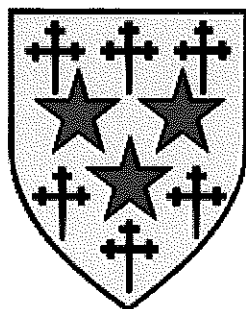


**SOMERVILLE COLLEGE, OXFORD**



**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED**

**31<sup>st</sup> JULY 2010**

# SOMERVILLE COLLEGE, OXFORD

## Annual Report and Financial Statements

Year ended 31st July 2010

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## **SOMERVILLE COLLEGE, OXFORD**

### **Report of the Governing Body**

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

#### **Status**

Somerville College is a tax exempt educational institution governed by a Charter and Statutes. It was founded as Somerville Hall in 1879 by a committee chaired by Dr Percival as a non denominational hall of residence for women and in 1881 was incorporated as an association not intended for profit under the Companies Acts of 1862 and 1867. The title of College was adopted in 1894. In 1926, the College was incorporated by Royal Charter as "The Principal and Council of Somerville College". In 1951 its statutes were amended to restrict membership of the Governing Body to the Principal and Fellows, and in 1959, when it was admitted with the other Women's Societies as a full College of the University, its corporate designation became "The Principal and Fellows of Somerville College in the University of Oxford". In 1992 the charter and statutes were changed to enable the admission of men at both senior and junior level.

The governing document of the College is the 1951 Charter And Statutes of Somerville College, Oxford. This was later amended by the Special Statute presented on 17th January 1961 in which Paragraph (c) of Article 3 of the Charter concerning the investment objectives was amended.

The College is currently an exempt charity under S3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act). The Charities Act 2006 provides for the withdrawal of this status from University of Oxford colleges. As a result, steps are being taken to register the College with the Charity Commission.

#### **Objects**

The College exists to provide and promote undergraduate and graduate education within the University of Oxford, and also to advance education, learning and research.

Within these objects, the College also has various endowment funds, some of which are held for stated purposes in connection with the development of College facilities, for scholarships, bursaries, prizes and for other educational purposes.

#### **Governance**

The Governing Body of the College comprises the Principal and Fellows. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, the Chancellor of the University of Oxford. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1951, and the Universities of Oxford and Cambridge Act 1923. The Governing Body holds to itself the responsibilities for the ongoing strategic direction of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Principal and is advised by a range of committees which include the Finance Committee and the Standing Committee.

#### **Scope of financial statements**

The financial statements consolidate the accounts of Somerville College. There are no subsidiary undertakings or wholly-owned vehicles for trading activities.

#### **Review of operations and finance**

The major sources of income are the academic fees, residential, catering and conference charges, endowment income and unrestricted donations and legacies. The major sources of expenditure are staff costs, particularly for academic teaching and staff providing residential, catering and support services, and other operating costs, including the costs of maintaining the College premises and the provision of residential catering and other support services.

There was a surplus of £32,000 for the year excluding restricted donations and legacies. This compares with a surplus of £794,000 in the year ending 31 July 2009. Income was down due to a reduction of unrestricted legacies received in the year, while costs have been held in check due to a number of initiatives during the year. The previous year also benefitted from the disposal of a residential property, which had boosted its result by £615,000.

During the year, agreement was finalised with the University of Oxford over the establishment of a long leasehold interest on land immediately adjacent to the perimeter of the College, and for the construction of two accommodation blocks, which will provide an additional 68 student rooms. The total cost of these buildings will be up to £10.9 million. This project will be funded by donations from Alumni and friends of the College, the sale of surplus College-owned housing stock and a loan facility with the Co-operative Bank.

#### **Investment performance**

The College's investment portfolio has continued to be impacted by an unstable World economy. However, the portfolio enjoyed a recovery of market value, in contrast to the previous two years. The total return on the portfolios managed by the College's investment managers in the year was +18.1%, 1.5 percentage points above the set performance benchmark.

#### **Reserves**

The balance on general reserve at the year end amounted to £9.2m (note 16). After allowing for the amounts invested in fixed assets (including some residential building enhancements) and a transfer from endowment of £233,000, the College's free general reserve remains at £nil. The Governing Body has identified that a free general reserve of at least £2.5m should be established to allow the College to be managed efficiently and to provide a buffer for uninterrupted services. This equates to approximately 6 months of expenditure. Current forecasts indicate that the required balance on the general reserve will not be established for some years and will require the consistent achievement of a surplus of income over expenditure in the foreseeable future.

