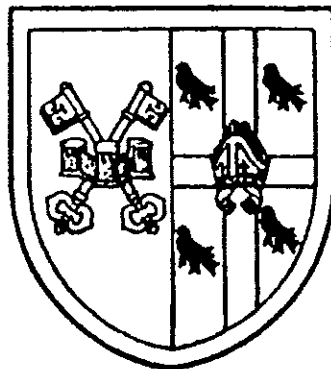


# **St Peter's College, Oxford**



## **Annual Report & Financial Statements**

***For the year ended 31 July 2010***

## **ST PETER'S COLLEGE**

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## **Report of the Governing Body**

The Governing Body of St Peter's College presents the annual report and financial statements for the year ended 31 July 2010.

### **Status**

St Peter's College is an eleemosynary chartered charitable corporation aggregate. It was founded by the Rt Revd Francis James Chavasse as St Peter's Hall in 1929. In October 1947 St Peter's Hall was admitted to the privileges of a New Foundation and in November 1961 it became a full college. The University Statute of 7 February 1961 conferring this status took effect on 22 November 1961, when a royal charter of incorporation was granted. The corporation comprises the Master, Fellows and Scholars. The College is an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act). The college is in the process of registering with the Charity Commission.

### **Objects**

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

### **Governance**

The Governing Body of the College comprises the Master 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 College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1961, 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 Master and is advised by a range of committees, which include the Finance and Administration Committee and Investment Committee.

### **Scope of financial statements**

The financial statements consolidate the accounts of St Peter's College and its subsidiary undertaking, Crossed Keys Limited. Crossed Keys Limited is the wholly-owned vehicle for property development activities of St Peter's College.

### **Review of Operations and Finance**

The College recorded a surplus for the year of £343k (2009: deficit of £480k).

The result includes £1.4m income from the sale of a set of medals held by the College. These were not previously recorded as assets in the Financial Statements or as part of the endowment and therefore the full proceeds from the sale have been taken to the Income and Expenditure Account. The Governing Body decided that the proceeds should be split with £1m being transferred to the general endowment of the College and £400k available to support the academic purposes of the College.

The result also includes provision of £116k for dilapidations on properties owned by the University and rent by the College in previous years. Staff costs increased by £101k.

## **Investment Performance**

The College's investments are managed for total return. The College accounts for its investment income on a total return accounting basis as set out in the college accounting policies (page 7). In the present business climate the Governing Body considers it prudent to draw down a maximum of 4.00% of its asset value to fund college activities. The endowment is invested in global equities, low volatility funds and property with a varying amount of cash on the money market. The portfolio thus generated income of £908K. At the year end the endowment stood at £24.8m against £22.9m for the previous year.

## **Reserves**

The balance on reserves at the year end amounted to £2.65m (note 18) and consists largely of property acquired or built within the last 50 years. The Governing Body has concluded that a general reserve of one year's expenditure (about £6.2m at present) over and above the value of the fixed assets should be the long term aim to allow the college to be managed efficiently and to provide a buffer for uninterrupted services.

## **Risk management**

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

Approved by the Governing Body on 1 December 2010.

M Damazer  
Master

## **ST PETER'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;
- 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.

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 has 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

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

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

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

## **ST PETER'S COLLEGE**

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

We have audited the College consolidated financial statements ("the financial statements") of St Peter'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 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

## **ST PETER'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, and in accordance with both applicable accounting standards (up to and including Financial Reporting Standard 25) and, to the extent appropriate, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions ("the SORP").

These specific requirements reflect the provisions set out in the Statement of Recommended Practice ("SORP"): Accounting for Further 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 there is no benefit in amending the specific requirement 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, Crossed Keys Limited. The accounts of the affiliated student bodies (St Peter'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 is included to the extent of the relevant expenditure incurred during the year. Income from the endowment is transferred to the Income and Expenditure Account in accordance with the total return policy.

#### **Recognition of conference income**

Conference income is recognised in the period in which the conference takes place.

#### **General donations**

Unrestricted donations and benefactions are credited to the Income and Expenditure Account on a receivable basis. Annual fundraising expenditure is included in the Income and Expenditure Account.

