

Keble College

Annual Report and Financial Statements

Year ended 31 July 2011

KEBLE COLLEGE
Annual Report and Financial Statements
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KEBLE COLLEGE

Governing Body, Officers and Advisers

Year ended 31 July 2011

MEMBERS OF THE GOVERNING BODY

The Members of the Governing Body are the College's charity trustees under charity law. The members of the Governing Body who served in office as Governors during the year or subsequently are detailed below.

		(1)	(2)	(3)	(4)	(5)
Dame Averil Cameron	Warden (retired 30.09.10)	•	•	•	•	
Sir Jonathan Phillips	Warden (appointed 01.10.10)	•	•	•	•	
Mr RJ Boden	Bursar	•	•		•	
Dr MW Brodie	Senior Tutor			•		
Ms J Tudge	Development Director				•	
The Revd A K Shin	Chaplain (resigned 31.08.10)					
The Revd Jenn Strawbridge	Chaplain (appointed 01.09.10)					
Prof HL Anderson	Fellow & Tutor in Organic Chemistry					
Dr IW Archer	Fellow & Tutor in Modern History					
Dr LM Bendall	Fellow & Tutor in Archaeology and Anthropology					
Prof M Bockmuehl	Fellow & Tutor in Theology					
Prof J M Brady	Professorial Fellow (retired 30.09.10)					
Dr S Butt	Fellow & Tutor in Neurophysiology (app. 01.10.10)					
Dr SA Cameron	Fellow & Tutor in Computation	•	•			
Prof G-Q Chen	Professorial Fellow					
Prof R Darton	Senior Research Fellow in Chemical Engineering					
Prof J Denrell	Senior Research Fellow in Economics & Management					
Dr C Douglas	Senior Research Fellow in Mathematics (app. 1.10.10)					
Prof JJ Edelman	Fellow & Tutor in Law (resigned 22.07.11)			•		
Prof S Faulkner	Fellow & Tutor in Inorganic Chemistry			•		
Professor C Gosden	Professorial Fellow				•	
Dr J Grabowski	Fellow by Special Election & Tutor in Pure Mathematics					
Dr ERF Harcourt	Fellow & Tutor in Philosophy	•				
Dr MN Hawcroft	Fellow & Tutor in French			•	•	
Dr Tom Higham	Fellow by Special Election (appointed 01.01.11)					
Prof J Hodgkin	Professorial Fellow					
Dr SV Hunt	Fellow & Tutor in Immunology			•		
Professor T Irwin	Professorial Fellow					
Dr D Jaksch	Fellow & Tutor in Physics			•		
Professor PW Jeffreys	Professorial Fellow					
Professor TJ Jenkinson	Professorial Fellow		•			
Dr SE Kearsley	Fellow & Tutor in Biology				•	
Professor V Mayer-Schonberger	Professorial Fellow (appointed 01.10.10)					
Dr D McDermott	Fellow & Tutor in Politics	•				
Dr A-MS Misra	Fellow & Tutor in Modern History					
Dr S Payne	Fellow & Tutor in Engineering Science	•				
Mr WE Peel	Fellow & Tutor in Jurisprudence					
Prof A Phelan	Fellow & Tutor in German					
Ms Alena Ptak-Danchak	Fellow by Special Election					
Dr D Purkiss	Fellow & Tutor in English Language & Literature					
Prof S Rayner	Professorial Fellow					
Prof G Reinert	Fellow & Tutor in Mathematics					
Dr AP Rogers	Fellow by Special Election & Tutor in Geography			•		
Dr K Sheppard	Fellow & Tutor in Economics	•				
Dr B Smith	Fellow & Tutor in Experimental Quantum Physics					
Dr H Smith	Fellow & Tutor in Economics			•		
Prof PH Taylor	Fellow & Tutor in Civil Engineering					
Dr R Washington	Fellow & Tutor in Geography					

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Governing Body, Officers and Advisers

Year ended 31 July 2011

Non-Trustee Committee Members		(1)	(2)	(3)	(4)	(5)
Mr J Buchanan	External					•
Mr M Chambers	External		•			
Dr N Cutler	Internal			•		
Mr A Dalkin	External					•
Mr T Faithfull	External					•
Ms H Harrison	External					•
Mr R Jolliffe	External		•			
Dr H Jones	External		•			
Mr M Jones	External		•			
Mr G Kerr	External	•				
Dr A McCarthy	Internal	•				
Mr G Robinson	External		•			
Mr V Sharma	External				•	
Mr C Wigg	External					•

