

St. Anne's College

Financial Statements

Year ended 31 July 2010

ST ANNE'S COLLEGE

Statement of Accounts for the year ended 31 July 2010

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ST. ANNE'S COLLEGE

Report of the Governing Body

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

Status

St. Anne's College was incorporated by Royal Charter in May 1952. The corporation comprises the Principal and Fellows. The College was an exempt charity under s3(5a) of the Charities Act 1993 (as listed in Schedule 2(b) to that Act). Exempt status, which meant that the College was not regulated by the Charity Commission, has been withdrawn under provisions laid before parliament under the Charities Act 2006. The College is in the process of registering with the Charity Commission and will be regulated by the Commission in future.

Objects

The College exists for the advancement of education learning and research in particular by being a College within the University of Oxford, where women and men may carry out advanced study and research.

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

Governance

The Governing Body of the College comprises the Principal and Fellows. The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, the Bishop of Oxford, for the time being. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1952, and the Universities of Oxford and Cambridge Act 1923. The Governing Body has responsibility 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 including a Council as well as the Academic Committee, the Human Resources Committee, the Finance & Development and the Investment Committees. The College also has an Advisory Board of alumnae and Honorary Fellows to assist Governing Body in its assessment of the College's performance and strategy.

Council, chaired by the Principal, has eleven members of which six must be full time academic members of Governing Body and five are ex officio college officers. It meets three times a term and once in the long vacation. It operates as a general purposes committee in overseeing the implementation and monitoring of plans and budgets agreed by Governing Body and preparation of options and recommendations for future development arising from reports from committees and college officers.

Governing Body meets four times a year with additional meetings called if there is business which only Governing Body can conduct. An updating of College statutes is proposed as part of the preparations for registration with the Charity Commission.

Scope of financial statements

The financial statements consolidate the accounts of St Anne's College and its subsidiary undertakings, St Anne's College Services Company Limited and St Anne's College Developments Limited. St Anne's College Services Company Limited is the wholly-owned vehicle for trading activities of St Anne's College. St Anne's College Developments Limited is a wholly-owned subsidiary which provides building development services to the College.

Review of operations and finance

The Higher Education sector in the UK has been bracing itself since early 2009 for severe cuts in government funding of both teaching and research. The first sign of a reduction was a 1% efficiency saving imposed by HEFCE in July 2009 on the settlement for 2009/10 which was still nevertheless an increase on the previous year. The settlement is split between teaching and research; the teaching grant was reduced but because the University of Oxford has a very strong research activity the reduction in teaching grant was more than offset by an increase in research grant.

The settlement for 2010/11 for the University of Oxford announced in March 2010, and no doubt influenced by the impending election in May 2010, was a further 8% reduction in teaching grant which was only partially offset by an increase in research income.

Teaching and research income of the University and colleges is pooled and distributed to colleges and university departments according to a resource allocation model which reflects academic strategy. The result is that fee income for UK and EU students for 2010/11 will be at least 1% lower than 2009/10. It will not be until March 2011 when the announcement of the settlement for 2011/12 is made that the nature and impact of spending cuts on the University of Oxford is revealed.

The year to July 2010 produced a surplus of income over expenditure of £53k the fourth year of steady improvement.

Total student numbers increased to 636 (2008/9: 610) made up of 434 undergraduates (2008/9: 430) and 202 postgraduates (2008/9: 180). Fee income for each UK and EU student was down by 1.5% but due to the increase in post graduate student numbers the total fee income in 2009/10 was just £7k lower than in 2008/9. Overall fee income was higher than last year due to an increase in University fees for International students and a further four students in the visiting student programme.

Although operating for much of the year in the shadow of recession, other sources of income held up well. Particularly satisfying was the income of £2.024m from conferences and functions, an increase of 6% on last year and the result of much hard work in retaining many long standing clients as well as securing new ones. Income from the endowment was slightly lower than last year. Interest received on cash deposits was sharply lower than last year. Donations to the annual fund were £436k (2008/9: £ 483k).