#### **Pension costs**

The two principal pension schemes for the College are the Universities Superannuation Scheme (USS) and Oxford Staff Pension Scheme (OSPS). Contributions to the pension schemes are charged to the Income and Expenditure Account on the basis of the contributions payable during the year.



### **Tangible fixed assets**

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

Freehold buildings	50 years, straight line basis
Leasehold properties	50 years or period of lease if shorter, straight line basis
Building improvements	10 - 25 years, straight line basis
IT equipment	5 years, straight line basis
Furniture and other equipment	10 years, reducing balance basis
Van	5 years straight line basis

Freehold land is not depreciated. The cost of freehold buildings include finance charges arising during construction.

The cost of major renovation projects which increase the service potential of buildings are 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 £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**

Listed investments and properties held as endowment asset investments are stated at market value. Other investments are included at the lower of cost and net realisable value.

Investment properties are stated at valuation. They are valued using professional advice on the basis of market values as defined in the RICS Appraisal and Valuation Manual ("The Red Book"). The College policy is to obtain an external professional valuation on a rolling three year basis.

### **Stocks**

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

### **Maintenance of premises**

The cost of routine corrective maintenance is charged to the Income and Expenditure Account in the period it is incurred.

### **Provisions**

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

**Leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

**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 and trading activities undertaken by the College are liable to Corporation Tax.

**College Contribution scheme**

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

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

	Notes	2010 £000	2009 £000
<b>INCOME</b>			
Academic fees, tuition income and other HEFCE support	1	2,029	2,020
Research grants and contracts	2	7	44
Other operating income	3	3,917	2,679
Endowment return and interest receivable	4	907	995
<b>Total income</b>		<b>6,860</b>	<b>5,738</b>
<b>EXPENDITURE</b>			
Staff costs	5	3,478	3,377
Depreciation		562	494
Other operating expenses		2,305	2,083
Interest payable		144	248
Contribution under Statute XV		-	-
<b>Total expenditure</b>	7	<b>6,489</b>	<b>6,202</b>
Surplus/(deficit) for the year on continuing operations before taxation and disposal of fixed assets		371	(464)
(Deficit)/surplus on disposal of fixed assets		(28)	(16)
Taxation	8	-	-
<b>Surplus/(deficit) for the year after taxation</b>	9	<b>343</b>	<b>(480)</b>

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

	Notes	2010 £000	2009 £000
<b>Reserves</b>			
Surplus/(deficit) for the year	18	343	(480)
(Decrease)/increase in reserves	18	(1,106)	(450)
Increase/(decrease) in designated reserves	18	34	428
<b>Endowments</b>			
Income receivable from endowment asset investments	17	304	550
Income return transferred to income and expenditure account	17	(907)	(995)
Appreciation of endowment asset investments	17	1,151	(1,064)
New endowments received	17	1,325	262
Cost of managing endowment	17	(35)	(116)
<b>Other</b>			
Net additions to deferred capital	16	214	(68)
<b>Total recognised gains/(losses) relating to the year</b>		<b>1,323</b>	<b>(1,933)</b>
Opening funds		28,216	30,149
<b>Closing funds</b>		<b>29,539</b>	<b>28,216</b>

