

University College, Oxford

Financial Statements for the year ended 31 July 2010



UNIVERSITY COLLEGE, OXFORD
Year ended 31 July 2010

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UNIVERSITY COLLEGE, OXFORD

Year ended 31 July 2010

Report of the Governing Body

Status

University College is a chartered charitable corporation. It traces its origins to a bequest of 1249 from William of Durham. Its earliest official statutes date from 1280/1, and it was granted a charter of incorporation in 1573, since when the corporation has comprised the Master and Fellows of the College. The College was an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act). Following the Charities Act 2006 the College has indicated its intention to apply to the Charity Commission for registration.

Objects

University College exists to provide and promote collegiate 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 scholarships, bursaries, prizes and other educational purposes as well as specific fellowships.

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, Her Majesty Queen Elizabeth II. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1573, 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. It meets regularly under the chairmanship of the Master and is advised by a range of committees that include the Finance, Tutorial, General Purposes, and Development Committees.

Scope of financial statements

The financial statements consolidate the accounts of University College and its wholly owned subsidiary undertaking Micklehall Limited, a vehicle for property development activities of the College.

Review of operations and finance

Operating income and expenditure

Non-academic expenditure decreased by 2.7% reflecting a prudent approach in the face of economic uncertainties.

Academic expenditure declined slightly from £3,416,000 in 2008/09 to £3,362,000 in 2009/10.

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Grants to students were broadly unchanged, rising from £438,000 to £443,000. These grants are for academic purposes as well as hardship.

At the College in 2009/10, the total number of fee paying junior members increased slightly and total fee income increased by 2.8%.

Investment Income

Investment income remained virtually unchanged while endowment management expenses increased significantly from the previous year due to much higher levels of activity relating to property holdings.

Grants and Donations

Donations received amounted to £1,133,000 in the form of income, plus £1,476,000 in the form of capital added to endowment. This generous support is greatly appreciated by the College.

Surplus

As a result of the above variations in income and expenditure the College's consolidated surplus on continuing operations increased to £377,000 in 2009/10 from £116,000 in 2008/09.

The College disposed of one of its Joint Equity Houses and realised a surplus of £9,000. (In 2008/9 the College realised a surplus of £1,767,000 on the disposal of one of its North Oxford properties).

The College revalued its research centre. This gave rise to an increase in the carrying value of £90,000.

The College's total consolidated surplus for the year decreased from £1,650,000 to £476,000.

Outlook

The economic outlook is very uncertain. The funding for Higher Education is in flux and is likely to be reduced in real terms. The College is taking a cautious approach to endowment investment and to operational expenditure, while giving priority in our expenditures to maintaining the quality of our academic provision.

Investment Strategy

Our investment objectives are:

- funding current spending at an appropriate drawing rate; our guideline is 4%
- growing the capital sufficiently to keep pace with inflation.

Investment Committee

The College is advised by an investment committee that is chaired by the Estates Bursar. Besides certain members of the Governing Body, the members are Mark Creedy, Sandra Robertson, Sir Hugh Stevenson and Tim Tacchi. We are very grateful indeed to them for making their time and expertise available.

Endowment Capital

Total returns for the College's endowment in the 12-month period ending 31 July 2010 amounted to a positive 16.8% . Although the strategy of the fund has had good defensive qualities in difficult markets, it proved possible to make worthwhile gains during this year's rally.

Over the year as a whole our endowment asset allocation changed as follows:

	% of endowment assets	
	31.7.2010	31.7.2009
Property	32	31
Equities	30	34
Bonds	31	27
Private Equity	2	1
Endowment Cash	5	7
Total	100	100

Property

The College's property estate consists predominantly of Oxford commercial property, some agricultural property and a little other commercial property. The Oxford property is predominantly secondary retail with residential on the upper floors, and there are also two hotels. The property portfolio is valued annually by independent professional agents. Cluttons act for the College in respect of commercial/residential property; Stephenson & Son are the land agents for agricultural property.

The College purchased farm land in Yorkshire adjacent to its existing holdings for £527,000. The College also transferred, at a market value of £825,000, Eastwyke Farmhouse into its

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investment property portfolio in anticipation of refurbishment and incorporation into the existing lease for the adjoining hotel site in Oxford. Micklehall realised a profit on the sale of part of its holding of development land.