During the year the activities of the Governing Body were carried out through five principal committees:

- (1) Finance Committee
- (2) Investment Advisory Committee
- (3) Academic Committee
- (4) Development Committee
- (5) Remuneration Committee

The current membership of these committees is shown above. In addition the Governing Body, the Finance Committee and the Academic Committee had non-voting student representatives. The Remuneration Committee was established during the year to review and approve the pay and benefits of members of the Governing Body. Its members are all external, with the Warden and Bursar in attendance (except for items relating to their remuneration).

COLLEGE SENIOR STAFF

The senior staff of the College to whom day to day management is delegated are as follows.

The Warden	Sir Jonathan Phillips
The Bursar	Mr RJ Boden
The Senior Tutor	Dr MW Brodie
The Development Director	Ms J Tudge

Investment advisors
Cerno Capital Partners LLP
34 Sackville Street
London
W1S 3ED

Auditor
Critchleys LLP
Greyfriars Court
Paradise Square
Oxford
OX1 1BE

Bankers
Barclays
Oxford City Centre Branch
PO Box 333
Oxford
OX1 3HS

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Governing Body, Officers and Advisers

Year ended 31 July 2011

Solicitors

Blake Lapthorn
Seacourt Tower
West Way
Oxford
OX2 0FB

Buildings Conservation Advisor

Mr David Yandell

COLLEGE ADDRESS

Keble College
Parks Road
Oxford
OX1 3PG

Website

www.keble.ox.ac.uk

KEBLE COLLEGE

Report of the Governing Body

Year ended 31 July 2011

The Members of the Governing Body present their Annual Report for the year ended 31 July 2011 under the Charities Act 1993 together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Warden Fellows and Scholars of Keble College in the University of Oxford, known as Keble College ("the College"), is an eleemosynary chartered charitable corporation aggregate. It was founded by public subscription in 1870 in memory of the Reverend John Keble, on land in the parish of St Giles purchased from the President of St John's College, with the object of providing a University education for young men in a College conducted in accordance with the principles of the Church of England.

The College registered with the Charity Commission on 30th August 2011 (registered number 1143997). The names of all Members of the Governing Body at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the College, are given on pages 2 to 4.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The College was incorporated by Royal Charter dated 6 June 1870. The Charter of incorporation was modified by a Supplemental Charter dated 7 April 1902, and subsequently by Statutes made by the University of Oxford Commissioners on 14 July 1925, under the provisions of the Universities of Oxford and Cambridge Act, 1923. The Charter of Incorporation and the Statutes of 1925 were further amended in 1952 and further modified by subsequent amendments. The current Statutes were provisionally approved by Her Majesty in Council on 13 April 2011 and confirmation is expected in February 2012.

Governing Body

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, who is the Archbishop of Canterbury. The Governing Body is self-appointing, has such powers as are conferred on it by its Charter and Statutes, and has the entire direction and management of the affairs of the College.

The Governing Body appoints the Warden, Fellows, Tutors, Lecturers and such administrative and other officers as the Governing Body thinks necessary from time to time. It determines the ongoing strategic direction of the College and regulates its administration and the management of its finances and assets. It appoints committees and delegates to them such powers as it thinks fit. The committees charged with overseeing the conduct of College business are listed below in the section headed "Organisation Management"

Recruitment and training of Members of the Governing Body

New Members of the Governing Body are normally recruited through a joint appointment process with the University of Oxford in the case of academics, which includes open advertisement of the posts and a professional selection and appointment process. In the case of posts funded solely by the College, recruitment is also through open advertisement of the post followed by a professional selection and appointment process including external representatives as appropriate. New members of the Governing Body are inducted into the workings of the College, including Governing Body policy and procedures, through meetings with the Warden, the Senior Tutor and the Bursar and the provision of a comprehensive set of reference documents.

Members of the Governing Body attend trustee training and information courses as appropriate to keep them informed on current issues in the sector and on regulatory requirements.