**ST PETER'S COLLEGE**  
**Balance Sheets**  
**Year ended 31 July 2010**

		<b>CONSOLIDATED</b>		<b>COLLEGE</b>	
	Note	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	10	<b>15,397</b>	14,312	<b>15,397</b>	14,312
Investments	11	<b>-</b>	-	<b>-</b>	-
		<b>15,397</b>	14,312	<b>15,397</b>	14,312
<b>Endowment asset investments</b>					
Securities and cash deposits		<b>23,836</b>	18,300	<b>23,836</b>	18,300
Land and property		<b>978</b>	4,676	<b>978</b>	4,676
	12	<b>24,814</b>	22,976	<b>24,814</b>	22,976
<b>Current assets:</b>					
Stocks		<b>48</b>	46	<b>48</b>	46
Debtors	13	<b>462</b>	734	<b>496</b>	768
Short term investments		<b>-</b>	-	<b>-</b>	-
Cash at bank and in hand		<b>65</b>	264	<b>64</b>	262
		<b>575</b>	1,044	<b>608</b>	1,076
<b>Creditors:</b>					
Amounts falling due within one year	14	<b>(5,382)</b>	(3,823)	<b>(5,381)</b>	(3,822)
<b>Net current assets</b>		<b>(4,807)</b>	(2,779)	<b>(4,773)</b>	(2,746)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>35,404</b>	34,509	<b>35,438</b>	34,542
<b>Creditors:</b>					
Amounts falling due after more than one year	15	<b>(5,865)</b>	(6,293)	<b>(5,865)</b>	(6,293)
<b>TOTAL NET ASSETS</b>		<b>29,539</b>	28,216	<b>29,573</b>	28,249
<b>Deferred capital</b>	16	<b>2,075</b>	1,861	<b>2,075</b>	1,861
<b>Endowments</b>					
Specific		<b>4,837</b>	4,249	<b>4,837</b>	4,249
General		<b>19,977</b>	18,727	<b>19,977</b>	18,727
	17	<b>24,814</b>	22,976	<b>24,814</b>	22,976
<b>Reserves</b>					
Designated reserves	18	<b>1,560</b>	1,526	<b>1,560</b>	1,526
General reserves	18	<b>1,090</b>	1,853	<b>1,124</b>	1,886
		<b>2,650</b>	3,379	<b>2,684</b>	3,412
<b>TOTAL FUNDS</b>		<b>29,539</b>	28,216	<b>29,573</b>	28,249

The financial statements were approved by the Governing Body of St Peter's College on 1 December 2010

M Damazer  
Master

R Gordon  
Bursar

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

	Note	2010 £000	2009 £000
<b>Net cash inflow/(outflow) from operating activities</b>	24	<b><u>1,360</u></b>	<b><u>1,520</u></b>
Returns on investments and servicing of finance			
Income from endowments received		304	507
Other income from investments and interest received		<u>-</u>	<u>-</u>
		304	507
Interest paid		(144)	(247)
Net cash inflow from returns on investments and servicing of finance		<u>160</u>	<u>260</u>
Capital expenditure and financial investment			
Net acquisition of tangible fixed assets		(1,675)	(1,034)
Net acquisition of endowment asset investments		(687)	(685)
Reallocation of endowment assets		4,779	-
Endowments received		(783)	124
Deferred capital received		233	-
Endowment management fees		(35)	-
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>1,832</u>	<u>(1,595)</u>
<b>Net cash outflow before use of liquid resources and financing</b>		<b>3,352</b>	<b>185</b>
Financing	25	(301)	73
<b>Increase/(decrease) in cash for the year</b>	26	<b><u>3,051</u></b>	<b><u>258</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>		<b>2010 £000</b>	<b>2009 £000</b>
(Decrease)/increase in cash for the year		3,051	258
Change in net funds		<u>3,051</u>	<u>258</u>
Net funds at 1 August		7,310	7,052
<b>Net funds at 31 July</b>		<b><u>10,361</u></b>	<b><u>7,310</u></b>

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

<b>1 ACADEMIC FEES AND TUITION INCOME</b>	<b>2010 £000</b>	<b>2009 £000</b>
Tuition fees from UK and European Union students	1,138	1,118
Tuition fees from overseas students	257	296
Other fees	184	178
Other tuition income and HEFCE Support	450	428
	<u>2,029</u>	<u>2,020</u>

The above analysis includes fee income in respect of UK and European Union publicly-funded students amounting to £1,294K (2009 -£1,308K). The net amount received under the Collegiate Funding Formula scheme from the University was £1,441K (2009 - £1,435K), net of college fees received directly.

<b>2 RESEARCH GRANTS AND CONTRACTS</b>	<b>2010 £000</b>	<b>2009 £000</b>
Research Councils	-	-
Other grants and contracts	7	44
	<u>7</u>	<u>44</u>

<b>3 OTHER OPERATING INCOME</b>	<b>2010 £000</b>	<b>2009 £000</b>
Residential income from college members	1,261	1,194
Conference and function income	680	555
Grants and donations	1,829	737
Release of deferred capital contributions	69	68
Other income	78	125
	<u>3,917</u>	<u>2,679</u>

Included in grants and donations income for 2010 is £1.4m from the sale of a set of medals which were held by the College. These were not previously recorded as assets in the Financial Statements and therefore the full proceeds from the sale have been taken to the income and expenditure account. £1m has subsequently been transferred to the general endowment (see note 18).