Equities

The College now holds its principal UK equity portfolio in the RCM Chariguard indexed fund and uses collective investment vehicles for its overseas equities. 80% of the quoted equity holdings are held in the form of indexed funds.

During the year, equity holdings were trimmed.

Other asset classes

The College invests to a moderate extent in private equity.

The College's cash is managed by Royal London Cash Management Limited.

The College's holdings of sovereign bonds are managed primarily by Morgan Stanley.

J P Morgan provide advice on a range of asset classes.

Reserves

The balance on reserves at the year-end amounted to £15.3m. The designated reserve for the replacement and maintenance of functional and endowment buildings was dissolved.

After allowing for the amounts invested in fixed assets, the general reserve was £2.2m. The Governing Body has reviewed the reserves of the College and has concluded that this level of general reserve should be maintained to allow the College to be managed efficiently and to provide a buffer for uninterrupted services. This equates to approximately 3 months of expenditure.

Risk Management

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

Responsibilities of 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;

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- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures being 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.

The members of the Governing Body must ensure that the property and income of the College are applied only in support of purposes that are charitable in law.

Approved by the Governing Body on 10th November 2010

Sir Ivor Crewe
Master

UNIVERSITY COLLEGE, OXFORD
Year ended 31 July 2010

University College

Report of the Independent Auditor to the Governing Body

We have audited the College financial statements ("the financial statements") of University College for the year ended 31 July 2010 which comprise 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, statement of principal accounting policies 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 other information contained in the Report of the Governing Body and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements, or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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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 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; 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

UNIVERSITY COLLEGE, OXFORD
Consolidated Income and Expenditure Account
Year ended 31 July 2010

	Notes	2010 £000	2009 £000
INCOME			
Academic fees and tuition income	1	2,228	2,188
Research grants and contracts	2	184	257
Other operating income	3	3,715	3,729
Endowment return and interest receivable	4	3,580	3,494
Total income		9,707	9,668
EXPENDITURE			
Staff costs	5	4,460	4,266
Depreciation		367	304
Other operating expenses		4,357	4,868
Contribution under Statute XV		146	114
Total expenditure	7	9,330	9,552
Surplus for the year on continuing operations before taxation, disposal and revaluation/(impairment) of fixed assets		377	116
Surplus on disposal of fixed assets		9	1,767
Revaluation/(impairment) of fixed assets	9	90	(233)
Surplus for the year	8	476	1,650

Consolidated Statement of Total Recognised Gains and Losses
Year ended 31 July 2010

	Notes	2010 £000	2009 £000
Reserves:			
Surplus for the year		476	1,650
Endowments:			
Income receivable from endowment asset investments	16	3,840	3,705
Endowment return transferred to income & expenditure account	16	(3,529)	(3,327)
Appreciation/(depreciation) of endowment asset investments	16	12,048	(7,942)
Net new endowments received	16	1,476	1,055
Transfer of functional buildings into endowment		825	
Other:			
Net (deductions from)/additions to deferred capital	15	(20)	(15)
Total recognised (losses)/gains relating to the year		15,116	(4,874)
Opening fund balances		106,944	111,818
Closing fund balances		122,060	106,944