Recession also reduced upward pressure on costs and expenditure increased by 1.4%. Higher employer contributions to the USS pension scheme were as significant as the cost of the annual pay increase. In 2008/9 there was a larger increase in contributions to the OSPS pension scheme so that employer contributions to pension schemes in 2009/10 were £97k higher than two years ago. Direct staff and catering costs increased in line with activity. Bursaries were given to 131 undergraduates at a cost of £303k, (2008/9: 110 students at a cost of £270k). Scholarships, travel grants and prizes to undergraduates and post graduates were £176k (2008/9: £160k), the increase was funded by additional income for the purpose. Refurbishment of College buildings makes steady progress and was assisted for the second year by a grant of £39k from the College Contributions Scheme.

Planning permission was received in May for a replacement kitchen. The project is estimated to cost £3.5m and will require fundraising. During the year donations of £701k were allocated to deferred capital for the kitchen project with the result that the fundraising target is a further £1.5m. It is hoped that construction could start in August 2011. An application for planning permission for a library extension and learning centre on the Woodstock Road at the entrance to College has been submitted. This project has been funded by a generous benefactor.

Capital values of endowment investments appreciated by £2.3m during the year, recovering 38% of the reduction in the previous two years. This, together with the new funds for the endowment and deferred capital is taken in the statement of total recognised gains and losses which shows total College funds at £40.0m (2008/9: £36.6m)

Capital expenditure of £452k (2008/9: £882k) included an upgrade to IT network management software of £77k required to keep pace with the ever increasing demands of over 800 students and staff as well as the conference delegates. The drop in expenditure was due to reduced spending on the building projects mentioned above during the planning applications phase.

Repayment of bank loans commenced in December 2009 according to the schedules agreed in 2005 when the loans were drawn down. A total of £172k was repaid during the year; repayments are made quarterly and will total £224k in 2010/11. At the year end cash at bank was £2.47m (2008/9: £1.29m) reflecting the build up of funds for the building projects.

Development and fundraising

Total funds raised in the year were £1.65m (2008/9: £1.75m). The annual fund achieved £436k (2008/9: £483k) with a good result from the telethon but fewer single higher value donations. The focus was on raising money for the new kitchen project and a total of £972k (2008/9: £263k) was raised for this and for the new library. New gifts for the endowment totalled £244k (2008/9: £1,003k).

Fundraising will become increasingly important for higher education institutions as the amount of government funding is reduced and the cost to students rises. The financial position of the College had already led to a well developed annual fund programme and during the year the decision was taken with the Development Board to prepare for a ten year campaign to double the endowment to £40m. By the end of the year an enlarged development and fundraising team was in place with an immediate priority of funding the new kitchen while initiating plans to raise money for teaching posts.

Investment performance

The Investment Committee meets four times a year. The Investment Committee is chaired by a member of Governing Body; the Principal is a member of the Committee but stood down as Chairman in 2007/8 following his appointment as a non-executive director of Ofcom. He attends the parts of the meeting which do not deal with the details of the College's shareholdings. Membership consists of six College Fellows and five external members with investment expertise. The Committee pursues a total return strategy for the fund subject to the generation of a target level of income each year. The endowment fund produced a total return of 15.7% (2008/9:-8.6%) over the year assisted by the appreciation of capital values and income generated at 5.3% was on target.

Reserves

The balance on reserves at the year end amounted to £11.2m (2008/9: £11.2m).

Risk management

The major risks to which the College is exposed have been reviewed and systems have been established to mitigate these risks.

ST. ANNE'S COLLEGE

Responsibilities of the Governing Body

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

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

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

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

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.

ST ANNE'S COLLEGE

Report of the Independent Auditor to the Governing Body

We have audited the College financial statements ("the financial statements") of St Anne's 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 consolidated and college balance sheets, the consolidated 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 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 consolidated and College's affairs as at 31 July 2010 and of the consolidated surplus for the year then ended;
- b) the financial statements have been properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made there under;
- 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;

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
OXFORD

ST ANNE'S 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; in accordance with applicable accounting standards and according to the University of Oxford Statute XV to meet specific requirements imposed by University and College statutes.