Organisation management

The Governing Body meets 9 times a year. The work of developing College policy and monitoring implementation is carried out by 16 committees:

- *Finance Committee*
Oversees all matters of financial policy and practice, and in particular the financial implications of any proposals under consideration. Reviews and makes recommendations concerning annual statements of accounts for the preceding

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Report of the Governing Body

Year ended 31 July 2011

year, budgets and management accounts, College charges, trading activities, salary policy, investment recommendations from the Investment Advisory Committee.

- *Investment Advisory Committee*
Provides advice to Governing Body, through Finance Committee, on the investments of the College and the appropriate level of income drawdown.
- *Remuneration Committee*
Oversees the remuneration of employees who are also trustees and considers any recommendations on their pay and benefits put forward by the Governing Body. These it may either approve or refer back to Governing Body with a recommendation that the proposed pay and benefits be reconsidered with a view to their being reduced.
- *Salaries Committee*
Conducts an annual review of pay and benefits proposals for employees who are not trustees, within a financial framework set by Finance Committee. Makes recommendations on policy to Finance Committee.
- *Academic Committee*
Oversees planning in academic matters and the level and quality of academic provision to junior members. Monitors the appropriateness of the existing establishment of Tutors and Lecturers in relation to the academic needs of the College. Considers and makes recommendations on advice from the Research Committee concerning the use of funds available for the purpose of research.
- *Research Committee*
Monitors and co-ordinates research activities within the College and makes recommendations on the distribution of College research funds and the appointment of research visitors and associates.
- *Fellowships Committee*
Advises on nominations to honorary and emeritus fellowships and fellowships by special election.
- *Student Support Committee*
Makes recommendations concerning the overall level of student support. Considers and makes awards in response to individual applications for support.
- *Library Committee*
Oversees library and archive provision and makes policy recommendations.
- *Advowsons Committee*
Oversees the College's patronage of 67 Church of England parishes throughout the UK and makes recommendations on the application of income from the Harlow Trust, Poor Parishes Trust, and Ordinands' Fund.
- *Development Committee*
Oversees the activities of the development office, which is responsible for alumni relations and fundraising.
- *Buildings & Gardens Committee*
Oversees the maintenance and development of the College's buildings and grounds.
- *IT Committee*
Monitors IT provision and makes policy recommendations.
- *Domestic Committee*
Oversees the provision of board and lodging to College members.
- *Human Resources Committee*
Oversees all aspects of HR policy and implementation, including equality issues.
- *Health & Safety Committee*
Monitors the College's health and safety record, commissions and reviews an annual external health and safety audit, and makes policy recommendations.

The day-to-day running of the College is delegated by Governing Body to the Warden, the Bursar and the Senior Tutor.

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Report of the Governing Body

Year ended 31 July 2011

Group structure and relationships

As noted above, the College, through an Advowsons Committee, appoints to the livings of 67 Church of England parishes and, among other activities, administers two trusts whose objects, external to those of the College, are the support of parishes and Church of England activities.

The College also has two wholly owned non-charitable subsidiaries. Conference Keble Limited arranges conferences and other residential and non-residential events which generate trading revenue from the use of the College's facilities when they are not required for its primary purpose. The annual profits of Conference Keble are donated to the College under the Gift Aid Scheme. Keble Properties Limited undertakes major design and build works under contract to the College.

The College is part of the collegiate University of Oxford. Material interdependencies between the University and the College arise as a consequence of this relationship.

Risk management

The College is engaged in risk assessment on an ongoing basis. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. All the College committees monitor risk on an ongoing basis and conduct an annual review of the major risks to which the College is exposed in their area of responsibility. Their findings are aggregated into a report on major risks which is considered by the Governing Body each year.

The Governing Body, which has ultimate responsibility for managing any risks faced by the College, has given consideration to the major risks to which the College and its subsidiaries are exposed and have concluded that adequate systems are in place to manage these risks. It is recognised that systems can provide only reasonable but not absolute assurance that major risks have been managed.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

The College's Objects are:

- (1) The provision of a University education in a College in the University of Oxford to be called Keble College conducted in accordance with the principles of the Church of England
- (2) The advancement of education and learning and the promotion of research

The Governing Body is mindful of the long-standing requirement to provide public benefit and of the disclosure requirements of the Charities Act 2006. In this connection the Governing Body has monitored closely the general and supplemental guidance produced by the Charity Commission, in particular its public benefit guidance on advancement of education and on fee-charging.