UNIVERSITY COLLEGE, OXFORD
Balance Sheets
Year ended 31 July 2010

	Notes	CONSOLIDATED		COLLEGE	
		2010 £000	2009 £000	2010 £000	2009 £000
Fixed assets					
Tangible assets	9	13,528	13,167	13,528	13,167
Investments	10	-	-	-	-
		<u>13,528</u>	<u>13,167</u>	<u>13,528</u>	<u>13,167</u>
Endowment asset investments					
Securities and cash deposits		72,369	60,352	72,474	60,642
Land and property		33,930	26,909	33,536	26,169
	11	<u>106,299</u>	<u>87,261</u>	<u>106,010</u>	<u>86,811</u>
Current assets:					
Stocks		76	81	76	81
Debtors	12	634	688	696	872
Cash at bank and in hand		3,856	8,481	3,853	8,481
		<u>4,566</u>	<u>9,250</u>	<u>4,625</u>	<u>9,434</u>
Creditors:					
Amounts falling due within one year	13	2,233	2,634	2,230	2,629
Net current assets		<u>2,333</u>	<u>6,616</u>	<u>2,395</u>	<u>6,805</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>122,160</u>	<u>107,044</u>	<u>121,933</u>	<u>106,783</u>
Creditors:					
Amounts falling due after more than one year	14	100	100	100	100
TOTAL NET ASSETS		<u>122,060</u>	<u>106,944</u>	<u>121,833</u>	<u>106,683</u>
Deferred capital	15	492	512	492	512
Endowments					
Specific		57,697	51,949	57,461	51,573
General		48,602	35,312	48,549	35,238
	16	<u>106,299</u>	<u>87,261</u>	<u>106,010</u>	<u>86,811</u>
Reserves					
Designated reserves	17	-	3,891	-	3,891
General reserves	17	15,269	15,280	15,331	15,469
		<u>15,269</u>	<u>19,171</u>	<u>15,331</u>	<u>19,360</u>
TOTAL FUNDS		<u>122,060</u>	<u>106,944</u>	<u>121,833</u>	<u>106,683</u>

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

*Sir Ivor Crewe
Muster*

*F N Marshall
Estates Bursar*

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Consolidated Cashflow Statement
Year ended 31 July 2010

	Note	2010 £000	2009 £000
Net cash outflow from operating activities	18	<u>(3,203)</u>	<u>(2,888)</u>
Returns on investments and servicing of finance			
Income from endowments received		3,840	3,705
Other income from investments and interest received		51	167
		<u>3,891</u>	<u>3,872</u>
Net cash inflow from returns on investments and servicing of finance		<u>3,891</u>	<u>3,872</u>
Capital expenditure and financial investment			
Net acquisition of tangible fixed assets		(628)	(1,064)
Net acquisition of endowment asset investments		(6,852)	(5,656)
Endowments received		1,476	1,055
Deferred capital received		5	10
Exchange movement on endowment assets cash holdings		-	42
Other		(7)	90
Net cash outflow from capital expenditure and financial investment		<u>(6,006)</u>	<u>(5,523)</u>
Net cash outflow before use of liquid resources and financing		(5,318)	(4,539)
Decrease in cash	19	<u>(5,318)</u>	<u>(4,539)</u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash for the year		<u>(5,318)</u>	<u>(4,539)</u>
Change in net funds		<u>(5,318)</u>	<u>(4,539)</u>
Net funds at 1 August		14,767	19,306
Net funds at 31 July	19	<u>9,449</u>	<u>14,767</u>

Statement of Principal Accounting Policies

Basis

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of endowment asset investments and research centres, and in accordance with applicable accounting standards (up to and including Financial Reporting Standard 30) and according to the University of Oxford Statute XV to meet specific requirements imposed by University and College Statutes.

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

The financial statements consolidate the accounts of the College and of its subsidiary undertaking, Micklehall Limited. The accounts of the affiliated student bodies (Junior and Middle Common Rooms) have not been consolidated because the College does not control these activities. The accounts of the University College Old Members' Trust have also not been consolidated because the College does not control its activities. The net assets of the Old Members' Trust as at 31 July 2010 were £9.11m (2009: £8.97m). Its income for the year then ended was £260,000 (2009: £270,000) and it contributed £273,000 (2009: £258,000) to the College during the year.

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 are included to the extent of the relevant expenditure incurred during the year, including related contributions towards overhead costs. All income from general endowments (the use of which is not legally restricted to a specific purpose or activity) is credited to income and expenditure account on a receivable basis.

General donations

Unrestricted donations and benefactions arising from fundraising for the Annual Fund are credited to the income and expenditure account where the donor's intention is that the funds will be spent within 12 months of receipt. Other unrestricted donations and benefactions are credited to general endowment.

Pension costs

Contributions to the pension schemes provided for employees of the College are charged to the income and expenditure account as payable.

Tangible Fixed assets

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

Freehold buildings (including improvements) – 50 years
Educational papers and documents – 50 years
Equipment – 5 years

Freehold land is not depreciated.

Research centres are valued at market value.

The cost of major renovation projects in excess of £10,000 that increase the service potential of buildings is capitalised and depreciated over applicable periods.

