel College Development Trust. The latter organisation, whilst being controlled by its own trust deed and having separate trustees, has as its objective helping the College to fund fellowships, scholarships, bursaries, and new buildings and restore, repair and maintain existing College buildings.

#### **Recognition of income**

Fees and income for other 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 the income and expenditure account on a receivable basis.

Conference income including deposits is recognised at the time immediately after the event has occurred. Deposits taken in advance of the event are deferred until that time.

#### **Donations and benefactions**

Donations and benefactions are credited to endowment or income on a receivable basis.

Donations and benefactions received in respect of capital projects are accounted for as a reduction in the costs of the relevant asset.

The costs of raising donations and benefactions are charged in equal proportions to revenue and new endowment. The costs of fundraising within Oriel College Development Trust are offset against endowment on consolidation as the funds arising within Oriel College Development Trust are treated as endowment funds.

#### **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.

#### **Intangible fixed assets**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life of 13 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

#### **Tangible fixed assets**

Tangible fixed assets are stated as under:

Freehold buildings	At open market and existing use valuation
Equipment	At cost

Depreciation on equipment is provided at 25% on a straight line basis.  
Freehold land is not depreciated.

## **ORIEL COLLEGE**

### **Statement of principal accounting policies**

The cost of major renovation projects which increase the service potential of buildings is capitalised, any increase in value being reflected in the annual revaluation.

The College operates a "de minimis" limit of £20,000 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 are included in the balance sheet at market value. Other fixed asset investments are included at cost.

#### **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 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 other than conferences 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.

**ORIEL COLLEGE**  
**Consolidated income and expenditure account**  
**Year ended 31 July 2010**

	Notes	2010 £'000	2009 £'000
<b>INCOME</b>			
Academic fees and tuition income	1	1,981	2,028
Other operating income	2	2,778	2,441
Endowment return and interest receivable	3	3,827	3,545
<b>Total income</b>		<b>8,586</b>	<b>8,014</b>
<b>EXPENDITURE</b>			
Staff costs	4	3,742	3,873
Depreciation		123	146
Other operating expenses		3,190	2,942
Interest payable		1,071	998
Contribution under Statute XV		16	18
<b>Total expenditure</b>	6	<b>8,142</b>	<b>7,977</b>
Surplus for the year on continuing operations before taxation		444	37
Taxation	7	-	-
<b>Surplus for the year after taxation</b>	8	<b>444</b>	<b>37</b>

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

	Notes	2010 £'000	2009 £'000
<b>Reserves</b>			
Surplus for the year		444	37
Appreciation of tangible fixed assets	10	210	-
<b>Endowments</b>			
Income receivable from endowment asset investments	17	3,450	3,545
Endowment return transferred to income and expenditure	17	(3,827)	(3,545)
Appreciation/(Depreciation) of endowment asset investments	17	4,247	(5,278)
Realised gain from investment sale	17	33	-
New endowments received	17	1,297	2,750
Costs of generating endowments	17	(227)	(337)
<b>Total recognised gains relating to the year</b>		<b>5,627</b>	<b>(2,828)</b>
Opening fund balances		75,003	77,831
Closing reserves and endowments		<b>80,630</b>	<b>75,003</b>

**ORIEL COLLEGE**  
**Balance sheets**  
**As at 31 July 2010**

	Notes	CONSOLIDATED		COLLEGE	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>Fixed assets</b>					
Intangible assets	9	223	260	-	-
Tangible assets	10	39,582	39,412	39,582	39,412
Investments	11	-	-	482	482
		<u>39,805</u>	<u>39,672</u>	<u>40,064</u>	<u>39,894</u>
<b>Endowment asset investments</b>					
Securities and cash deposits		20,591	19,452	22,918	21,790
Loan		(8)	318	375	694
Land and property		41,294	37,134	28,588	24,694
	12	<u>61,877</u>	<u>56,904</u>	<u>51,881</u>	<u>47,178</u>
Financed by loans	16	<u>(17,162)</u>	<u>(17,774)</u>	<u>(10,000)</u>	<u>(10,000)</u>
		<u>44,715</u>	<u>39,130</u>	<u>41,881</u>	<u>37,178</u>
<b>Current assets:</b>					
Stocks		219	175	219	175
Debtors	13	525	788	5,491	4,244
Cash at bank and in hand		-	-	-	-
		<u>744</u>	<u>963</u>	<u>5,710</u>	<u>4,419</u>
<b>Creditors:</b>					
Amounts falling due within one year	14	<u>(2,134)</u>	<u>(2,262)</u>	<u>(5,538)</u>	<u>(4,647)</u>
<b>Net current liabilities</b>		<u>(1,390)</u>	<u>(1,299)</u>	<u>172</u>	<u>(228)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>83,130</u>	<u>77,503</u>	<u>82,117</u>	<u>76,844</u>
<b>Creditors:</b>					
<b>Year ended 31 July 2010</b>	15	<u>(2,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>
<b>TOTAL NET ASSETS</b>		<u>80,630</u>	<u>75,003</u>	<u>79,617</u>	<u>74,344</u>
<b>Endowments</b>					
Specific		21,080	18,854	20,217	18,316
General		23,635	20,276	21,664	18,862
	17	<u>44,715</u>	<u>39,130</u>	<u>41,881</u>	<u>37,178</u>
<b>Reserves</b>					
General reserves	18	(872)	(704)	949	589
Revaluation reserve	18	28,982	28,772	28,982	28,772
Capital reserve	18	7,805	7,805	7,805	7,805
		<u>35,915</u>	<u>35,873</u>	<u>37,736</u>	<u>37,166</u>
<b>TOTAL FUNDS</b>		<u>80,630</u>	<u>75,003</u>	<u>79,617</u>	<u>74,344</u>