**SOMERVILLE COLLEGE, OXFORD**  
**Report of the Governing Body**

**Risk management**

The College has established a risk management policy and identified ten major risks to the College. The systems established to mitigate those risks are continually under review to ensure that the risk exposure is satisfactorily managed.

**Auditors**

The College's auditors have informed the College that they have changed their name from Horwath Clark Whitehill LLP to Crowe Clark Whitehill LLP with effect from 1st October 2010.

Approved by the Governing Body on 27th October 2010

Alice Prochaska - Principal

**SOMERVILLE COLLEGE, OXFORD**  
**Responsibilities of the Governing Body**

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

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

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

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

The Governing Body has taken reasonable steps to:

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

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

## **SOMERVILLE COLLEGE, OXFORD**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF SOMERVILLE COLLEGE**

We have audited the financial statements of Somerville College for the year ended 31 July 2010 which comprise the principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, and notes 1 to 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 auditor**

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.

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 Report of the Governing Body and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to 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.

#### **Unqualified opinions**

In our opinion:

- a) the financial statements give a true and fair view of the state of affairs of the College as at 31 July 2010 and of its surplus for the year then ended,
- b) the financial statements have been properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the Accounts of the Colleges made thereunder, and
- c) income for the provision of education received from the University of Oxford during the year ended 31 July 2010 has been applied for the purposes for which it was received.

**Crowe Clark Whitehill LLP**  
Chartered Accountants and Statutory Auditor

Date 22nd November 2010

St Bride's House  
10 Salisbury Square  
London, EC4Y 8EH

**SOMERVILLE COLLEGE, OXFORD**  
**Statement of Principal Accounting Policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of endowment 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 will be implemented for the accounting year ending July 2011 in conjunction with the registration of the Oxford Colleges with the Charity Commission, the University of Oxford College Accounts Committee has concluded that there is no benefit in amending the specific requirements this year.

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

**Recognition of income**

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

**General donations**

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

**Pension costs**

The College contributes to the Universities Superannuation Scheme at rates set by the scheme actuary and advised to the College by the scheme administrator. This scheme is a multi-employer scheme, and it is not possible to identify the assets of the Scheme which are attributable to the College. In accordance with FRS17 this scheme is accounted for on a defined contribution basis and contributions to this scheme are treated as expenditure in the period in which they are payable. The College also contributes to a group personal pension scheme for employees. Contributions to this scheme are also accounted for in the period in which they are payable.

**Tangible fixed assets**

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

Freehold buildings	50 years
Leasehold properties	50 years or period of lease if shorter
Building Improvements	10 - 30 years
Equipment	3 - 10 years

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

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

Donations received to finance the acquisition of tangible fixed assets are treated as deferred capital and released to income on a straight line basis over the same period as the related asset is depreciated.

The College operates a "de minimis" limit of £5,000 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 stated at market value.

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

**Stocks**

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

**Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred. Significant improvements that enhance the use of existing buildings are capitalised and depreciated over the expected life of the enhancement.

**Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the obligation.

**SOMERVILLE COLLEGE, OXFORD**  
**Statement of Principal Accounting Policies**

**Foreign currencies**

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

**Taxation status**

As an exempt charity within the meaning of Schedule 2 of the Charities Act 1993, the College is exempt from taxation in respect of income or capital gains received within categories covered by Sections 466-493 of Corporation Taxes Act 2010 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.

**College Contribution Scheme**

The College is liable to be assessed for contributions under the provisions of Statute XV of the University of Oxford. The College 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 and is accounted for in the period to which it relates.



