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# **WADHAM COLLEGE**

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**Report and Financial Statements**

**Year Ended 31 July 2010**

**Wadham College**  
**31 July 2010**  
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## **WADHAM COLLEGE**

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

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

#### **Status**

Wadham College is an eleemosynary chartered charitable corporation founded by royal charter in 1610. The corporation comprises the Warden, Fellows and Scholars. During the course of the year the College, in accordance with the Charities Act 2006, lost its exempt status and is now actively engaged in the process of registration with the Charity Commission by which it is in future to be regulated. At 31 July 2010 the College was an unregistered charity.

#### **Objects**

The preamble to the College's Statutes recites the objects laid down in the 1610 charter. They are 'to the praise, glory and honour of Almighty God, the increase of good learning and the common benefit of this realm'. The College provides and promotes undergraduate and graduate education within the University of Oxford and provides and promotes academic research for the public benefit.

#### **Governance**

The Governing Body of the College comprises the Warden 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 Bishop of Bath and Wells. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with 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 Warden and is advised by a range of committees, the principle ones being the Academic Policy Committee (to advise on all academic related issues), the Finance Committee (to advise on all financial matters), the Investment Committee (to advise on investment issues) and the Audit and Risk Committee (to advise on audit and risk issues).

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

The financial statements consolidate the accounts of the College and its subsidiary undertakings, Wadham Energy Services Limited, established to provide energy supplies for the College, and Wadham College Services Limited, a new subsidiary dormant during the period, which has been established to run the non-educational conference business on behalf of the College.

#### **Future financial reporting**

The College recognises that in future, financial statements will need to be prepared in accordance with the Charity Statement of Financial Recommended Practices (The Charity SORP). The College will be required to provide an opening position and comparative numbers for the 31 July 2011 financial statements to ensure that they are in line with the Charity SORP. Work has already commenced to ensure that existing endowment funds and reserves will be accounted for appropriately.

#### **Fundraising**

The College celebrates its 400<sup>th</sup> anniversary in 2010 and launched a major appeal to support the funding of academic posts, provide new facilities and student support. A series of events in Oxford, London, Geneva, New York and Hong Kong have taken place. The Development Office has been restructured to better facilitate this level of activity.

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

The total complement of students was 605 (48% female, 52% male) comprising 452 Undergraduates and 153 Graduates together with 62 Fellows. 124 Undergraduates were awarded degrees, of which 26 were awarded 1<sup>st</sup> Class Honours and 76 Upper Seconds. Amongst the Graduate Students who finished their studies during the course of the year, 23 were awarded a DPhil and 34 other graduate degrees.

Total income for the year was £8,339K and total expenditure £8,132K giving an operating surplus of £203K against a previous years deficit of £205K. The improved operating results reflects a very successful year for the conference business, with revenues now exceeding £1M for the first time. Income from the endowment was 19% higher at £1.9M (2009: £1.6M) primarily due to the increase in the spending rate of the general endowment from 2.5% to 3.5%. The level of unspecified donations treated as income, was also significantly higher at just under £600K (2009: £272K). Within total College income, 29% comes from tuition fees, 48% from conferences, accommodation charges, donations and miscellaneous income. The balance of total income, some 23%, is generated by the endowment. The College continues to invest in and rely on, other sources of revenue apart from tuition fees to support its charitable objectives.

Within total expenditure of £8.1M some 54% (£4.4M) was spent on staff costs. Of this amount £2.2M was spent on academic salaries. The level of overheads incurred by the College is monitored closely on an on-going basis to ensure that best value is achieved wherever possible. A system of comprehensive management accounts and budgets assists with this process.