<b>4 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>	<b>2010 £000</b>	<b>2009 £000</b>
Transferred from specific endowments (note 17)	26	66
Transferred from general endowments (note 17)	881	929
Other interest receivable	-	-
	<u>907</u>	<u>995</u>

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

<b>5 STAFF COSTS</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Gross Pay	2,944	2,808
Social Security costs	170	188
Other pension costs	329	360
Other benefits	35	21
	<b>3,478</b>	<b>3,377</b>

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

## **6 PENSION SCHEMES**

### **1. The pensions 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 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 also made available a Stakeholder Scheme for individual employees, but does not contribute to that scheme.

**PENSION SCHEMES (CONTINUED)**

**2. Actuarial valuations**

The Schemes are periodically valued by qualified actuaries. Both USS and OSPS are 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.

	<b>USS</b>	<b>OSPS</b>
Date of valuation	31/03/2008 <sup>a</sup>	31/07/07
Date valuation results published	04/02/09	09/10/2008
Value of liabilities	£28,135m	£322m
Value of assets	£28,842m	£279m
Funding Surplus/(Deficit)	£707m <sup>b</sup>	(£43m) <sup>c</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)	-	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% <sup>d</sup>	87%
Statutory Pension Protection Fund basis	107%	95%
"Buy-out" basis	79% <sup>d</sup>	71%
Estimated FRS17 basis	104% <sup>d</sup>	89%
Recommended Employer's contribution rate (as % of pensionable salaries):	16% <sup>e</sup>	21.5% <sup>c</sup>
Effective date of next valuation	31/03/2011 <sup>a</sup>	31/03/10

Notes:

- USS' actuary is undertaking 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 the publication of the final results in 2012.
- In 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.



**PENSION SCHEMES (CONTINUED)**

- c. OSPS' actuarial valuation as at 31 July 2007 identified a required long-term employer contribution rate of 17.85% of total pensionable salaries, but also a funding deficit of £43.2m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by increasing the employer contribution rate to the previously agreed rate of 21.5% of total pensionable salaries with effect from 1 August 2008. The actuary certified that the additional 3.65% contribution should eliminate the deficit by 31 July 2025.
- d. Since 31 March 2008, global investment markets have continued to fluctuate and the actuary has estimated the funding level of USS had fallen from 103% at 31st March 2008 to 91% (a deficit of £3,065m at 31st March 2010. This estimate is based on the funding level at 31st 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 31st March 2010 was 80% and on a buy out basis was approximately 57%.
- e. The USS employer contribution rate required for future service benefits alone at the date of the valuation was 16% of total pensionable salaries and the Trustee company, on the advice of the actuary, decided to implement the increase from 14% to 16% on 1 October 2009.

**3. Sensitivity of actuarial valuation assumptions**

Surpluses or deficits which arise at future valuations may impact on the 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 by 0.5%	decrease by £2.2bn	decrease by £30m
	decrease by 0.5%	increase by £2.2bn	increase by £30m
Rate of pension increases	increase by 0.5%	increase by £1.5bn	increase by £20m
	decrease by 0.5%	decrease by £1.5bn	decrease by £20m
Rate of salary growth	increase by 0.5%	increase by £0.7bn	increase by £7m
	decrease by 0.5%	decrease by £0.7bn	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

**ST PETER'S COLLEGE**  
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**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	Year to 31/07/2010 £000	Year to 31/07/2009 £000
Universities Superannuation Scheme	211	240
Oxford Staff Pension Scheme	<u>118</u>	<u>120</u>
Total	329	360

**7 ANALYSIS OF EXPENDITURE**

				2010	2009
	Staff costs £000	Depreciation £000	Other operating expenses £000	Total £000	Total £000
Academic	1,889	14	359	<b>2,262</b>	2,016
Residences, catering and con	1,071	43	737	<b>1,851</b>	2,128
Premises	98	480	715	<b>1,293</b>	976
College administration	286	24	168	<b>478</b>	546
Endowment management	-	-	187	<b>187</b>	24
Fundraising	133	1	87	<b>221</b>	222
Other	1	-	52	<b>53</b>	42
	<u>3,478</u>	<u>562</u>	<u>2,305</u>	<b><u>6,345</u></b>	<u>5,954</u>
Interest payable				<b>144</b>	248
Contribution under Statute XV				-	-
<b>Total expenditure</b>				<b><u>6,489</u></b>	<b><u>6,202</u></b>
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable within 5 years				<b>529</b>	-
				<b><u>529</u></b>	<u>-</u>
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				<b>13</b>	13
in respect of other services				<b><u>1</u></b>	<u>1</u>
<b>8 TAXATION</b>				<b>2010</b>	2009
				<b>£000</b>	<b>£000</b>
United Kingdom corporation tax				<u>-</u>	<u>-</u>