The College's aims for the public benefit are set out below.

Public benefit

The College provides, in conjunction with the University of Oxford, an education for some 410 undergraduate and 235 graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their leadership qualities and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities, individual or small-group supervision, as well as pastoral, administrative and academic support through its tutorial and graduate mentoring systems;
- welfare services, including the availability of the Chaplain to assist every member of the College of every religious belief and none and medical support including a College nurse and doctor;
- student grants for study purposes and for cases of financial need, partly provided through the continuing support of the Keble Association of old College members;

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Year ended 31 July 2011

- IT and other administrative support;
- specialist choral musical education for its choral students, who make-up the College's renowned choir;
- specialist organ musical education for its organ students;
- social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

The College advances research through:

- providing Research Fellowships, Career Development Fellowships, and Research Associateships to outstanding academics at the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- supporting research work pursued by its Fellows and others through promoting interaction within and across disciplines, developing a centre of advanced study to act as a hub for the exchange and dissemination of research ideas, and providing facilities and grants for national and international conferences, research trips and research materials;
- encouraging visits from outstanding academics from abroad; and
- encouraging members of the College to disseminate the results of their research to other academics and the general public through the publication of papers in academic journals and books, through presentation at conferences, through media appearances and press articles and other suitable means.

The College maintains an extensive Library (including important special collections), so providing a valuable resource for students and Fellows of the College. On a discretionary basis, the College makes its library available to members of other Colleges and the University of Oxford more widely, external scholars and researchers, as well as local children from maintained and other schools as part of educational visits.

The College supports a Chapel with a programme of religious services open to all.

Through its outreach and schools liaison activities, the College fosters the general educational and university aspirations of students from a wide range of social backgrounds.

The College does not consider that there is any detriment or harm that arises from carrying out the College's aims and is not aware of views among others that such detriment or harm might arise.

The members of the College, both students and academic staff, are the primary beneficiaries and are directly engaged in education, learning and/or research.

However, beneficiaries also include: students and academic staff from other Colleges in Oxford and the University of Oxford more widely, visiting academics from other higher education institutions and visiting schoolchildren and alumni of the College who have an opportunity to attend educational events at the College and use its academic facilities. The general public are also able to attend various educational activities in the College such as lectures, seminars, and conferences, and benefit also from being freely admitted to the College's grounds and able to view its historical and artistic heritage and holdings.

The College admits as students those who have the highest potential for benefiting from the education provided by the College and the University and recruits as academic staff those who are able to contribute most to the academic excellence of the College, regardless of their financial, social, religious or ethnic background:

- there are no geographical restrictions in the College's objects and students and academic staff of the College are drawn from across the UK and internationally;
 - there are no age restrictions in the College's objects but students of the College are predominantly between 18 and 24 years old; and
 - there are not considered to be any religious restrictions in the College's objects and members of the College have a wide variety of faith traditions or none.
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Report of the Governing Body

Year ended 31 July 2011

The focus of the College is strongly academic and students need to satisfy high academic entry requirements.

The College charges the following fees:

- a) College fees at externally regulated rates to undergraduates entitled to Student Support and to graduate students (with those undergraduate fees being paid by grant funding through arrangements approved by the Government), and a fee determined by the College annually to Overseas undergraduates and any Home/EU undergraduates not entitled to Student Support; and
- b) Accommodation and meal charges at reasonable rates.

In order to assist undergraduates entitled to Student Support, the College provides, through a scheme operated in common with the University and other Colleges, bursary support for those of limited financial means. For the academic year 2010-11, the number of awards made was 96 out of a Home/EU undergraduate population of 377; 54 of the awards were at the maximum value of £3,225; and the average value of the awards was £2,443. That scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement.

To assist graduate students, the College provides substantial financial support. Through schemes operated in conjunction with the University, this includes scholarship packages to fund fees and living costs and 'top-up' assistance to fill shortfalls in students' funding.

The College also supports students through grant schemes to assist with the purchase of books and equipment, attendance at conferences, childcare support and travel grants.