As in previous years, the College continues to invest in upgrading student accommodation and renewing services. On average an amount in excess of £500K is spent each year on the maintenance of its functional buildings. In addition some £100K is spent annually on the renewal and replacement of furniture and fittings. During the year the College completed the refurbishment of the Holywell Music Room, this building is said to be the oldest purpose built music room in Europe and hence England's first concert hall. A successful public appeal was launched to raise funds to cover the cost of the works. Planning consent was also granted during the year, for the conversion of the former Blackwell's Music Shop into a new graduate centre for the College. Fundraising is actively underway for this important new facility and it is hoped construction work will commence in the autumn of 2011.

### **Investment performance**

The value of the College endowment increased from £56.9M to £62.4M (+9.7%) during the year, which is after £1.3M (2009:£1,475K) of new contributions. The total return on the endowment before spending was 10.9% (2009:-5.6%).

The Investment Committee which meets termly continues to review investment strategy and asset allocation. The endowment is invested in UK and overseas equities (through tracker funds), gilts, property and with the University. Going forward the Investment Committee will monitor and review performance, and make the necessary adjustments in order to protect the College's financial position.

Endowment assets are managed for total return and the Governing Body considers it prudent to transfer annually to the College, a maximum of 3.5% (2009:2.5%) in respect of income from its general endowment. Unlike income from the specific endowment, income from the general endowment is not legally restricted to a specific purpose or activity. In the year to 31 July 2010, 3.5% of appropriately averaged endowment income (average opening value of the general endowment in the preceding three years) was credited to the income and expenditure account. In total this amounted to £1,047K which was £179k more than net income earned on a receivable basis.

### **Reserves**

The balance on reserves at the year end amounted to £15.2M (2009: £15.1M).

### **Risk management**

The Governing Body of the College has responsibility for maintaining a sound system of internal control that supports its policies, aims and objectives. The system of internal control is designed to manage rather than eliminate totally the risk of failure of policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The Audit and Risk Committee of the College has reviewed the College's risk register and amended its strategies for managing identified risks based on their perceived impact and probability.

*The report of the Governing Body was approved by the Governing Body of Wadham College on 10<sup>th</sup> November 2010*

*Sir Neil Chalmers  
Warden*

## **WADHAM COLLEGE**

### **Responsibilities of the Governing Body**

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

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

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 is satisfied that it has adequate resources to continue in operation for the foreseeable future; accordingly the financial statements are prepared on a going concern basis.

The Governing Body has taken reasonable steps to:

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

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

In so far as the Governing Body is aware:

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

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 new Charities Act 2006 following the loss of exempt charity status.

*The responsibilities of Governing Body were approved by the Governing Body of Wadham College on 10<sup>th</sup> November 2010.*

*Sir Neil Chalmers*  
*Warden*

## **WADHAM COLLEGE**

### **REPORT OF THE INDEPENDENT AUDITOR TO THE GOVERNING BODY OF WADHAM COLLEGE**

We have audited the consolidated financial statements of Wadham College for the year ended 31 July 2010 which comprise the 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 notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with the College's statutes. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it in an 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 thereunder. In addition we report to you if, in our opinion, the College has not kept adequate accounting records, if the Colleges' financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Governing Body and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **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.

**WADHAM COLLEGE**

**REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)**

**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 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 thereunder,
- c) in all material respects, income received from the University of Oxford out of grants from the 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

November 2010

## **WADHAM 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 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.

The financial statements consolidate the accounts of the College and its subsidiary undertakings, Wadham Energy Supplies Limited, and Wadham College Services Limited, using acquisition accounting. The accounts of the affiliated student bodies (the Student Union and the Middle Common Room) have not been consolidated because the College does not control these activities.

The College has an investment in an associated undertaking, Boathouse Consortium Limited. This investment is included in the consolidated financial statements using equity accounting.

#### **Recognition of income**

Donations, fees, recoverable VAT 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. The College accounts for its General Endowment investment income on a Total Return 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	- 50 years
Equipment	- 5 years

Freehold land is not depreciated.

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

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

Certain historic College buildings are included at a net value of £1 as, due to their age, their historic cost would be difficult to ascertain and they would also now be fully depreciated.