**SOMERVILLE COLLEGE, OXFORD**  
**Income and Expenditure Account**  
**Year ended 31 July 2010**

	Notes	2010 £'000	2009 £'000
<b>INCOME</b>			
Academic fees and tuition income and other HEFCE support	1	2,212	2,096
Other operating income	2	3,283	3,568
Endowment return	3	1,381	1,442
<b>Total income</b>		<u>6,876</u>	<u>7,106</u>
<b>EXPENDITURE</b>			
Staff costs	4,5,6	4,126	4,102
Depreciation	6	478	494
Other operating expenses	6	2,260	2,327
Interest payable	6	0	0
Contribution under Statute XV	6	5	4
<b>Total expenditure</b>	6	<u>6,869</u>	<u>6,927</u>
<b>Surplus for the year on continuing operations before taxation and disposal of fixed assets</b>		7	179
Surplus (deficit) on disposal of fixed assets		25	615
Taxation		0	0
<b>Surplus for the year before and after taxation</b>	8	<u>32</u>	<u>794</u>

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**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		32	794
<b>Endowments</b>			
Income receivable from endowment asset investments	15	1,421	1,528
Endowment return transferred to income and expenditure account	15	(1,380)	(1,442)
(Depreciation) / appreciation of endowment asset investments	15	3,662	(5,059)
New endowments received	15	213	323
<b>Other</b>			
Net additions to (deductions from) deferred capital	14	<u>547</u>	<u>106</u>
<b>Total recognised gains relating to the year</b>		4,495	(3,750)
Opening reserves and endowments		45,383	49,133
<b>Closing reserves and endowments</b>		<u>49,878</u>	<u>45,383</u>

**SOMERVILLE COLLEGE, OXFORD****Balance Sheet**

Year ended 31 July 2010

	Notes	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	9	<u>12,332</u>	<u>11,520</u>
<b>Endowment asset investments</b>			
Securities and cash deposits		36,881	33,198
Land and property		665	665
	10	<u>37,546</u>	<u>33,863</u>
<b>Current assets:</b>			
Current asset investments	11	753	1,212
Stocks		17	22
Debtors	12	488	530
Cash at bank and in hand		<u>573</u>	<u>258</u>
		1,831	2,022
<b>Creditors:</b>			
Amounts falling due within one year	13	(1,831)	(2,022)
<b>Net current assets</b>		<u>0</u>	<u>0</u>
<b>TOTAL NET ASSETS</b>		<u>49,878</u>	<u>45,383</u>
<b>Deferred capital</b>	14	3,138	2,539
<b>Endowments</b>			
Specific		24,261	21,745
General		<u>13,285</u>	<u>12,118</u>
	15	37,546	33,863
<b>Reserves</b>			
General reserves	16	9,194	8,981
<b>TOTAL FUNDS</b>		<u>49,878</u>	<u>45,383</u>

The financial statements were approved by the Governing Body of Somerville College on 27th October 2010

Alice Prochaska  
*Principal*

Helen Morton  
*Treasurer*

**SOMERVILLE COLLEGE, OXFORD**  
**Cashflow Statement**  
**Year ended 31 July 2010**

	Note	2010 £'000	2009 £'000
<b>Net cash inflow (outflow) from operating activities</b>	22	<u>(656)</u>	<u>(1,332)</u>
Returns on investments and servicing of finance			
Income from endowments received		1,421	1,528
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>1,421</u>	<u>1,528</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		(1,265)	(1,168)
Net realisation/(acquisition) of endowment asset investments		(238)	(252)
Endowments received		213	323
Deferred capital received		622	185
<b>Net cash inflow (outflow) from capital expenditure and financial investment</b>		<u>(668)</u>	<u>(912)</u>
<b>Increase/(decrease) in cash</b>	23	<u>97</u>	<u>(716)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash for the year		315	(488)
Increase/(decrease) in endowment asset liquid resources		(218)	(228)
<b>Change in net funds</b>		<u>97</u>	<u>(716)</u>
Net funds at 1 August 2009		5,538	6,253
<b>Net funds at 31 July 2010</b>	23	<u>5,635</u>	<u>5,537</u>

**SOMERVILLE COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2010**

	2010 £'000	2009 £'000
<b>1 ACADEMIC FEES AND TUITION INCOME</b>		
Tuition fees from UK and European Union students	1,226	1,188
Tuition fees from overseas students	437	337
Other fees	115	114
Other tuition income and HEFCE support	434	457
	2,212	2,096

The above analysis includes support from the University from HEFCE funds amounting to £1,629,000 (2009 - £1,591,000) In previous years' accounts, such moneys have been shown as tuition fees from UK and EU students. Under a revised method of allocating HEFCE funds, the moneys received this year are allocated to UK and EU students, overseas students and other HEFCE funding.