The financial statements were approved by the Governing Body of Oriel College on 10 November 2010

Sir Derek Morris  
Provost

**ORIEL COLLEGE**  
**Consolidated cashflow statement**  
**Year ended 31 July 2010**

	Note	2010 £'000	2009 £'000
<b>Net cash outflow from operating activities</b>	22	<u>(1,018)</u>	<u>(1,794)</u>
Returns on investments and servicing of finance			
Income from endowments received		3,450	3,545
Other income from investments and interest received		-	-
		<u>3,450</u>	<u>3,545</u>
Interest paid		(1,071)	(998)
Net cash inflow from returns on investments and servicing of finance		<u>2,379</u>	<u>2,547</u>
Capital expenditure and financial investment			
Net (acquisition) of tangible fixed assets		(462)	(2,451)
Net (acquisition) of endowment asset investments		(3,533)	(147)
Endowments received		1,297	2,750
Costs of generating endowments		(227)	(337)
Net cash (outflow) from capital expenditure and financial investment		<u>(2,925)</u>	<u>(185)</u>
<b>Net cash (outflow)/inflow before use of liquid resources and financing</b>		(1,564)	568
Financing	23	(612)	2,533
<b>Increase in cash</b>	24	<u>(2,176)</u>	<u>3,101</u>
<b>Reconciliation of net cash flow to movement in net cash funds</b>			
(Decrease)/increase in cash		(2,176)	3,101
Decrease/(increase) in debt		612	(2,791)
Change in net funds		<u>(1,564)</u>	310
Net cash funds at the beginning of the year		(14,815)	(15,125)
<b>Net debt at the end of the year</b>	24	<u>(16,379)</u>	<u>(14,815)</u>

**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2010**

	2010	2009
	£'000	£'000
<b>1 ACADEMIC FEES AND TUITION INCOME</b>		
Tuition fees from UK and European Union students	1,510	1,536
Tuition fees from overseas students	126	69
Other tuition income	345	423
	<u>1,981</u>	<u>2,028</u>

The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £1,259,629 (2009: £1,276,532).

	2010	2009
	£'000	£'000
<b>2 OTHER OPERATING INCOME</b>		
Residential income from college members	1,713	1,462
Conference and function income	950	905
Grants and donations	70	-
Other income	45	74
	<u>2,778</u>	<u>2,441</u>

	2010	2009
	£'000	£'000
<b>3 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>		
Transferred from specific endowments (note 17)	808	1,004
Transferred from general endowments (note 17)	3,019	2,541
Other interest receivable	-	-
	<u>3,827</u>	<u>3,545</u>

	2010	2009
	£'000	£'000
<b>4 STAFF COSTS</b>		
Gross pay	3,130	3,260
Social Security costs	239	250
Other pension costs (note 5)	373	363
	<u>3,742</u>	<u>3,873</u>

**5 PENSION SCHEMES**

**The schemes**

The College participates in two principal pension schemes for its staff – the Universities Superannuation Scheme (USS) and the Oriel College Group Personal Pension Scheme (GPP). USS is a contributory defined benefit scheme (i.e. it provides benefits based on length of service and final pensionable salary) and is contracted out from the State Second Pension Scheme. GPP, which is not contracted out of the State Second Pension Scheme, provides benefits on a money-purchase basis. The assets of USS and GPP 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.