These specific requirements reflect the provisions set out in the Statement of Recommended Practice ("SORP"): Accounting for Further and Higher Education issued in July 2003 but have not been updated for the introduction of the amended version of this SORP issued in July 2007. Due to the proposed future movement of the College financial statements to the Charities SORP, which is expected to be implemented in conjunction with the registration of the Oxford Colleges with the Charity Commission, the University of Oxford College Accounts Committee has concluded that there is no benefit in amending the specific requirements this year.

Consolidation

The financial statements consolidate the accounts of the College and of its subsidiary undertakings, St Anne's College Services Company Limited and St Anne's College Developments Limited, and also the College's share of the activities of its associate undertaking, The Boathouse Consortium.

The accounts of the affiliated student bodies (St Anne's 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 the Income and Expenditure Account on a receivable basis.

General donations

Unrestricted donations and benefactions are credited to the Income and Expenditure Account on a receivable basis.

Pension costs

Contributions to the pension schemes provided for employees of the College are charged to the Income and Expenditure Account over the period during which the College benefits from the employees' services.

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
Building improvements	5- 20 years
Equipment	3 -10 years

Freehold land is not depreciated.

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

Buildings under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

The College operates a "de minimis" limit of £1,000 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. Current asset investments are included in the Balance Sheet at the lower of cost and net realisable value.

Stocks

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

Maintenance of premises

The cost of routine corrective maintenance is charged to the Income and Expenditure Account in the period it is incurred. The cost of major projects which increase service potential is capitalised as building improvements and depreciated over 5-20 years.

ST ANNE'S COLLEGE
Statement of Principal Accounting Policies

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.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

Taxation status

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

Trading activities undertaken by the College are administered through its subsidiary 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.

ST ANNE'S COLLEGE
Consolidated Income and Expenditure Account
Year ended 31 July 2010

	Notes	2010 £000	2009 £000
INCOME			
Academic fees and tuition income	1	2,741	2,685
Other operating income	2	5,325	5,153
Endowment return and interest receivable	3	1,174	1,223
Total income		<u>9,240</u>	<u>9,061</u>
EXPENDITURE			
Staff costs	4	4,717	4,614
Depreciation		968	931
Other operating expenses		3,007	3,006
Interest payable		492	503
Contribution under Statute XV		-	-
Total expenditure	6	<u>9,184</u>	<u>9,054</u>
Surplus/(Deficit) for the year on continuing operations before taxation and disposal of fixed assets		56	7
Share of operating deficit in associate Company		(3)	(3)
Surplus/(Deficit) for the year after taxation	7,8	<u>53</u>	<u>4</u>

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

	Notes	2010 £000	2009 £000
Reserves			
Surplus/(Deficit) for the year		53	4
Endowments			
Income receivable from endowment asset investments	17	1,187	1,233
Endowment return transferred to income and expenditure account	17	(1,156)	(1,185)
Appreciation/(depreciation) of endowment asset investments	17	2,316	(3,349)
New endowments received	17	244	1,003
Investment management fees	17	(81)	(68)
Other			
Net additions to/(deductions from) deferred capital	16	858	178
Total recognised gains/(losses) relating to the year		<u>3,421</u>	<u>(2,184)</u>
Opening fund balances		36,619	38,803
Closing fund balances		<u>40,040</u>	<u>36,619</u>