The College operates a "de minimis" limit of £5,000 for capitalisation of expenditure on building improvements and for equipment. Works of art and other valuable artefacts that can be regarded as inalienable are not included in the financial statements.



## **WADHAM COLLEGE**

### **Statement of Principal Accounting Policies**

#### **Investments**

Listed endowment and fixed asset investments are included in the balance sheet at market value. Investment properties are also included at market value. The investment in the associated undertaking is included at cost, and provided against to equal the value of the College's share of its net assets.

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

#### **Stocks**

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

#### **Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

#### **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 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.

A purchase of energy was made by the College from a 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.

#### **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 the University's Council and is accounted for in the period to which it relates.

**WADHAM COLLEGE**  
**Consolidated Income and Expenditure Account**  
**Year ended 31 July 2010**

	Notes	2010 £'000	2009 £'000
<b>INCOME</b>			
Academic fees and tuition income	1	2,390	2,315
Other operating income	2	4,043	3,247
Endowment return and interest receivable	3	1,906	1,603
<b>Total income</b>		<u>8,339</u>	<u>7,165</u>
<b>EXPENDITURE</b>			
Staff costs	4	4,412	4,001
Depreciation		633	466
Other operating expenses		2,971	2,808
Interest payable		60	36
Contribution under Statute XV		56	56
<b>Total expenditure</b>	6	<u>8,132</u>	<u>7,367</u>
Surplus / (Deficit) for the year on continuing operations before taxation and disposal of fixed assets		207	(202)
Share of operating loss in Associated Undertaking		(4)	(3)
<b>Surplus/(Deficit) for the year after taxation</b>	8	<u>203</u>	<u>(205)</u>

All of the above activities relate to continuing operations

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

	Note	2010 £'000	2009 £'000
<b>Reserves</b>			
Surplus/(Deficit) for the year		203	(205)
<b>Endowments</b>			
Income receivable from endowment asset investments		1,707	1,488
Appreciation/(depreciation) of endowment asset investments	16	4,500	(4,760)
New endowments received	16	1,298	1,475
Endowment return transferred to income and expenditure account		(1,906)	(1,603)
<b>Other</b>			
Net movement to deferred capital	15	471	-
<b>Total recognised gains related to the year</b>		<u>6,273</u>	<u>(3,605)</u>
Opening fund balances		71,970	75,575
<b>Closing reserves and endowments</b>		<u>78,243</u>	<u>71,970</u>

**WADHAM COLLEGE**  
**Balance Sheets**  
**As at 31 July 2010**

	Notes	CONSOLIDATED		COLLEGE	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>Fixed assets</b>					
Tangible assets	9	18,637	19,016	18,637	19,016
Investments	10	73	77	73	77
		<u>18,710</u>	<u>19,093</u>	<u>18,710</u>	<u>19,093</u>
<b>Endowment asset Investments</b>					
Securities and cash deposits		41,014	35,238	41,014	35,238
Land and property		21,394	21,637	21,394	21,637
	11	<u>62,408</u>	<u>56,875</u>	<u>62,408</u>	<u>56,875</u>
<b>Current assets:</b>					
Stocks	12	470	462	470	462
Debtors-due within one year	13	1,111	893	1,110	1,032
-due after one year		100	-	100	-
		1,211	893	1,210	1,032
Cash at bank and in hand		706	1	705	1
		<u>2,387</u>	<u>1,356</u>	<u>1,385</u>	<u>1,495</u>
<b>Creditors:</b>					
Amounts falling due within one year	14	(4,715)	(4,671)	(4,713)	(4,810)
		<u>(2,328)</u>	<u>(3,315)</u>	<u>(2,328)</u>	<u>(3,315)</u>
<b>Net current assets</b>					
		<u>78,790</u>	<u>72,653</u>	<u>78,790</u>	<u>72,653</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		78,790	72,653	78,790	72,653
<b>Creditors:</b>					
Amounts falling due after one year		(547)	(683)	(547)	(683)
		<u>78,243</u>	<u>71,970</u>	<u>78,243</u>	<u>71,970</u>
<b>TOTAL NET ASSETS</b>					
		<u>78,243</u>	<u>71,970</u>	<u>78,243</u>	<u>71,970</u>
<b>Deferred Capital</b>	15	574	-	574	-
<b>Endowments</b>					
Specific		27,734	24,039	27,734	24,039
General		34,674	32,836	34,674	32,836
	16	<u>62,408</u>	<u>56,875</u>	<u>62,408</u>	<u>56,875</u>
<b>Reserves</b>					
Designated reserves	17	296	395	296	395
General reserves	18	14,965	14,700	14,965	14,700
		<u>15,261</u>	<u>15,095</u>	<u>15,261</u>	<u>15,095</u>
<b>TOTAL FUNDS</b>					
		<u>78,243</u>	<u>71,970</u>	<u>78,243</u>	<u>71,970</u>