	£'000	£'000
<b>2 OTHER OPERATING INCOME</b>		
Residential income from college members	1,396	1,278
Conference and function income	581	637
Grants received	112	101
Legacies	512	856
Donations	150	190
Release of deferred capital contributions	75	75
Commercial rents	351	351
Other income	106	80
	3,283	3,568

	£'000	£'000
<b>3 ENDOWMENT RETURN</b>		
Transferred from specific endowments (note 15)	825	843
Transferred from general endowments (note 15)	556	599
	1,381	1,442

	£'000	£'000
<b>4 STAFF COSTS</b>		
Gross pay	3,361	3,285
Social Security costs	259	266
Other pension costs	362	321
Other benefits	144	230
	4,126	4,102

It is recommended accounting practice to disclose further information relating to staff numbers and analyses of remuneration for higher paid employees. This information has not been included due to the particular difficulty of presenting meaningful data for staff jointly employed by the University and colleges.

**5 PENSION SCHEMES**

The College participates in two principal pension schemes for its staff - the Universities Superannuation Scheme and a group personal pension scheme managed by Friends Provident Pensions Ltd. The College has also made available a Stakeholder Scheme for individual employees, but does not contribute to that scheme.

**Universities Superannuation Scheme (USS)**

**1. Type of scheme**

The USS scheme 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. The assets of USS are held in separate trustee-administered funds. The USS scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS17 "Retirement Benefits", the College accounts for the scheme 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.

**5. PENSION SCHEMES, cont.**

**2. Actuarial Valuation**

The USS scheme is periodically valued by qualified actuaries. USS is valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficiencies. The financial assumptions are derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions, which have the most significant effect on the results of the latest valuations and the determination of the contribution levels, are shown in the following table.

	USS
Date of valuation:	31/03/2008 <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% <sup>c</sup>
Estimated FRS17 basis:	104% <sup>c</sup>
Recommended Employer's contribution rate (as % of pensionable salaries):	16% <sup>d</sup>
Effective date of next valuation:	31/03/2011 <sup>a</sup>

**Notes:**

- 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.
- 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.
- 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 (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%.
- The USS employer contribution rate required for future service benefits alone at the date of the valuation was 16.0% of total pensionable salaries and the Trustee company, on the advice of the actuary, decided to implement the increase from 14% to 16% on 1 October 2009.

**3. Sensitivity of actuarial valuation**

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

**SOMERVILLE COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2010**

**5 PENSION SCHEMES, cont.**

**Somerville Group Personal Pension Scheme**

The College paid employer contributions of £133k (2009: £130k) during the accounting period to the Friends Provident scheme.

**Pension charge for the year**

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

Scheme:	2010 £'000	2009 £'000
Universities Superannuation Scheme	225	187
Friends Provident Group Personal Pension Scheme	133	130
Supplementation payments (note)	4	4
	<u>362</u>	<u>321</u>

Note:

The College continues to make a small and diminishing number of supplementation payments to former members of staff.

**6 ANALYSIS OF EXPENDITURE**

	Staff costs £'000	Depreciation £'000	Other operating expenses £'000	2010 Total £'000	2009 Total £'000
Academic	1,914	8	470	2,392	2,313
Residences, catering and conferences	1,160	25	681	1,866	2,142
Premises	252	412	679	1,343	1,190
College administration	399	33	150	582	609
Endowment management	0	0	119	119	104
Fundraising	240	0	104	344	347
Other	161	0	57	218	218
	<u>4,126</u>	<u>478</u>	<u>2,260</u>	<u>6,864</u>	<u>6,923</u>
Contribution under Statute XV				5	4
Interest expense				0	0
<b>Total expenditure</b>				<u>6,869</u>	<u>6,927</u>

The above analysis includes expenditure in respect of UK and European Union students met by publicly funded fee income amounting to at least £1,629,000 (2009, £1,591,000). Under Statute XV of the University of Oxford, Somerville College contributes to the College Contributions Fund, the amount being based upon a proportion of identified asset values.