ST ANNE'S COLLEGE
Balance Sheets
As at 31 July 2010

	Notes	CONSOLIDATED		COLLEGE	
		2010 £000	2009 £000	2010 £000	2009 £000
Fixed assets					
Tangible assets	9	21,903	22,447	22,024	22,571
Investments	10	<u>74</u>	<u>77</u>	<u>74</u>	<u>77</u>
		<u>21,977</u>	<u>22,524</u>	<u>22,098</u>	<u>22,648</u>
Endowment asset investments					
Securities and cash deposits		24,514	22,004	24,514	22,004
Land and property		245	245	245	245
	11	<u>24,759</u>	<u>22,249</u>	<u>24,759</u>	<u>22,249</u>
Current assets:					
Stocks		60	31	60	31
Debtors	12	859	859	960	919
Short term investments	13	57	57	57	57
Cash at bank and in hand		<u>2,474</u>	<u>1,295</u>	<u>2,431</u>	<u>1,212</u>
		3,450	2,242	3,508	2,218
Creditors:					
Amounts falling due within one year	14	(1,556)	(1,532)	(1,620)	(1,514)
		<u>1,894</u>	<u>710</u>	<u>1,888</u>	<u>704</u>
Net current assets					
		<u>1,894</u>	<u>710</u>	<u>1,888</u>	<u>704</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		48,630	45,483	48,745	45,601
Creditors:					
Amounts falling due after more than one year	15	(8,590)	(8,864)	(8,590)	(8,864)
		<u>40,040</u>	<u>36,619</u>	<u>40,155</u>	<u>36,737</u>
TOTAL NET ASSETS					
		<u>40,040</u>	<u>36,619</u>	<u>40,155</u>	<u>36,737</u>
Deferred capital	16	4,071	3,213	4,071	3,213
Endowments					
Specific		4,607	4,265	4,607	4,265
General		20,152	17,984	20,152	17,984
	17	<u>24,759</u>	<u>22,249</u>	<u>24,759</u>	<u>22,249</u>
Reserves					
Designated reserves		-	-	-	-
General reserves		11,210	11,157	11,325	11,275
	18	<u>11,210</u>	<u>11,157</u>	<u>11,325</u>	<u>11,275</u>
TOTAL FUNDS		<u>40,040</u>	<u>36,619</u>	<u>40,155</u>	<u>36,737</u>

The financial statements were approved by the Governing Body of St Anne's College on 27th October 2010

Tim Gardam
Principal

Christopher Wigg
Treasurer

ST ANNE'S COLLEGE
Consolidated Cashflow Statement
Year ended 31 July 2010

	Note	2010 £000	2009 £000
Net cash inflow from operating activities	24	<u>(14)</u>	<u>275</u>
Returns on investments and servicing of finance			
Income from endowments received		1,187	1,233
Other income from investments and interest received		<u>18</u>	<u>38</u>
		1,205	1,271
Interest paid		(492)	(503)
Investment management fees		<u>(81)</u>	<u>(68)</u>
Net cash inflow from returns on investments and servicing of finance		<u>632</u>	<u>700</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		(424)	(883)
Net realisation/(acquisition) of fixed asset investments		-	-
Net realisation/(acquisition) of endowment asset investments		(114)	(1,179)
Endowments received		244	901
Deferred capital received		<u>972</u>	<u>263</u>
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>678</u>	<u>(898)</u>
Net cash inflow before use of liquid resources and financing		1,296	77
Financing			
Repayment of borrowing - bank loan		(172)	(170)
Increase/(decrease) in cash	25	<u>1,124</u>	<u>(93)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash for the year		1,124	(93)
(Increase)/decrease in debt		<u>172</u>	<u>170</u>
Change in net funds		1,296	77
Net funds/(deficit) at 1 August		(4,772)	(4,849)
Net funds/(deficit) at 31 July	25	<u>(3,476)</u>	<u>(4,772)</u>

ST ANNE'S COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

	2010 £000	2009 £000
1 ACADEMIC FEES AND TUITION INCOME		
Tuition fees from UK and European Union students	1,880	1,887
Tuition fees from overseas students	481	478
Other fees	225	189
Other tuition income	155	131
	<u>2,741</u>	<u>2,685</u>

The above analysis includes support from the University from HEFCE funds amounting to £1,881k (2009 £1,875k).