**ST PETER'S COLLEGE**  
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**9 (DEFICIT)/SURPLUS FOR THE YEAR**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
College's (deficit)/surplus for the year	<b>344</b>	(479)
Deficit generated by the subsidiary undertaking	<b>(1)</b>	(1)
	<b><u>343</u></b>	<b><u>(480)</u></b>

**10 TANGIBLE FIXED ASSETS**

**CONSOLIDATED AND COLLEGE**

	<b>Land &amp; buildings</b>			
	<b>Freehold</b>	<b>Long leasehold</b>	<b>Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>				
At 1 August 2009	15,886	575	1,250	17,711
Additions	1,584		91	1,675
Disposals	(39)	-	(25)	(64)
At 31 July 2010	<u>17,431</u>	<u>575</u>	<u>1,316</u>	<u>19,322</u>
<b>Depreciation</b>				
At 1 August 2009	2,719	78	602	3,399
Charge for period	454	10	98	562
On disposals	(22)		(14)	(36)
Impairment of value	-	-	-	-
At 31 July 2010	<u>3,151</u>	<u>88</u>	<u>686</u>	<u>3,925</u>
<b>Net book value</b>				
At 31 July 2010	<u>14,280</u>	<u>487</u>	<u>630</u>	<u>15,397</u>
At 31 July 2009	<u>13,167</u>	<u>497</u>	<u>648</u>	<u>14,312</u>

The college has no tangible fixed assets held under finance leases at 31 July 2010 or 31 July 2009.

**11 FIXED ASSET INVESTMENTS**

**COLLEGE**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At cost		
Investment in subsidiary company	<b><u>2</u></b>	<b><u>2</u></b>

The College owns 100% of the issued share capital of Crossed Keys Limited, a company incorporated in England and Wales. The principal business activity of Crossed Keys Limited is the development of property for St Peter's College.

**ST PETER'S COLLEGE**  
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**12 ENDOWMENT ASSET INVESTMENTS**

	<b>CONSOLIDATED</b>			<b>COLLEGE</b>		
	<b>Securities &amp; cash</b>	<b>Land &amp; property</b>	<b>Total</b>	<b>Securities &amp; cash</b>	<b>Land &amp; property</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At market value</b>						
At 1 August 2009	18,300	4,676	<b>22,976</b>	18,300	4,676	<b>22,976</b>
Purchases at cost	6,496	161	<b>6,657</b>	6,496	161	<b>6,657</b>
Sales proceeds	(6,769)	(3,980)	<b>(10,749)</b>	(6,769)	(3,980)	<b>(10,749)</b>
Increase in cash held by fund managers and on deposit	4,779	-	<b>4,779</b>	4,779	-	<b>4,779</b>
Revaluation (loss)/gain	1,030	121	<b>1,151</b>	1,030	121	<b>1,151</b>
<b>At 31 July 2010</b>	<b>23,836</b>	<b>978</b>	<b>24,814</b>	<b>23,836</b>	<b>978</b>	<b>24,814</b>

	<b>CONSOLIDATED COLLEGE</b>	
	<b>£000</b>	<b>£000</b>
Analysed as		
Fixed interest stocks (listed)	-	-
Equities (listed)	11,970	11,970
Unlisted securities	41	41
Cash	11,825	11,825
Land and property	978	978
	<b>24,814</b>	<b>24,814</b>
Historical cost at end of year	<b>24,707</b>	<b>24,707</b>

The estates land and property valuation as at 31 July 2009 was revalued by an independent firm of Surveyors, the basis of valuation being market value on existing use. An independent valuation is obtained on a rolling three year basis.