	£'000	£'000
Interest payable relates to -		
Bank loans, overdrafts and other loans:		
Repayable within 5 years	0	0
Repayable wholly or partly in more than 5 years	0	0
Finance leases	0	0
	<u>0</u>	<u>0</u>
Other operating expenses include auditors' remuneration:		
in respect of the audit of these financial statements	16	16
in respect of other services	0	0
	<u>16</u>	<u>16</u>

**SOMERVILLE COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2010**

**7 TAXATION**

The College has no trading profits and is able to take advantage of exemptions available to charities under Section 505 of the Taxes Act 1988.

	2010 £'000	2009 £'000
<b>8 SURPLUS FOR THE YEAR</b>		
College's surplus for the year	<u>32</u>	<u>794</u>

**9 TANGIBLE FIXED ASSETS**

	Land & buildings			Total £'000
	Freehold £'000	Long Leasehold £'000	Equipment £'000	
<b>Cost</b>				
At start of year	13,235	760	1,035	15,030
Additions	533	842	110	1,485
Disposals	(217)	0	0	(217)
At end of year	<u>13,551</u>	<u>1,602</u>	<u>1,145</u>	<u>16,298</u>
<b>Depreciation</b>				
At start of year	2,740	2	768	3,510
Charge for period	362	1	115	478
On disposals	(22)	0	0	(22)
At end of year	<u>3,080</u>	<u>3</u>	<u>883</u>	<u>3,966</u>
<b>Net book value</b>				
At end of year	<u>10,471</u>	<u>1,599</u>	<u>262</u>	<u>12,332</u>
At start of year	<u>10,495</u>	<u>758</u>	<u>267</u>	<u>11,520</u>

The College has ownership of additional land and property that has been acquired since the College was founded in 1879. This includes the freehold interest in the College main site, and administrative, academic and residential buildings, all in current use. These assets have a deemed net book value of £1. Long leasehold property includes an amount of £1,502,000 in connection with a 999 year lease over land adjacent to the College, and initial expenditure on the construction of buildings thereon.

**10 ENDOWMENT ASSET INVESTMENTS**

	Securities & cash £'000	Land & property £'000	Total £'000
<b>At market value</b>			
At start of year	33,198	665	33,863
Purchases at cost	4,204	0	4,204
Sales proceeds	(3,965)	0	(3,965)
Increase (reduction) in liquid assets	(218)	0	(218)
Revaluation gains (losses)	3,662	0	3,662
At end of year	<u>36,881</u>	<u>665</u>	<u>37,546</u>
<b>Analysed as</b>			
Fixed interest stocks (listed)	5,314		
Equities (listed)	24,384		
Unlisted securities	2,120		
Short-term borrowing to College	0		
Cash	4,810		
Other net current assets	254		
	<u>36,881</u>		
Historical cost at end of year	<u>33,633</u>		

Endowment land and property valuations as at 31 July 2010 have been made by the College, the basis of valuation being market value on existing use. The latest independent valuation by a firm of Chartered Surveyors was obtained in 2009.

**SOMERVILLE COLLEGE, OXFORD**  
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	2010 £'000	2009 £'000
<b>11 CURRENT ASSET INVESTMENTS</b>		
Freehold properties gifted to the College	<u>753</u>	<u>1,212</u>

The freehold properties have been recorded within legacy income at their market value at the date of unencumbered ownership.

	£'000	£'000
<b>12 DEBTORS</b>		
Amounts falling due within one year:		
Trade debtors	115	79
Amounts owed by College members	37	8
Loans to staff	5	3
Loans for assistance with house finance	100	100
Prepayments and accrued income	231	340
	<u>488</u>	<u>530</u>

	£'000	£'000
<b>13 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR</b>		
Trade creditors	416	294
College Contribution	9	14
Other taxation and social security	158	136
Accruals and deferred income	759	180
Short term borrowing from Endowment	0	924
Other creditors	489	474
	<u>1,831</u>	<u>2,022</u>

	£'000	£'000
<b>14 DEFERRED CAPITAL</b>		
At start of year	2,539	2,434
New donations received	622	180
Transfer from General reserve	52	0
Released to income and expenditure account	(75)	(75)
<b>At end of year</b>	<u>3,138</u>	<u>2,539</u>

The balance on deferred capital represents donations received to finance the purchase of tangible fixed assets. Amounts are released to the income and expenditure account over the lives of the related assets on the same basis as the charge for depreciation. The transfer from general reserve relates to two gifts received from a donor in recent years where the utilisation of the gift has now been changed from unrestricted use to a contribution towards the cost of new buildings. The total value in deferred capital comprises £2,284,000 relating to the construction of the Dorothy Hodgkin Quad and the Margaret Thatcher Centre, and £854,000 in respect of the new accommodation buildings on the Radcliffe Observatory Quarter.