The College also makes awards for academic development and has various scholarships and prizes available to reward academic excellence.

In addition to its other programmes, the College operates a hardship scheme for students in financial hardship and provides access to hardship schemes operated by the University.

To raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying to the college, the College operates an extensive outreach programme as part of University-wide initiatives to widen access. This programme is under the responsibility of the Senior Tutor and includes an extensive programme of visits by schools to the College, open days, admissions symposia for teachers, as well as visits to schools and guidance and information on the College website for prospective applicants. In agreement with the other Oxford colleges as an outreach initiative, the College has particular links with prospective applicants from Birmingham and surrounding areas.

In order to fulfil its charitable purposes of advancing education, learning and research, the College employs a Warden, who serves as head of the College, and, as Governing Body Fellows, senior academic staff, most of whom supervise and tutor students, the College Chaplain, and senior administrative officers. These all serve as charity trustees through being members of the College's Governing Body. The employment of the Warden and Fellows is undertaken with the intention of furthering the College's aims and their employment directly contributes to the fulfilment of those aims. The private benefit accruing to the Warden and Fellows through salaries, stipends and employment related benefits is objectively reasonable, measured against academic stipends generally, and is subject to the determinations of a remuneration committee. Without the employment of the Warden, academic fellows, Chaplain and senior administrative officers the College could not fulfil its charitable aims as a College in the University of Oxford.

The Warden and Fellows of the College also receive benefits as beneficiaries. These comprise research grants, conference grants, book grants etc. These benefits are provided with the intention of furthering the College's aims, including that of advancing research. The amounts of the benefits provided are objectively reasonable, measured against the academic benefits made available to other beneficiaries of the College.

ACHIEVEMENTS AND PERFORMANCE

The total College student population (410 undergraduates and 250 graduate students) remained approximately the same as in the previous year, with a slight increase in the number of registered graduate students. This increase was the result of a higher percentage of research students still awaiting their results at the end of the year after having submitted their theses or been advised to make minor corrections (see below). There was little change in the gender and school background mix of the College. Similarly to previous years, 58% of our undergraduates were male, as were 61% of our graduate students.

The distribution of our undergraduate students in 2010-11 by school of origin was as follows:

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Year ended 31 July 2011

State sector:	203 students (49.5%)
Independent sector:	161 students (39.3%)
Other:	46 students (11.2%)

This distribution is almost identical to that of the year before.

There was a slight increase in the number of non-Home/EU students within the College. Figures were (with the 2009-10 comparison in brackets):

- Undergraduates – UK: 85% (88%); EU: 6% (5%); international: 9% (7%)
- Graduate students - UK: 41% (41%); EU: 17% (20%); international 42% (39%)

The distribution of our students between areas of study remained broadly the same as previously, amongst undergraduates this being 25% Social Sciences; 29% Humanities; and 46% Sciences (including 7% Medical Sciences). For graduates the figures were: 36% in Social Science areas; 14% in Humanities; and 50% in Sciences (including the significant block of 19% in Medicine).

In 2010-11 27 doctoral research students successfully completed their degree during the year (a 10% increase on the previous year), with another 29 awaiting their results after submission (which is nearly double the number at the end of 2009-10).

Unlike the concentration in 2009-10 upon the development of new research activity and structures within the College, the major academic focus over the past year has been a comprehensive review of College undergraduate academic performance.

As the table below shows, in 2010-11 29 Keble students obtained a First Class undergraduate degree, which is around the average percentage of our students who have achieved this over the past six years. The College has considered and decided upon a number of measures concerning both recruitment and academic support and culture within the College, to be implemented over the coming year, which have the long-term goal of increasing its percentage of Firsts.