**Actuarial valuations**

Qualified actuaries periodically value the USS scheme. The SS scheme was valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits 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.



**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2010**

	USS
Date of valuation :	31/03/2008 <sup>a</sup>
Date valuation results published	04/02/2009
Value of liabilities:	£28,135m
Value of assets:	£28,842m
Funding Surplus/(Deficit)	£707m <sup>b</sup>
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)	-
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 at age 65 (males)	23 yrs
assumed life expectancy at age 65 (females)	25 yrs
Funding ratios :	
Technical Provisions basis:	103% <sup>c</sup>
Statutory Pension Protection Fund basis	107%
"Buy-out" basis	79%
Estimated FRS17 basis	104% <sup>c</sup>
Recommended employers' contribution rate (as % of pensionable salaries)	16% <sup>d</sup>
Effective date of next valuation	31/03/2011 <sup>a</sup>

(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) 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%.

(d) 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.

**Sensitivity of actuarial valuation assumptions:**

Surpluses or deficits, which arise at future valuations, may impact the on the College's C127 future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2010**

Assumption	Change in assumption	Impact on 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

**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	2009
	£'000	£'000
USS	250	223
GPP	123	140
Total:	<u>373</u>	<u>363</u>

In addition the College continues to make a small and diminishing number of supplementation payments to retired members and dependants of former members of FSSU and EPS.

**ORIEL COLLEGE**  
**Notes to the financial statements**  
Year ended 31 July 2010

**6 ANALYSIS OF EXPENDITURE**

	Staff costs	Depreciation	Other operating expenses	2010 Total	2009 Total
	£'000	£'000	£'000	£'000	£'000
Academic	1,733	2	747	2,482	2,318
Residences, catering and conferences	1,212	41	499	1,752	1,995
Premises	306	73	897	1,276	1,212
College administration	450	7	427	884	1,102
Fund raising	-	-	-	-	-
Endowment management	33	-	620	653	325
Other	8	-	-	8	9
	<u>3,742</u>	<u>123</u>	<u>3,190</u>	<u>7,055</u>	<u>6,961</u>

Interest payable	1,071	998
Contribution under Statute XV	16	18

**Total expenditure** 8,142 7,977

	£'000	£'000
Interest payable relates to -		
Bank loans, overdrafts and other loans:		
Repayable within five years	-	-
Repayable wholly or partly in more than five years	1,071	998
	<u>1,071</u>	<u>998</u>

Other operating expenses include auditors' remuneration:		
in respect of the audit of these financial statements	18	21
in respect of other services	30	10
	<u>30</u>	<u>10</u>

**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2010**

<b>7 TAXATION</b>	2010 £'000	2009 £'000
United Kingdom corporation tax	-	-

<b>8 SURPLUS/(DEFICIT) FOR THE YEAR</b>	2010 £'000	2009 £'000
---	---------------	---------------

The surplus for the year is made up as follows:

College's surplus for the year	360	63
Surplus/(deficit) generated by the subsidiary undertakings	84	(26)
	<u>444</u>	<u>37</u>

**9 INTANGIBLE FIXED ASSETS**  
**CONSOLIDATED**

	2010 Goodwill £'000	2009 Goodwill £'000
<b>Cost</b>		
At start of year	482	482
At end of year	<u>482</u>	<u>482</u>
<b>Depreciation</b>		
At start of year	222	185
Charge for period	37	37
At end of year	<u>259</u>	<u>222</u>
<b>Net book value</b>		
At end of year	<u>223</u>	<u>260</u>
At start of year	<u>260</u>	<u>297</u>

**10 TANGIBLE FIXED ASSETS**  
**CONSOLIDATED AND COLLEGE**

	Freehold property £'000 Valuation	Equipment £'000 Cost	Total £'000
<b>Cost/valuation</b>			
At start of year	39,254	462	39,716
Additions	455	7	462
Revaluation	210	-	210
Transfer of assets to endowment	(416)		(416)
At end of year	<u>39,503</u>	<u>469</u>	<u>39,972</u>
<b>Depreciation</b>			
At start of year	-	304	304
Charge for period	-	86	86
At end of year	-	<u>390</u>	<u>390</u>
<b>Net book value</b>			
At end of year	<u>39,503</u>	<u>79</u>	<u>39,582</u>
At start of year	<u>39,254</u>	<u>158</u>	<u>39,412</u>

The freehold property was valued by the Trustees on an existing use basis at 31 July 2010. The last external valuation was performed as at 31 July 2007 by an independent firm of chartered surveyors.