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

*Sir Neil Chalmers*  
Warden

*Ian Thompson*  
Finance Bursar

**WADHAM COLLEGE**  
**Consolidated Cash Flow Statement**  
**Year ended 31 July 2010**

	Note	2010 £'000	2009 £'000
<b>Net cash outflow from operating activities</b>	24	<u>(1,486)</u>	<u>(1,148)</u>
Returns on investment and servicing of finance			
Income from endowments received		1,707	1,489
Interest paid		-	-
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>1,707</u>	<u>1,489</u>
<b>Capital expenditure and financial investment</b>			
Net acquisition of tangible fixed assets		(254)	(4,301)
Net realisation of fixed asset investments		-	-
Net acquisition of endowment asset investments		(1,279)	(435)
Endowments received		1,298	1,475
Deferred Capital received		472	-
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<u>237</u>	<u>(3,261)</u>
<b>Net cash inflow/(outflow) before use of liquid resources and financing</b>		458	(2,920)
<b>Increase/(decrease) in cash</b>	25	<u>458</u>	<u>(2,920)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash for the year		458	(2,920)
Change in net funds		<u>458</u>	<u>(2,920)</u>
Net funds at 31 July 2009		2,168	5,088
<b>Net funds at 31 July 2010</b>	25	<u>2,626</u>	<u>2,168</u>

**WADHAM COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2010**

	2010	2009
	£'000	£'000
<b>1. ACADEMIC FEES AND TUITION INCOME</b>		
Tuition fees from UK and European Union Students	1,648	1,468
Tuition fees from overseas students	171	301
Other tuition income	571	546
	<u>2,390</u>	<u>2,315</u>

The above analysis includes fee income from HEFCE funds amounting to £2,215K (2009: £2,237K).

<b>2. OTHER OPERATING INCOME</b>	£'000	£'000
Residential income from college members	1,893	1,804
Conference and function income	1,001	801
Grants and donations	847	381
Other income	302	261
	<u>4,043</u>	<u>3,247</u>

<b>3. ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>	£'000	£'000
Transferred from specific endowments (note 16)	844	838
Transferred from general endowments (note 16)	1,062	765
	<u>1,906</u>	<u>1,603</u>

<b>4. STAFF COSTS</b>	£'000	£'000
Gross pay	3,809	3,395
Social Security costs	247	238
Other pension costs	356	368
	<u>4,412</u>	<u>4,001</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.

**WADHAM COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2010**

**5.1. 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.

The College also has a small number of staff in other pension schemes, including the now closed Employees Pension Scheme ('EPS'). In addition, the College is also contributing to the personal pension arrangements of certain staff who were ineligible to join USS or OSPS.