	2010 £000	2009 £000
2 OTHER OPERATING INCOME		
Residential income from college members	2,188	2,107
Conference and function income	2,024	1,906
Grants and donations	855	933
Release of deferred capital contributions	114	86
Other income	144	121
	<u>5,325</u>	<u>5,153</u>

	2010 £000	2009 £000
3 ENDOWMENT RETURN AND INTEREST RECEIVABLE		
Transferred from specific endowments (note 17)	221	212
Transferred from general endowments (note 17)	935	973
Other interest receivable	18	38
	<u>1,174</u>	<u>1,223</u>

	2010 £000	2009 £000
4 STAFF COSTS		
Gross pay	3,934	3,864
Social Security costs	269	268
Other pension costs	500	470
Other benefits	14	12
	<u>4,717</u>	<u>4,614</u>

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

5 PENSION SCHEMES

1. The pension schemes:

The College participates in two principal pension schemes for its staff - the Universities Superannuation Scheme ('USS') and the University of Oxford Staff Pension Scheme ('OSPS'). Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and final pensionable salary) and are contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS17 "Retirement Benefits", the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

In the event of the withdrawal of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

However, in OSPS, the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer.

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

ST ANNE'S COLLEGE
Notes to the Financial Statements
Year ended 31 July 2010

2. Actuarial valuations

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

	USS	OSPS
Date of valuation:	31/03/2008 ^a	31/07/2007
Date valuation results published:	04/02/2009	09/10/2008
Value of past service liabilities:	£28,135m	£322m
Value of assets:	£28,842m	£279m
Funding Surplus/(Deficit):	£707m ^b	(£43m) ^c
Principal assumptions:		
Rate of interest (past service liabilities)	4.4% pa	-
Rate of interest (future service liabilities)	6.1% pa	-
Rate of interest (periods up to retirement)	-	6.9% pa
Rate of interest (periods after retirement)	-	4.9% pa
Rate of increase in salaries	4.3% pa	4.8% pa
Rate of increase in pensions	3.3% pa	3.3% pa
Mortality assumptions:		
Assumed life expectancy at age 65 (males)	23 yrs	22 yrs
Assumed life expectancy at age 65 (females)	25 yrs	24 yrs
Funding Ratios:		
Scheme valuation basis:	103% ^d	87%
Statutory Pension Protection Fund basis:	107%	95%
"Buy-out" basis:	79% ^d	71%
Estimated FRS17 basis	104% ^d	89%
Recommended Employer's contribution rate (as % of pensionable salaries):	16% ^e	21.5% ^e
Effective date of next valuation:	31/03/2011 ^a	31/03/2010

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

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3. Sensitivity of actuarial valuation assumptions:

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

Assumption	Change in assumption	Impact on scheme liabilities	
		USS	OSPS
Valuation rate of interest	increase/decrease by 0.5%	decrease / increase by £2.2bn	decrease / increase by £30m
Rate of pension increases	increase/decrease by 0.5%	increase / decrease by £1.5bn	increase / decrease by £20m
Rate of salary growth	increase/decrease by 0.5%	increase / decrease by £0.7bn	increase / decrease by £7m
Rate of mortality	more prudent assumption (mortality used at last valuation, rated down by a further year)	increase by £1.6bn	increase by £10m

4. Pension charge for the year:

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

Scheme	2010 £'000	2009 £'000
Universities Superannuation Scheme	259	235
University of Oxford Staff Pension Scheme	241	235
Other Schemes - contributions	-	-
Supplementation payments	-	-
Total:	500	470