Finalists		2006	2007	2008	2009	2010	2011	Total
Number:	1st	24	27	26	37	29	29	172
	2.1	90	95	68	78	78	76	485
	2.2	13	7	7	3	11	8	49
	3rd	1	1		2	6	2	12
	other				1			1
Total		128	130	101	121	124	115	719
Percent:	1st	19%	21%	26%	31%	23%	25%	24%
	2.1	70%	73%	67%	64%	63%	66%	67%
	2.2	10%	5%	7%	2%	9%	7%	7%
	3rd	1%	1%		2%	5%	2%	2%
	other				1%			

FINANCIAL REVIEW

Operations, funding and capital expenditure

As detailed in the preceding section on public benefit, the charitable activities of the College consist of teaching and research, together with the provision of board and lodging to College members in buildings owned by the College, most of which are Grade 1 or Grade 2* listed. The income generated by these charitable activities amounted to £5.38m, an increase of 1.6% on the previous year. The elements making up this total were as follows:

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£000s	2011	2010	% change
Teaching and research income	2,849	2,892	-1.5%
Catering and accommodation (members)	2,258	2,226	+1.4%
Catering and accommodation (others)	275	218	+26%

The cost of undertaking these charitable activities amounted to £6.74m, an increase of 2.5% on the previous year. Of this, £3.40m was attributable to teaching and research and £3.34m to catering and accommodation. These figures include an apportionment of the College's £1.08m depreciation charge, 35% of which is allocated to academic activity and 65% to the feeding and housing of College members. Thus, the operating deficit from these charitable activities was £1.4m. Funding for this operating deficit comes from three sources: donations, trading income and transfers from the College's endowment.

Donations to the College totalled £2.1m compared with £2.6m in the previous year. The composition of this total was as follows:

£000s	2011
Income gifts for general purposes	264
Income gifts for specified purposes	71
Income gifts to support development	136
Gifts for capital projects	1,155
Endowment gifts	479
	<hr/> 2,105

Thus, income gifts in aggregate funded £335k of the operating deficit.

Income from non-charitable conferences and other trading activities amounted to £1.63m with costs of £1.24m, contributing £390k net.

The College manages its endowment for total return and has adopted a spending rule that allows transfers of 3.15% of the average closing value of the endowments over the previous three years. Transfers under the spending rule amounted to £726k.

Income gifts, conference surpluses and endowment transfers together generated £1.45m. This was sufficient to cover the operating deficit on charitable activities, but not enough to defray the net cost of the College's fundraising and alumni relations activities. The College has an ambitious development programme, spending on which amounted to £533k, of which £136k was covered by a gift from an old member of the College. The net cost, £397k, has in recent years been met by conference surpluses. In 2011 most of the conference surplus was needed to meet the operating deficit.

The scope for increasing income from charitable activities is limited. The Government's decision to increase tuition fees will be phased in over four years starting in 2012-13, but will be offset by a reduction in funding from the Higher Education Funding Council for England. Of the approximately £14m of net additional income flowing to the collegiate university of Oxford at the end of the phasing-in period, more than half has been earmarked for additional student support. Of the balance, approximately half will be retained by the central university and half transferred to the colleges. Keble's share of the resulting college allocation is approximately 3.5%, about £120k p.a. On the College's 2010-11 teaching and research income of £2,849k, that £120k amounts to a 4.2% increase. In the year to July 2011 the consumer price index increased by 4.4%, a year in which the College's teaching and research income fell by 1.6%. So the impact of this funding change, phased in over 4 years, will be negligible. Nor can the College easily increase accommodation and catering charges to students, many of whom already find the funding of their studies challenging.

Controlling the costs of charitable activities is equally challenging. Salaries, both academic and non-academic, have increased by little more than 1% in two years, compared with a 7.7% increase in the CPI. The threat of higher energy costs is compounded by the inclusion of Oxford and Cambridge colleges in the Carbon Reduction Commitment tax regime, even though every individual college is below the threshold for inclusion. There will be some scope for reducing spending on the maintenance of buildings, the College having spent heavily in recent years on a move from reactive to preventative maintenance. But the College is anxious to minimise the prospect of problems which will prove costly to remedy in the long term.

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Year ended 31 July 2011

To be able to continue to provide the best possible education to the most able students as well as pursuing its ambitions for the future, the College will, therefore, have to continue to look to trading activities and fundraising for the necessary resources. Keble already has one of the largest conference businesses in Oxford and one of the most successful fundraising campaigns. The scope for increasing conference margins in the current economic climate is limited, but we continue to develop ways to improve occupancy levels in that business. In terms of fundraising, participation by old members in the annual fund has increased from 5% a decade ago to 24% in 2011. Alongside the programme of annual giving is a major campaign to raise the transformational gifts necessary to realise the College's vision for 2020, the 150th anniversary of its foundation.