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

The College operates a "de minimis" limit of £10,000 for the capitalisation of expenditure on furniture, equipment and buildings. Works of art and other valuable artefacts that are currently regarded as inalienable and have no readily ascertainable cost 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 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

Actual expenditure on routine and planned maintenance is charged to the income and expenditure account in the period it is incurred. The College has a planned maintenance programme that is reviewed on an annual basis.

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. Monetary assets and liabilities denominated in foreign currencies

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are translated into sterling at year-end rates of exchange. The resultant exchange differences are included in the income and expenditure account for the year or the movement on endowment assets as appropriate.

Taxation Status

As an exempt charity within the meaning of Schedule 2 of the Charities Act 1993, the College was potentially exempt from taxation in respect of income and capital gains received within categories covered by Section 505 of the Taxes Act 1988 and Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. Trading activities undertaken by the College are administered through its subsidiary company, which, as a commercial organisation, is liable to Corporation Tax. Profits made by this company are, however, transferred to the College by Gift Aid. The College is registered for Value Added Tax, but since the supply of education is an exempt activity on which no output tax is charged it is unable to recover input tax on the majority of its purchases.

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 fund grants to colleges on the basis of need. The Contribution is calculated annually in accordance with regulations made by Council.

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

	2010	2009
	£000	£000
1 ACADEMIC FEES AND TUITION INCOME		
Tuition fees from UK and European Union students	1,259	1,589
Tuition fees from overseas students	485	406
Other fees	-	2
Other tuition income and HEFCE support	484	191
	<u>2,228</u>	<u>2,188</u>

The above analysis includes support from the University from HEFCE funds amounting to £1,580,000 (2009: £1,587,000)

	£000	£000
2 RESEARCH GRANTS AND CONTRACTS		
UK based charities	17	32
Other grants and contracts	167	225
	<u>184</u>	<u>257</u>

	£000	£000
3 OTHER OPERATING INCOME		
Residential income from college members	1,673	1,627
Conference and function income	800	690
Grants and donations	1,133	1,314
Release of deferred capital contributions	25	25
Other income	84	73
	<u>3,715</u>	<u>3,729</u>

	£000	£000
4 ENDOWMENT RETURN AND INTEREST RECEIVABLE		
Transferred from specific endowments (note 16)	1,547	1,450
Transferred from general endowments (note 16)	1,982	1,877
Other investment income	51	167
	<u>3,580</u>	<u>3,494</u>

	£000	£000
5 STAFF COSTS		
Gross pay	3,563	3,484
Social Security costs	264	260
Other pension costs	495	429
Other benefits	138	93
	<u>4,460</u>	<u>4,266</u>

6 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.

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 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	3.30%	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% ^a	89%
Recommended Employer's contribution rate (as % of pensionable salaries):		16% ^d	21.5% ^c
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.

6 PENSION SCHEMES -continued

Notes:

- c. OSPS' actuarial valuation as at 31 July 2007 identified a required long-term employer contribution rate of 17.85% of total pensionable salaries, but also a funding deficit of £43.2m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by increasing the employer contribution rate to the previously agreed rate of 21.5% of total pensionable salaries with effect from 1 August 2008. The actuary has certified that the additional 3.65% contribution should eliminate the deficit by 31 July 2025.
- d. Since 31 March 2008, global investment markets have continued to fluctuate and the actuary has estimated the funding level of USS 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 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 but the Trustee company, on the advice of the actuary, decided to implement the increase from 14% to 16% on 1 October 2009.

3. 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	Year to 31/07/2009
Universities Superannuation Scheme	286	234
Oxford Staff Pension Scheme	207	193
Other	2	2
Total	495	429

7 ANALYSIS OF EXPENDITURE

	Staff costs	Depreci- ation	Other operating expenses	2010 Total	2009 Total
	£000	£000	£000	£000	£000
Academic	2,114	-	1,248	3,362	3,416
Residences, catering and conferences	1,192	147	952	2,291	2,518
Premises	235	219	1,286	1,740	2,013
College administration	349	-	94	443	419
Endowment management	168	-	440	608	335
Fundraising	308	-	144	452	498
Other	94	1	193	288	239
	4,460	367	4,357	9,184	9,438
Contribution under Statute XV				146	114
Total expenditure				9,330	9,552
				2010	2009
				£000	£000
Other operating expenses include auditor's remuneration:					
in respect of the audit of these financial statements				19	16
in respect of other services				4	6