	Specific £'000	General £'000	Total £'000
<b>15 ENDOWMENTS</b>			
At start of year	21,745	12,118	33,863
Endowments received	124	89	213
Appreciation (depreciation) of endowment investments	2,351	1,311	3,662
Income receivable from endowment asset investments	865	556	1,421
Transferred to income and expenditure account (note 3)	(824)	(556)	(1,380)
Transfer (to) from reserves	-	(233)	(233)
<b>At end of year</b>	<u>24,261</u>	<u>13,285</u>	<u>37,546</u>

Specific Endowments are those bequests and gifts where the donor directs that the use of the capital and income, or only the income, be applied to specific purposes or activities. General Endowments are those 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.



**SOMERVILLE COLLEGE, OXFORD**  
**Notes to the Financial Statements**  
**Year ended 31 July 2010**

	2010 £'000	2009 £'000
<b>16 GENERAL RESERVES</b>		
At start of year	8,981	7,797
Surplus from income and expenditure account	32	794
Transfer from endowment	233	390
Transfer to deferred capital	(52)	0
<b>At end of year</b>	<u>9,194</u>	<u>8,981</u>
 Representing:		
Undepreciated cost of tangible fixed assets financed out of general reserve	9,194	8,981
College general reserve	0	0
	<u>9,194</u>	<u>8,981</u>

The accumulated amounts transferred from General Endowment into the General Reserve towards the funding of additions to fixed assets totals £2,211,000 (2009 £1,978,000). The transfer to Deferred Capital relates to two gifts from a donor in recent years where the utilisation of the gift has now been amended from unrestricted to a contribution towards the cost of new buildings.

	£'000	£'000
<b>17 CAPITAL COMMITMENTS</b>		
Commitments contracted at 31 July	9,443	218
 Commitments under finance leases entered into but not yet provided for in the financial statements	0	0
	<u>9,443</u>	<u>218</u>

**18 FINANCIAL COMMITMENTS**

At 31 July 2010, the College had no annual commitments under non-cancellable operating leases (2009 Enil).

**19 POST BALANCE SHEET EVENTS**

Since the date of the balance sheet, no material events have occurred that would affect a proper understanding of the financial position of the College.

**20 CONTINGENT LIABILITIES**

No contingent liabilities existed at the year end.

**21 RELATED PARTY TRANSACTIONS**

Somerville College is recognised as a college of the University of Oxford and is part of the collegiate University. Material inter-dependencies of the University and its colleges arise as a consequence of this relationship. For reporting purposes, the University and its colleges are not treated as related parties as defined in FRS 8 ("Related party disclosures").

Members of the Governing Body receive remuneration and facilities as employees of Somerville College. Normal remuneration of, and standard relationships with, members of the Governing Body are not treated as related party transactions.

**SOMERVILLE COLLEGE, OXFORD**  
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**Year ended 31 July 2010**

	2010 £'000	2009 £'000
<b>22 RECONCILIATION OF OPERATING SURPLUS TO NET CASH</b>		
<b>INFLOW FROM OPERATING ACTIVITIES</b>		
Surplus (deficit) for the year	32	794
Depreciation	478	494
Surplus on disposal of fixed assets	(25)	(615)
Release of deferred capital	(75)	(75)
Endowment income and interest receivable	(1,381)	(1,442)
Interest payable	0	0
Decrease (increase) in current asset investments	459	(512)
(Increase) in stocks	5	0
Decrease (increase) in debtors	42	384
(Decrease) increase in creditors	(191)	(360)
Net cash inflow (outflow) from operating activities	<u>(656)</u>	<u>(1,332)</u>

**23 ANALYSIS OF CHANGES IN NET FUNDS**

	2010 £'000	Changes £'000	2009 £'000
Cash at bank and in hand	573	315	258
Endowment assets cash	4,810	718	4,092
	<u>5,383</u>	<u>1,033</u>	<u>4,350</u>
Other endowment assets	252	(936)	1,188
	<u>5,635</u>	<u>97</u>	<u>5,538</u>