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6 ANALYSIS OF EXPENDITURE

	Staff costs £000	Depreciation £000	Other operating expenses £000	2010 Total £000	2009 Total £000
Academic	1,898	-	771	2,669	2,621
Residences, catering and conferences	1,970	147	1,351	3,468	3,414
Premises	213	779	533	1,525	1,478
College administration	506	42	234	782	794
Endowment management	-	-	-	-	-
Fundraising	124	-	90	214	215
Other	6	-	28	34	29
	<u>4,717</u>	<u>968</u>	<u>3,007</u>	<u>8,692</u>	<u>8,551</u>
Interest payable				492	503
Contribution under Statute XV				-	-
Total expenditure				<u>9,184</u>	<u>9,054</u>
				£000	£000
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable wholly or partly in more than 5 years				492	503
				<u>492</u>	<u>503</u>
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				17	16
in respect of other services				<u>1</u>	<u>2</u>
				<u>18</u>	<u>18</u>

7 TAXATION

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

8 SURPLUS FOR THE YEAR

	2010 £000	2009 £000
College's surplus/(deficit) for the year	51	242
Surplus/(deficit) generated by the subsidiary undertakings	0	(2)
Consolidation adjustment	2	(236)
Consolidated surplus/(deficit) for the year	<u>53</u>	<u>4</u>

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9 TANGIBLE FIXED ASSETS

CONSOLIDATED

	Freehold Land & Buildings £000	Equipment £000	Total £000
Cost			
At start of year	27,975	1,191	29,166
Additions	398	54	452
Disposals	(28)	-	(28)
At end of year	<u>28,345</u>	<u>1,245</u>	<u>29,590</u>
Depreciation			
At start of year	5,786	933	6,719
Charge for period	773	195	968
On disposals	-	-	-
At end of year	<u>6,559</u>	<u>1,128</u>	<u>7,687</u>
Net book value			
At end of year	<u>21,786</u>	<u>117</u>	<u>21,903</u>
At start of year	<u>22,189</u>	<u>258</u>	<u>22,447</u>

COLLEGE

	Freehold Land & Buildings £000	Equipment £000	Total £000
Cost			
At start of year	28,105	1,196	29,301
Additions	398	54	452
Disposals	(28)	-	(28)
At end of year	<u>28,475</u>	<u>1,250</u>	<u>29,725</u>
Depreciation			
At start of year	5,797	933	6,730
Charge for period	776	195	971
On disposals	-	-	-
At end of year	<u>6,573</u>	<u>1,128</u>	<u>7,701</u>
Net book value			
At end of year	<u>21,902</u>	<u>122</u>	<u>22,024</u>
At start of year	<u>22,308</u>	<u>263</u>	<u>22,571</u>

10 FIXED ASSET INVESTMENTS

	CONSOLIDATED £000		COLLEGE £000	
At start of year	77		77	
Net investments	(3)		(3)	
At end of year	<u>74</u>		<u>74</u>	
	CONSOLIDATED		COLLEGE	
	2010 £000	2009 £000	2010 £000	2009 £000
Investments stated at cost	-	-	-	-
Subsidiary undertakings	-	-	73	77
Associate company	-	-	-	-
Share of net assets of associate Company	73	77	-	-
Total at end of year	<u>73</u>	<u>77</u>	<u>73</u>	<u>77</u>

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The College owns one third of the issued share capital of Boathouse Consortium Limited, a company incorporated in England and Wales. The principal business activity of Boathouse Consortium Limited is the ownership of a boathouse used by members of St Anne's College, St Hugh's College and Wadham College.

The College owns 100% of the issued share capital of St Anne's College Services Company Limited, a company incorporated in England and Wales. The principal business activity of St Anne's College Services Company Limited is the provision of conference facilities at St Anne's College.

The College owns 100% of the issued share capital of St Anne's College Developments Limited, a company incorporated in England and Wales. The principal business activity of St Anne's College Developments Limited is to support the provision of education by St Anne's College by the provision of buildings or otherwise.