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8 SURPLUS FOR THE YEAR

	2010	2009
	£000	£000
The surplus for the year is made up as follows:		
College's surplus for the year	523	1,833
Net income/(expenditure) recognised in subsidiary undertaking's profit and loss account	(5)	3
Less group transactions	(42)	(186)
	<u>476</u>	<u>1,650</u>

9 TANGIBLE FIXED ASSETS

CONSOLIDATED AND COLLEGE

	Land & buildings General Freehold £000	Land & buildings Research Centres Freehold £000	Educational papers & documents £000	Equipment £000	Total* £000
Cost or valuation					
At start of year	13,233	1,263	51	760	15,307
Additions	752	-	-	44	796
Disposals	(168)	-	-	-	(168)
At end of year	<u>13,817</u>	<u>1,263</u>	<u>51</u>	<u>804</u>	<u>15,935</u>
Depreciation/Impairment/Revaluation					
At start of year	1,564	353	4	219	2,140
Charge for period	219	-	1	147	367
On disposals	(10)	-	-	-	(10)
Revaluation	-	(90)	-	-	(90)
At end of year	<u>1,773</u>	<u>263</u>	<u>5</u>	<u>366</u>	<u>2,407</u>
Net book value					
At end of year	<u>12,044</u>	<u>1,000</u>	<u>46</u>	<u>438</u>	<u>13,528</u>
At start of year	<u>11,669</u>	<u>910</u>	<u>47</u>	<u>541</u>	<u>13,167</u>

The current declared value for insurance purposes of functional College buildings is £127,119,000 (2009:£126,297,000).
As stated in the Governing Body report Research Centres are valued at market value and valuations have been made by the College's land agent, an independent firm of Chartered Surveyors at 31 July 2010.

10 FIXED ASSET INVESTMENTS

	CONSOLIDATED £000	COLLEGE £000
At start of year	-	-
Net investments	-	-
Revaluation gains	-	-
At end of year	<u>-</u>	<u>-</u>
	CONSOLIDATED	COLLEGE
	2010	2009
	£000	£000
Investments stated at cost:		
Subsidiary undertakings	-	-
Total at end of year	<u>-</u>	<u>-</u>

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10 FIXED ASSET INVESTMENTS-continued

The College owns 100% of the issued share capital of the following company (incorporated in England & Wales) :

	Principal Business Activity
Micklehall Limited	Property ownership & development

At 31 July 2010 the net assets of Micklehall were £43,000 (2008/09 - £43,000) and its issued share capital was £2. For the year ended 31 July 2010 Micklehall made a profit of £nil (2008/09 -£nil).

11 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED			COLLEGE		
	Securities & cash	Land & property	Total	Securities & cash	Land & property	Total
	£000	£000	£000	£000	£000	£000
At market value						
At start of year	60,352	26,909	87,261	60,642	26,169	86,811
Purchases at cost	44,732	865	45,597	44,927	854	45,781
Transfer from Functional assets	-	825	825	-	825	825
Sales proceeds	(38,375)	(370)	(38,745)	(38,755)	-	(38,755)
Decrease in cash held by fund manager	(687)	-	(687)	(687)	-	(687)
Revaluation (losses)/gains	6,347	5,701	12,048	6,347	5,688	12,035
At end of year	72,369	33,930	106,299	72,474	33,536	106,010
Analysed as						
Fixed interest stocks (listed)	33,226			33,226		
Equities (listed)	31,739			31,739		
Unlisted securities	1,911			1,911		
Cash & Other	5,493			5,423		
Loan to subsidiary					175	
	72,369			72,474		
Historical cost at end of year	73,584			73,759		

Estates land and property valuations as at 31 July 2010 have been made by the College's land agents, two independent firms of Chartered Surveyors. The basis of valuation being market value.