**13 DEBTORS**

	<b>CONSOLIDATED</b>		<b>COLLEGE</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amounts falling due within one year				
Amounts owed by College members	47	47	47	47
Other debtors	-	-	34	34
Prepayments and accrued income	415	687	415	687
	<b>462</b>	<b>734</b>	<b>496</b>	<b>768</b>

**ST PETER'S COLLEGE**  
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**14 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR**

	<b>CONSOLIDATED</b>		<b>COLLEGE</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	<b>910</b>	254	<b>910</b>	254
Unsecured loans	<b>7</b>	7	<b>7</b>	7
Loan from College endowment funds	<b>3,497</b>	2,741	<b>3,497</b>	2,741
Boat house lease loan	<b>40</b>	20	<b>40</b>	20
Trade creditors	<b>490</b>	213	<b>490</b>	213
College Contribution	-	25	-	25
Other taxation and social security	<b>79</b>	76	<b>79</b>	76
Accruals and deferred income	<b>97</b>	312	<b>96</b>	311
Other creditors	<b>262</b>	175	<b>262</b>	175
	<b>5,382</b>	<b>3,823</b>	<b>5,381</b>	<b>3,822</b>

At 31 July 2009 the loan from the College endowment funds was shown in the total for accruals and deferred income. During the year to 31 July 2010 a formal agreement regarding this borrowing was put in place by the Governing Body and therefore the College now considers it is prudent to show this figure on a separate line in these notes as above.

**15 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>CONSOLIDATED</b>		<b>COLLEGE</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loan	<b>5,845</b>	6,226	<b>5,845</b>	6,226
Unsecured loans	-	7	-	7
Boat house lease loan	<b>20</b>	60	<b>20</b>	60
	<b>5,865</b>	<b>6,293</b>	<b>5,865</b>	<b>6,293</b>

The bank loan has previously been secured by a fixed charge over properties to which it relates. This property was sold during the year and the loan is currently secured by a cash deposit held by the bank.

**ST PETER'S COLLEGE**  
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**16 DEFERRED CAPITAL**

	<b>CONSOLIDATED</b>		<b>COLLEGE</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At start of year	<b>1,861</b>	1,929	<b>1,861</b>	1,929
New capital	<b>283</b>	-	<b>283</b>	-
Transfer from designated reserve	-	-	-	-
Released to income and expenditure account	<b>(69)</b>	(68)	<b>(69)</b>	(68)
<b>At end of year</b>	<b><u>2,075</u></b>	<u>1,861</u>	<b><u>2,075</u></b>	<u>1,861</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.

**17 ENDOWMENTS**

	<b>CONSOLIDATED</b>			<b>COLLEGE</b>		
	<b>Specific</b>	<b>General</b>	<b>Total</b>	<b>Specific</b>	<b>General</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August 2009	4,249	18,727	<b>22,976</b>	4,249	18,727	<b>22,976</b>
Endowments received	78	139	<b>217</b>	78	139	<b>217</b>
Loan interest	-	86	<b>86</b>	-	86	<b>86</b>
Appreciation of endowment investments	498	653	<b>1,151</b>	498	653	<b>1,151</b>
Cost of managing endowment	-	(35)	<b>(35)</b>	-	(35)	<b>(35)</b>
Income receivable from endowment asset investments	38	266	<b>304</b>	38	266	<b>303</b>
Transferred to income and expenditure account (note 4)	(26)	(881)	<b>(907)</b>	(26)	(881)	<b>(908)</b>
Transfer from reserves	-	1,022	<b>1,022</b>	-	1,022	<b>1,022</b>
<b>At 31 July 2010</b>	<b><u>4,837</u></b>	<b><u>19,977</u></b>	<b><u>24,814</u></b>	<b><u>4,837</u></b>	<b><u>19,977</u></b>	<b><u>24,814</u></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 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.

There are no specific endowments (Consolidated or College) which provide income that lie outside the objects of the College.