11 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED			COLLEGE		
	Securities & cash £000	Land & property £000	Total £000	Securities & cash £000	Land & property £000	Total £000
At market value						
At start of year	22,004	245	22,249	22,004	245	22,249
Purchases at cost	4,293	-	4,293	4,293	-	4,293
Equities received	-	-	-	-	-	-
Sales proceeds	(4,179)	-	(4,179)	(4,179)	-	(4,179)
Proceeds from repayment of loan	(38)	-	(38)	(38)	-	(38)
Increase / (Decrease) in cash held by fund manager	118	-	118	118	-	118
Revaluation gains / (losses)	2,316	-	2,316	2,316	-	2,316
At end of year	24,514	245	24,759	24,514	245	24,759
Analysed as						
Fixed interest stocks (listed)	8,391			8,391		
Equities (listed)	12,861			12,861		
Unlisted securities	-			-		
Cash	292			292		
Loan to College	2,564			2,564		
OU Endowment Management	99			99		
Cash held for reinvestment	307			307		
	24,514			24,514		
Historical cost at end of year	22,402			22,402		

Endowment assets include two properties. These are held at market value at 31 July 2010. They will be re-valued by an external valuer every five years and Governing Body reviews their market value on a regular basis.

12 DEBTORS

	CONSOLIDATED		COLLEGE	
	2010 £000	2009 £000	2010 £000	2009 £000
Amounts falling due within one year :				
Trade debtors	645	635	490	421
Amounts owed by College members	8	10	8	10
Amounts owed by group undertakings	-	-	-	5
Other debtors	10	4	10	4
Prepayments and accrued income	194	203	450	472
Amounts falling due after more than one year :				
House purchase loans to Fellows	2	7	2	7
	859	859	960	919

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13 SHORT TERM INVESTMENTS

COLLEGE AND CONSOLIDATED

	2010 £000	2009 £000
Historical cost		
At the start of the year	57	57
At the end of the year	<u>57</u>	<u>57</u>
Market value at 31 July	<u>89</u>	<u>81</u>

14 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2010 £000	2009 £000	2010 £000	2009 £000
Bank loans and overdrafts	224	172	224	172
Loan from endowment	50	38	50	38
Funds awaiting transfer to endowment	307	135	307	135
Trade creditors	195	475	188	457
College Contribution	-	-	-	-
Other taxation and social security	147	126	108	126
Amounts owed to group undertakings	-	-	110	-
Accruals and deferred income	450	398	450	398
Other creditors	183	188	183	188
	<u>1,556</u>	<u>1,532</u>	<u>1,620</u>	<u>1,514</u>

See note 15 for details of loans.

15 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2010 £000	2009 £000	2010 £000	2009 £000
Bank loans	6,075	6,299	6,075	6,299
Loan from endowment (1)	913	963	913	963
Loan from endowment (2)	1,602	1,602	1,602	1,602
	<u>8,590</u>	<u>8,864</u>	<u>8,590</u>	<u>8,864</u>

A loan from Yorkshire Bank for the amount of £2,219k is repayable by quarterly instalments up to 31st March 2015. Interest is variable and the College entered into a SWAP arrangement in 2005 to fix the rate at 5.81% until 2015. The loan is secured by a charge over Robert Saunders House.

A loan from Yorkshire Bank of £4.1m, used to finance the construction of the Ruth Deech Building, matures in 2029 and repayments started in 2009/10. Interest is variable and the College entered a SWAP arrangement in 2005 to fix the rate at 5.3% until 2010 on the whole loan and until 2015 on part of the loan.

(1) The loan of £0.97m from the endowment is repayable over 25 years to 2029 and repayments started in 2009/10. Interest is payable at 5.3%.

(2) The loan of £1,602k is an interest only long term loan. Interest is payable at 5.3% and is subject to review every five years; the first review will be at December 2011. Both loans were used to finance the construction of the Ruth Deech Building.

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16 DEFERRED CAPITAL	CONSOLIDATED		COLLEGE
	2010		2010
	£000		£000
At start of year	3,213		3,213
New capital	972		972
Released to income and expenditure account	(114)		(114)
At end of year	4,071		4,071

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.