**5.2. 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 <sup>a</sup>	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 <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:		
Technical Provisions 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>	31/03/2010

**WADHAM COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2010**

**Notes:**

- a. USS' actuary will undertake an actuarial valuation of the Scheme as at 31 March 2011, the results of which are not expected to be finalised until December 2011, with publication of the final results in 2012.
- b. In the light of the considerable swings in markets since the valuation date, the nature of the demographic and financial assumptions used in the ongoing and solvency valuations, the significant positive cash flows and equity orientated investment strategy, USS' actuary recommended, and the Trustee agreed, that the small ongoing funding surplus should be carried forward to the next valuation.
- c. 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 College, 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 had fallen from 103% at 31 March 2008 to 91% (a deficit of £3,065m) at 31 March 2010. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). On the FRS17 basis, the actuary estimated that the funding level at 31 March 2010 was 80% and on a buy out basis was approximately 57%.
- e. The USS employer contribution rate required for future service benefits alone at the date of the valuation was 16.0% of total pensionable salaries and the Trustee company, on the advice of the actuary, decided to implement the increase from 14% to 16% on 1 October 2009.

**5.3. 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

**5.4. 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 £K	2009 £K
Universities Superannuation Scheme (USS)	210	172
University of Oxford Staff Pension Scheme (OSPS)	221	196
Total:	431	368

**WADHAM COLLEGE**  
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**6. ANALYSIS OF EXPENDITURE**

	2010		2009	
	Staff Costs	Depreciation	Other Operating Expenses	Total
	£'000	£'000	£'000	£'000
Academic	2,196	0	490	2,686
Residences, catering and conferences	1,239	165	1,042	2,446
Premises	294	468	770	1,532
College administration	361	-	255	616
Endowment management	-	-	119	119
Fundraising	303	-	272	575
Other	19	-	22	41
	<u>4,412</u>	<u>633</u>	<u>2,970</u>	<u>8,015</u>
			Staff Costs	Depreciation
			£'000	£'000
			1,990	0
			1,181	107
			274	359
			343	0
			0	0
			188	0
			25	0
			<u>4,001</u>	<u>466</u>
			Other Operating Expenses	Total
			£'000	£'000
			547	2,537
			1,075	2,363
			556	1,189
			253	596
			134	134
			223	411
			20	45
			<u>2,808</u>	<u>7,275</u>
Interest Payable				36
Contribution under Statute XV				56
<b>Total expenditure</b>				<u>7,367</u>
Interest payable relates to -				£
Bank loans, overdrafts and other loans:				36
Repayable within 5 years				<u>36</u>
Other operating expenses include auditors' remuneration				23
In respect of the audit of these financial statements				<u>23</u>



**WADHAM COLLEGE**  
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**7. TAXATION**

No Corporation Tax arises on the surplus generated by the College. The Charity Commission have confirmed that there is no change to the tax status of the College during the period of registration.

**8. SURPLUS/(DEFICIT) FOR THE YEAR**

	2010	2009
	£	£
Deficit for the year	207	(202)
Share of operating loss in Associated Undertaking	(4)	(3)
	<u>203</u>	<u>(205)</u>

**9. TANGIBLE FIXED ASSETS**

	CONSOLIDATED AND COLLEGE			
	Freehold Land & Buildings	Plant & Equipment	2010 Total	
<b>Cost</b>	£'000	£'000	£'000	£'000
At 1 August 2009	24,698	896	25,594	21,293
Additions	95	159	254	4,301
Disposals	-	-	-	-
At 31 July 2010	<u>24,793</u>	<u>1,055</u>	<u>25,848</u>	<u>25,594</u>
<b>Depreciation</b>				
At 1 August 2009	6,140	438	6,578	6,111
Charge for period	452	181	633	466
On disposals	-	-	-	-
At 31 July 2010	<u>6,592</u>	<u>619</u>	<u>7,211</u>	<u>6,578</u>
<b>Net book value</b>				
At 31 July 2010	<u>18,201</u>	<u>436</u>	<u>18,637</u>	<u>19,016</u>
At 1 August 2009	<u>18,558</u>	<u>458</u>	<u>19,016</u>	<u>15,181</u>