12 DEBTORS

	CONSOLIDATED		COLLEGE	
	2010 £000	2009 £000	2010 £000	2009 £000
Amounts falling due within one year				
Trade debtors	284	352	284	352
Amounts owed by College members	248	211	248	211
Amounts owed by group undertakings	-	-	62	184
Loans	102	125	102	125
	634	688	696	872

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2010 £000	2009 £000	2010 £000	2009 £000
Trade creditors	816	769	811	764
College Contribution	150	140	150	140
Other taxation and social security	96	1	96	1
Accruals and deferred income	1,171	1,724	1,173	1,724
	2,233	2,634	2,230	2,629

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14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED & COLLEGE	
	2010	2009
	£000	£000
Other creditors	100	100

15 DEFERRED CAPITAL

	CONSOLIDATED & COLLEGE	
	2010	2009
	£000	£000
At start of year	512	527
New capital	5	10
Released to income and expenditure account	(25)	(25)
At end of year	492	512

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.

16 ENDOWMENTS

	CONSOLIDATED			COLLEGE		
	Specific £000	General £000	Total £000	Specific £000	General £000	Total £000
At start of year	51,949	35,312	87,261	51,573	35,238	86,811
Endowments received	328	1,148	1,476	328	1,148	1,476
Appreciation of endowment investments	5,261	6,787	12,048	5,249	6,786	12,035
Income receivable from endowment asset investments	1,858	1,982	3,840	1,872	1,982	3,854
Transferred to income and expenditure account (note 4)	(1,547)	(1,982)	(3,529)	(1,561)	(1,982)	(3,543)
Transfer (to)/from reserves	(152)	5,355	5,203	-	5,377	5,377
At end of year	57,697	48,602	106,299	57,461	48,549	106,010

Endowments comprise those funds which are regarded as for the long term and which fundamentally underpin and sustain the operation of the College at its desired level of activity. Specific Endowments are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity. General Endowments represent the corporate capital of the College and include bequests and gifts where the use of the capital and income, or only the income, is for the general purposes of the College. Part of these funds may have been designated for a particular purpose by the Governing Body. Specific endowments (consolidated and College) include funds valued at £5,394,048 (2009: £4,863,179) which provide income for purposes that lie outside the objects of the College. Income receivable amounted to £163,758 (2009: £168,493).

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17 RESERVES

DESIGNATED RESERVES

CONSOLIDATED AND COLLEGE	2010 £000
At start of year	3,891
Transfers to general reserves	(3,891)
At end of year	-

Designated reserves are those reserves set aside by the College to be used for a special purpose, and which do not form part of the College endowments.

GENERAL RESERVES

	CONSOLIDATED 2010 £000	COLLEGE 2010 £000
At start of year	15,280	15,469
Surplus from income and expenditure account	476	523
Transfer to endowment	(5,203)	(5,377)
Eastywke Farmhouse transfer	825	825
Transfers from designated reserves	3,891	3,891
At end of year	15,269	15,331

	CONSOLIDATED 2010 £000	COLLEGE 2010 £000	CONSOLIDATED 2009 £000	COLLEGE 2009 £000
Representing:				
Undepreciated cost of tangible fixed assets financed out of general reserve	13,036	13,036	12,655	12,655
College general reserve	2,233	2,295	2,625	2,814
	15,269	15,331	15,280	15,469

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

	2010	2009
	£000	£000
Operating Surplus for the year	377	116
Depreciation	367	304
Release of deferred capital	(25)	(25)
Endowment income and interest receivable	(3,580)	(3,494)
Decrease/(Increase) in stocks	5	-
Decrease in debtors	54	17
Increase in creditors	(401)	194
	<u>(3,203)</u>	<u>(2,888)</u>

19 ANALYSIS OF CHANGES IN NET FUNDS

	2010	Change	2009
	£000	£000	£000
Cash at bank and in hand	3,856	(4,625)	8,481
Endowment assets cash	5,493	(693)	6,186
	<u>9,349</u>	<u>(5,318)</u>	<u>14,667</u>
Debt due after 1 year	100	-	100
	<u>9,449</u>	<u>(5,318)</u>	<u>14,767</u>

20 RELATED PARTY TRANSACTIONS

During the year one fellow bought out at market value the College's interest in a joint equity house. The profit on disposal was £9,388 (2009 - £nil).

21 CAPITAL COMMITMENTS

	CONSOLIDATED & COLLEGE	
	2010	2009
	£000	£000
Commitments contracted for at 31 July	<u>673</u>	-