17 ENDOWMENTS	CONSOLIDATED			COLLEGE		
	Specific	General	Total	Specific	General	Total
	£000	£000	£000	£000	£000	£000
At start of year	4,265	17,984	22,249	4,265	17,984	22,249
Endowments received - cash	1	243	244	1	243	244
Appreciation / (depreciation) of endowment investments	347	1,969	2,316	347	1,969	2,316
Income receivable from endowment asset investments	230	957	1,187	230	957	1,187
Transferred to income and expenditure account (note 3)	(221)	(935)	(1,156)	(221)	(935)	(1,156)
Investment management fees	(15)	(66)	(81)	(15)	(66)	(81)
At end of year	4,607	20,152	24,759	4,607	20,152	24,759

Endowments comprise those funds which are regarded as for the long term and which fundamentally underpin and sustain the operation of the College at its desired level of activity.

Specific Endowments are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity.

General Endowments represent the corporate capital of the College and include bequests and gifts where the use of the capital and income, or only the income is for the general purposes of the College. Part of these funds may have been designated for a particular purpose by the Governing Body.

18 RESERVES

GENERAL RESERVES

	CONSOLIDATED		COLLEGE	
	£000		£000	
At start of year	11,157		11,275	
Surplus/(Deficit) from income and expenditure account	53		50	
At end of year	11,210		11,325	

Representing:	CONSOLIDATED		COLLEGE	
	2010	2009	2010	2009
	£000	£000	£000	£000
Undepreciated cost of tangible fixed assets	9,243	10,164	9,364	10,287
financed out of general reserve	1,967	993	1,961	988
College general reserve				
	11,210	11,157	11,325	11,275

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19 CAPITAL COMMITMENTS

CONSOLIDATED AND COLLEGE	2010 £000	2009 £000
Commitments contracted at 31 July	516	178
	516	178

Capital commitments represent the commitment of £204k of capital building works carried out in August 2010 and architect/surveyor fees committed for the Front of College project of £312k

20 FINANCIAL COMMITMENTS

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

21 POST BALANCE SHEET EVENTS

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

22 CONTINGENT LIABILITIES

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

23 RELATED PARTY TRANSACTIONS

Subsidiary Companies

St Anne's College Services Company Limited

The college owns 100% of the share capital of this Company, of which the principal business activity is the provision of conference facilities at St Anne's College.

St Anne's College Developments Limited

The college owns 100% of the share capital of this Company, which commenced trading on 1st November 2004. The principal business activity is to support the provision of education by St Anne's College by the provision of buildings or otherwise.

Associated undertakings

Boathouse Consortium Limited

The College holds one third of the issued share capital of Boathouse Consortium Limited. The other shares are held by St Hugh's College and Wadham College who each hold one third of the issued share capital. The principal activity of the Company is the ownership of a boathouse which is used by members of the three colleges. The Company made a loss of £9,703 for the year ended 31 July 2010 (2009 £9,703). The Company's net assets at 31 July 2010 were £220,297 (2009 £230,000). See note 10.

**24 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS/(DEFICIT) TO NET CASH
INFLOW FROM OPERATING ACTIVITIES**

	2010 £000	2009 £000
Surplus/(deficit) for the year	53	4
Depreciation	968	931
Endowment income and interest receivable	(1,174)	(1,223)
Release of deferred capital contribution	(114)	(86)
Interest payable	492	503
Decrease (increase) in stocks	(29)	1
Decrease (increase) in debtors	-	(3)
(Decrease) increase in creditors	(213)	145
Write down of fixed asset investment	3	3
	(14)	275

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25 ANALYSIS OF CHANGES IN NET FUNDS	2010	Changes	2009
	£000	£000	£000
Cash at bank and in hand	2,474	1,179	1,295
Endowment assets cash	292	(55)	347
Endowment assets cash held by Oxford University	-	-	-
	<u>2,766</u>	<u>1,124</u>	<u>1,642</u>
Current asset investments	57	-	57
Debt due within 1 year	(224)	(52)	(172)
Debt due after 1 year	(6,075)	224	(6,299)
	<u>(3,476)</u>	<u>1,296</u>	<u>(4,772)</u>