**10. FIXED ASSET INVESTMENTS**

	CONSOLIDATED AND COLLEGE	
	2010	2009
	£'000	£'000
<b>Investments in associated undertaking</b>		
At 1 August 2009	77	80
Net investments	(4)	(3)
At 31 July 2010	<u>73</u>	<u>77</u>
Investments stated at historical cost	<u>145</u>	<u>145</u>

**WADHAM COLLEGE**  
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**10. FIXED ASSET INVESTMENTS (continued)**

The College owns 100% of the issued ordinary share capital of Wadham Energy Supplies Limited, a company incorporated in England and Wales. The principal business activity of Wadham Energy Supplies Limited was the supply of gas and electricity to Wadham College. The net assets of the company at 31 July 2010 were £100 (2009: £100) and the profit for the year was £nil (2009: £nil).

The College also owns 100% of the issued share capital of Wadham College Services Limited a company incorporated in England and Wales. This company was dormant at 31 July 2010 and had net assets of £100.

**Associated Undertaking**

The College owns one third of the ordinary issued share capital of Boathouse Consortium Limited jointly with St Anne's College and St Hugh's College, whose principal activity is ownership of a boathouse. The company made a loss for the year ended 31 July 2010 of £9,704 (2009: £9,703) and its net assets at 31 July 2010 were £220,297 (2009: £230,001).

	CONSOLIDATED AND COLLEGE	
<b>Investment in Associated undertaking</b>		
<b>Cost</b>	2010	
At 1 August 2009 and 31 July 2010	£'000	
	<u>145</u>	
<b>Provision</b>		
1 August 2009	68	
Charge for year	4	
31 July 2010	<u>72</u>	
31 July 2010	<u>72</u>	
31 July 2009	<u>77</u>	

**11. ENDOWMENT ASSET INVESTMENTS**

	CONSOLIDATED AND COLLEGE		
	Securities & Cash	Land & Property	Total
	£'000	£'000	£'000
<b>At market value</b>			
1 August 2009	35,238	21,637	56,875
Purchases at cost	2,751	49	2,800
Sales proceeds	-	(1,521)	(1,521)
Decrease in cash held by fund manager	(246)	-	(246)
Revaluation gains	3,271	1,229	4,500
31 July 2010	<u>41,014</u>	<u>21,394</u>	<u>62,408</u>
Analysed as:			
Fixed interest stocks (listed)	956		
Equities (listed)	31,346		
Loan to college	3,384		
Other investments	1,921		
Cash	<u>3,407</u>		
	<u>41,014</u>		

Estates land and property valuations as at 3 July 2010 have been made by the College Land Agents, the basis of valuation being open market value on existing use. The valuations are supported where available by indications of value provided by independent firms of Chartered Surveyors or other third parties.

**WADHAM COLLEGE**  
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**12. STOCK**

**CONSOLIDATED AND COLLEGE**

	2010	2009
	£	£
Goods available for resale	<u>470</u>	<u>462</u>

**13. DEBTORS**

	CONSOLIDATED		COLLEGE	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade debtors	440	426	439	426
Amounts owed by College members	162	46	162	46
Amounts owed by group undertakings	-	-	-	81
Prepayments and accrued income	609	421	609	479
	<u>1,211</u>	<u>893</u>	<u>1,210</u>	<u>1,032</u>

College

Amounts owed by group undertakings include £100,000 (2009 £nil) which is due after more than one year.