**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2010**

**11 FIXED ASSET INVESTMENTS**

COLLEGE	2010 £'000	2009 £'000
Investments in subsidiary companies		
<b>Cost</b>		
At start of year	482	482
At end of year	<u>482</u>	<u>482</u>

The College owns 100% of the issued share capital of Land Estates and Property Limited, a company incorporated in England and Wales, and 100% of the issued share capital of Tean Limited, a company incorporated in Guernsey. The principle activity of both Land Estates and Property Limited and Tean Limited is the holding and management of investment properties.

**12 ENDOWMENT ASSET INVESTMENTS**

	Consolidated				College			Total
	Securities & Cash	Loan & drs	Land & property	Total	Securities & Cash	Loan	Land & property	
<b>At market value</b>								
At start of year	19,452	318	37,134	56,904	21,790	694	24,694	47,178
Purchases at cost	10,295	-	767	11,062	10,295	-	766	11,061
Advances	-	-	-	-	-	-	-	-
Sales proceeds	(7,494)	-	-	(7,494)	(7,494)	-	-	(7,494)
(Decrease)/ increase in cash	(2,975)	(326)	-	(3,301)	(3,031)	(319)	-	(3,350)
Revaluation gain	1,270	-	2,977	4,247	1,315	-	2,712	4,027
Accrued income	43	-	-	43	43	-	-	43
Transfer from fixed assets	-	-	416	416	-	-	416	416
At end of year	<u>20,591</u>	<u>(8)</u>	<u>41,294</u>	<u>61,877</u>	<u>22,918</u>	<u>375</u>	<u>28,588</u>	<u>51,881</u>

Analysed as	2010	2010
Funds (listed)	18,047	18,042
Equities (listed)	-	-
Cash	2,544	4,876
	<u>20,591</u>	<u>22,918</u>
Historical cost at end of year	<u>17,496</u>	<u>17,496</u>

The major endowment land and property investments owned by the College and its subsidiaries have been valued as at 31 July 2010 by an independent firm of Chartered Surveyors, the basis of valuation being open market value on existing use. Other properties have been valued by the Trustees on the same basis using supporting independent professional advice.

The College loan represents an amount due from a subsidiary of £375,000. The loan to a subsidiary bears interest at UK Base rate + 0.5%.

**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2010**

**13 DEBTORS**

	CONSOLIDATED		COLLEGE	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	347	425	335	410
Amounts owed by College members	55	46	55	46
Amounts owed by group undertakings	-	-	4,353	3,497
Loans	5	15	5	15
Prepayments and accrued income	118	302	743	276
	<u>525</u>	<u>788</u>	<u>5,491</u>	<u>4,244</u>

The amounts recoverable from group undertakings are not expected to be repaid until after one year.

**14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	CONSOLIDATED		COLLEGE	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Unsecured bank loans and overdrafts	709	766	4,191	3,321
Trade creditors	223	221	223	221
College Contribution	16	25	16	25
Other taxation and social security	99	70	99	70
Accruals and deferred income	1,087	1,180	1,009	1,010
	<u>2,134</u>	<u>2,262</u>	<u>5,538</u>	<u>4,647</u>

**15 CREDITORS: AMOUNTS FALLING AFTER ONE YEAR**

	CONSOLIDATED		COLLEGE	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Unsecured bank loans	2,500	2,500	2,500	2,500
	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>

**16 BANK LOANS**

	CONSOLIDATED		COLLEGE	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Secured endowment assets bank loans	7,162	7,774	-	-
Unsecured endowment asset bank loan	10,000	10,000	10,000	10,000
	<u>17,162</u>	<u>17,774</u>	<u>10,000</u>	<u>10,000</u>
Other unsecured bank loan	2,500	2,500	2,500	2,500
	<u>19,662</u>	<u>20,274</u>	<u>12,500</u>	<u>12,500</u>
Repayable within one year	646	612	-	-
Repayable between two and five years	2,986	2,668	-	-
Repayable after five years	16,030	16,994	12,500	12,500
	<u>19,662</u>	<u>20,274</u>	<u>12,500</u>	<u>12,500</u>

**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2010**

**17 ENDOWMENTS**

	CONSOLIDATED			COLLEGE		
	Specific £'000	General £'000	Total £'000	Specific £'000	General £'000	Total £'000
At beginning of year	18,854	20,276	39,130	18,316	18,862	37,178
Endowments received	791	506	1,297	791	214	1,005
Costs of generating endowment	(241)	14	(227)	-	14	14
Appreciation of endowment investments	1,166	3,081	4,247	1,211	2,815	4,026
Realised gain on investment sale	-	33	33	-	33	33
Income receivable from endowment asset investments	706	2,744	3,450	703	1,622	2,325
Direct expenditure from endowment	-	-	-	-	-	-
Transferred to income and expenditure account (Note 3)	(808)	(3,019)	(3,827)	(804)	(1,896)	(2,700)
Transfer from general reserves	612	-	612	-	-	-
<b>At end of year</b>	<b>21,080</b>	<b>23,635</b>	<b>44,715</b>	<b>20,217</b>	<b>21,664</b>	<b>41,881</b>

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 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.