**ST PETER'S COLLEGE**  
**Notes to the Financial Statements**  
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**18 RESERVES**

<b>DESIGNATED RESERVES</b>	<b>CONSOLIDATED</b>	<b>COLLEGE</b>
	<b>£000</b>	<b>£000</b>
At start of year	1,526	1,526
Transfer from brought forward to deferred capital	(50)	(50)
Transfers from general reserve	84	84
<b>At end of year</b>	<b>1,560</b>	<b>1,560</b>

Designated reserves are those reserves set aside by the College to be used for a special purpose, and which do not form part of College endowments. At 31 July 2010 they comprised:

	<b>CONSOLIDATED</b>	<b>COLLEGE</b>
	<b>£000</b>	<b>£000</b>
Development Reserve	782	782
Annual Bursaries Fund	69	69
Student Hardship Fund	59	59
Wulstan Book Collection	77	77
Staircase II Renovation	61	61
Other designated reserves each less than £50,000	512	512
	<b>1,560</b>	<b>1,560</b>

<b>GENERAL RESERVES</b>	<b>CONSOLIDATED</b>	<b>COLLEGE</b>
	<b>£000</b>	<b>£000</b>
At start of year	1,853	1,886
Surplus/(Deficit) from income and expenditure account	343	344
Capital repaid to endowment	-	-
Transfer to endowment	(1,022)	(1,022)
Transfers to designated reserves	(84)	(84)
<b>At end of year</b>	<b>1,090</b>	<b>1,124</b>

	<b>CONSOLIDATED</b>		<b>COLLEGE</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Representing:				
Undepreciated cost of tangible fixed assets				
financed out of general reserve	13,322	12,451	13,322	12,451
College general reserve	(12,232)	(10,598)	(12,198)	(10,565)
	<b>1,090</b>	<b>1,853</b>	<b>1,124</b>	<b>1,886</b>

**ST PETER'S COLLEGE**  
**Notes to the Financial Statements**  
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**19 CAPITAL COMMITMENTS**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Commitments contracted at 31 July		
Student accommodation	<u>16</u>	<u>-</u>

**20 FINANCIAL COMMITMENTS**

At 31 July 2010 the College had no annual commitments under non-cancellable operating leases (2009: None).

**21 POST BALANCE SHEET EVENTS**

There were no post balance sheet events that would have a material effect on the Financial Statements.

**22 CONTINGENT LIABILITIES**

At the 31 July 2009 the College had a potential liability related to dilapidation charges claimed by the University of Oxford on property returned to it by the College during the year. The property returned was student accommodation used by the College. The amount of the claim was in dispute between the University and the College at this date. As the quantity of any liability could not be reliably estimated no provision was made in the Financial Statements. The College expected the claim to be settled during the next accounting period.

At the 31 July 2010 the claim has not been settled however the College considers that it is able to reliably estimate the cost and therefore a provision has been made in the Financial Statements for £116,000. The College expects the claim to be settled during the next accounting period.

**23 RELATED PARTY TRANSACTIONS**

St Peter's College has a joint equity scheme whereby members of the Governing Body can purchase property in conjunction with the College. The College investment at 31 July 2010 was £977,590 (31 July 2009: £822,034) and there were 6 members participating in the scheme (31 July 2009: 5).



**ST PETER'S COLLEGE**  
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**24 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH  
INFLOW FROM OPERATING ACTIVITIES**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Surplus/(deficit) for the year	<b>343</b>	(480)
Depreciation	<b>562</b>	494
Endowment income and interest receivable	<b>(907)</b>	(995)
Interest payable	<b>144</b>	247
Interest paid by College to endowment	<b>86</b>	-
Deferred capital released	<b>(69)</b>	(68)
(Increase)/decrease in stocks	<b>(2)</b>	(25)
(Increase)/decrease in debtors	<b>272</b>	51
Increase/(decrease) in creditors	<b>903</b>	2,279
Loss/(profit) on disposal of fixed assets	<b>28</b>	17
	<b>1,360</b>	<b>1,520</b>

**25 FINANCING**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
New loans	-	80
Repayment of borrowings	<b>(301)</b>	(7)
	<b>(301)</b>	<b>73</b>

**26 ANALYSIS OF CHANGES IN NET FUNDS**

	<b>2010</b>	<b>Changes</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<b>65</b>	(199)	264
Endowment assets cash	<b>11,825</b>	4,779	7,046
Bank overdrafts	<b>(529)</b>	(529)	-
Short term deposits	-	-	-
	<b>11,361</b>	<b>4,051</b>	<b>7,310</b>
Current asset investments	-	-	-
	<b>11,361</b>	<b>4,051</b>	<b>7,310</b>