**14. CREDITORS:**

**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	CONSOLIDATED		COLLEGE	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Loan from endowment	3,384	3,400	3,384	3,420
Trade creditors	309	358	307	340
College Contribution	60	60	60	60
Other taxation and social security	131	105	131	105
Amounts owed to group undertakings	-	-	-	75
Accruals and deferred income	694	611	694	729
Loan Accounts	137	137	137	137
	<u>4,715</u>	<u>4,671</u>	<u>4,713</u>	<u>4,810</u>

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

	CONSOLIDATED		COLLEGE	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Loan Accounts	547	683	547	683
	<u>547</u>	<u>683</u>	<u>547</u>	<u>683</u>

**15. DEFERRED CAPITAL**

	CONSOLIDATED		COLLEGE	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
At 1 August 2009	-	-	-	-
New capital	471	-	471	-
Transferred from Designated Reserves	103	-	103	-
	<u>574</u>	<u>-</u>	<u>574</u>	<u>-</u>
At 31 July 2010				

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**16. ENDOWMENTS**

**CONSOLIDATED AND COLLEGE**

	Specific	General	Total
	£'000	£'000	£'000
At 1 August 2009	24,039	32,836	56,875
Endowments received	1,290	8	1,298
Appreciation of endowment investments	2,586	1,914	4,500
Income receivable from endowment asset investments	824	883	1,707
Transferred to income and expenditure account (note 3)	(844)	(1,062)	(1,906)
Transfer to reserves	(161)	95	(66)
At 31 July 2010	<u>27,734</u>	<u>34,674</u>	<u>62,408</u>

Endowments comprise those funds 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.

**17. DESIGNATED RESERVES**

**CONSOLIDATED AND COLLEGE**

	2010	2009
	£'000	£'000
At 1 August 2009	395	445
Transfer from/(to) Endowment	33	(80)
Transfers to Deferred Capital	(103)	-
Transfers from/(to) General Reserves	(29)	30
At 31 July 2010	<u>296</u>	<u>395</u>

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:

	2010	2009
	£'000	£'000
New Building Contingency Fund	-	104
Other designated reserves	296	291
	<u>296</u>	<u>395</u>

**WADHAM COLLEGE**  
**Notes to the Financial Statements**  
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**18. GENERAL RESERVES**

	CONSOLIDATED	COLLEGE
	£'000	£'000
At 1 August 2009	14,700	14,700
Surplus from income and expenditure account	203	203
Transfer from Endowments	33	33
Transfers from Designated Reserves	29	29
At 31 July 2010	<u>14,965</u>	<u>14,965</u>

	CONSOLIDATED		COLLEGE	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Representing:				
Undepreciated cost of tangible fixed assets financed out of general reserves	18,637	19,016	18,637	19,016
College general reserve	(3,672)	(4,316)	(3,672)	(4,316)
	<u>14,965</u>	<u>14,700</u>	<u>14,965</u>	<u>14,700</u>

**19. CAPITAL COMMITMENTS**

CONSOLIDATED AND COLLEGE	2010	2009
	£'000	£'000
Commitments contracted for as at 31 July 2010	<u>-</u>	<u>5,200</u>

**20. CONTINGENT LIABILITIES**

There were no contingent liabilities at the end of the year (2009:none).

**21. RELATED PARTY TRANSACTIONS**

The College has taken advantage of exemptions conferred by Financial Reporting Standard 8 "Related Party Disclosures" and has not disclosed transactions with its wholly owned subsidiaries. There were no other related party transactions during the year.

**22. FINANCIAL COMMITMENTS**

There were no other financial commitments at the end of the year (2009 none).

**23. POST BALANCE SHEET EVENTS**

There are no events to disclose.

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

	2010 £'000	2009 £'000
Surplus/(deficit) for the year	203	(205)
Depreciation	633	466
Endowment income and interest receivable	(1,906)	(1,603)
(Increase)/decrease in stocks	(8)	5
(Increase)/decrease in debtors	(316)	226
Increase in creditors	42	98
Decrease in creditors falling due after one year	(137)	(138)
Share of loss from associate	3	3
Net cash inflow/(outflow) from operating activities	<u>(1,486)</u>	<u>(1,148)</u>

**25. ANALYSIS OF CHANGES IN NET FUNDS**

	2010 £'000	Changes £'000	2009 £'000
Cash at bank and in hand	705	704	1
Endowment assets cash	1,921	(246)	2,167
	<u>2,626</u>	<u>458</u>	<u>2,168</u>