**18 RESERVES**

**GENERAL RESERVES**

	CONSOLIDATED £'000	COLLEGE £'000
At beginning of year	(704)	589
Surplus from income and expenditure account	444	360
Transfer to specific endowment	(612)	-
<b>At end of year</b>	<b>(872)</b>	<b>949</b>

**REVALUATION RESERVE**

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	28,772	28,772
Increase in the year	210	210
<b>At end of year</b>	<b>28,982</b>	<b>28,982</b>

**CAPITAL RESERVE**

	CONSOLIDATED £'000	COLLEGE £'000
At start of year	7,805	7,805
Transfer to general reserve	-	-
<b>At end of year</b>	<b>7,805</b>	<b>7,805</b>

**ORIEL COLLEGE**  
**Notes to the financial statements**  
**Year ended 31 July 2010**

**19 POST BALANCE SHEET EVENTS**

There were no reportable post balance sheet events.

**20 CONTINGENT LIABILITIES**

There were no contingent liabilities at the year end.

**21 RELATED PARTY TRANSACTIONS**

On 1 August 2007 £2,262,000, representing the endowment assets of Oriel College Development Trust, was transferred to the College endowment asset investment pool to be held in the appropriate funds. The accounts of the Trust and the College have been consolidated from the same date.

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

	2010 £'000	2009 £'000
Surplus for the year	444	37
Depreciation and amortisation	123	146
Endowment income and interest receivable	(3,827)	(3,545)
Endowment movement in debtors	283	-
Interest payable	1,071	998
(Increase)/decrease in stocks	(44)	3
Decrease in debtors	263	59
Increase in creditors	669	508
Net cash outflow from operating activities	<u>(1,018)</u>	<u>(1,794)</u>

	2010 £'000	2009 £'000
<b>23 FINANCING</b>	612	(2,533)
Repayments of amounts borrowed	<u>612</u>	<u>(2,533)</u>

	2010 £'000	Changes £'000	2009 £'000
<b>24 ANALYSIS OF CHANGES IN NET FUNDS</b>	739	799	(60)
Cash at bank and in hand	2,544	(2,975)	5,519
Endowment assets cash	<u>3,283</u>	<u>(2,176)</u>	<u>5,459</u>
Unsecured college loan	(2,500)	-	(2,500)
Secured endowment loan	(7,162)	612	(7,774)
Unsecured endowment loan	(10,000)	-	(10,000)
	<u>(16,379)</u>	<u>(1,564)</u>	<u>(14,815)</u>

**25 CAPITAL COMMITMENTS**

	2010 £'000	2009 £'000
<b>CONSOLIDATED AND COLLEGE</b>	-	-
Commitments contracted at 31 July	<u>-</u>	<u>-</u>



## **ORIEL COLLEGE**

### **Report of the Independent Auditor to the Governing Body**

We have audited the College consolidated financial statements ("the financial statements") of Oriel College for the year ended 31 July 2010 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the balance sheets, the cash flow statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

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

### **Respective Responsibilities of the Governing Body and the Auditor**

The Governing Body's responsibilities for preparing the Report of the Governing Body and the financial statements in accordance with UK law and Accounting Standards (UK GAAP) and the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder, are set out in the Responsibilities of the Governing Body.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made there under and whether the information given in the Report of the Governing Body is consistent with the financial statements.

In addition we report to you if, in our opinion, the college has not kept adequate accounting records, if the college's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit.

We read the 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 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 in accordance with UK GAAP of the state of the College's affairs as at 31 July 2010 and of the deficit for the year then ended;
- b) the financial statements have been properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made there under;
- c) in all material respects, income received from the University of Oxford out of grants from the Further and Higher Education Funding Council for England during the year ended 31 July 2010 has been applied to the purposes for which it was received; and
- d) the information given in the Report of the Governing Body is consistent with the financial statements for the year ended 31 July 2010.

GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
OXFORD