Central to that vision is the redevelopment of the Acland site, which the College acquired in 2004. Detailed design work is nearing completion, the College having spent £1.4m during the year with some £600k of further expenditure required to bring the project to the point of being able to invite tenders for the construction contract. This £2m of expenditure is being entirely funded by a gift from a benefactor, £1m of which was received during the year. The redevelopment project will provide exceptional facilities for collaborative research and advanced studies on a site less than five minutes' walk from the curtilage and directly opposite the Radcliffe Observatory Quarter, which is destined to become the centre of the 21st century University. It will also enable College accommodation to be offered to all undergraduate and graduate students

In addition to its investment in the Acland project the College continued its programme of major renovations to the Victorian buildings, and also realised its long-standing ambition to install a new pipe organ in the Chapel. The renovation works cost £1.01m and were funded out of College cash flow. Spending on the organ amounted to £480k, largely funded by donations. Among the smaller capital projects, one of the more significant was expenditure of £73k on the College sports ground to prepare it for joint-use, from October 2011 onwards, by both Keble and St Hugh's Colleges. This arrangement will maximise the use of the sports facilities and significantly reduce their net cost to Keble.

Total capital expenditure amounted to £3.07m, of which £1.4m was funded by gifts received during the year or carried forward from previous years. The balance of expenditure was considerably higher than the College could sustain from operational cash flow. However, given the major programme of capital improvements over the past decade, the College's buildings and plant are in good condition and a period of lower expenditure should be possible. The major outstanding programme is the renovation of the Victorian buildings. The Warden's Lodgings and the west side of Liddon Quad have already been completed, and work on the north side of Liddon is planned for the winter of 2011-12. Thereafter five phases will remain, the aim being to undertake one a year. A typical phase costs in the order of £750k.

Reserves policy

The College's policy is to maintain sufficient free reserves to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall and to allow the College to be managed efficiently and to provide a buffer that would ensure uninterrupted services. During 2011 free reserves fell from £591k to -£239k as a result of a combination of an exceptionally large capital expenditure programme, an ambitious development programme and a squeeze on net operating income. Free reserves should return to a positive balance in 2012 as further pledged donations to fund expenditure already incurred on capital projects are received. Thereafter the College aims to rebuild free reserves to a level at least equal to 3 months' expenditure on charitable activities (approx £1.5m), chiefly by a reduction in the annual level of capital spending funded out of operational cash flow, augmented, where possible, by reductions in the deficit on charitable activities and further growth in income from gifts and conferences.

Investment policy, objectives and performance

The College's investment objectives are to balance current and future beneficiary needs by:

- maintaining (at least) the value of the investments in real terms;
- producing a consistent and sustainable amount to support expenditure; and
- delivering these objectives within acceptable levels of risk.

To meet these objectives the College's investments as a whole are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the College statutes allow the College to invest permanent endowments to maximise the related total return and to make available for expenditure each year an appropriate proportion of the unapplied total return. The investment strategy, policy and performance are monitored by the Finance Committee. At the year end, the College's endowment totalled £28.2m. The total investment return was 7.2% for the year.

Under total return accounting, it is the Governing Body's policy to extract as income 3.15% of the average of the closing values of the endowment over the previous three years. Due to increasing investment values over the past three years, the effect of this spending rule in 2010-11 was to limit transfers to 2.86% of the opening value of the endowment. The

KEBLE COLLEGE

Report of the Governing Body

Year ended 31 July 2011

Governing Body will keep the level of income withdrawn under review to balance the needs and interests of current and future beneficiaries of the College's activities.

FUTURE PLANS

There are five principal elements of the College's future plans, each of which is considered fully by the relevant committee and the Governing Body of the College. They are as follows:

- to continue to provide the best possible educational experience for undergraduate and graduate members of the College in broadly the same numbers as at present;
- to ensure that the College supports the research activities of its individual Fellows in all appropriate ways and continues to grow its capacity for inter-disciplinary research through the development of its Advanced Studies Centre;
- to maximise the financial resources available to support the College's activities by maintaining effective controls over current expenditure, ensuring independent professional supervision of the College's endowment, engaging widely with Old Members to encourage their support for the College, and by sustaining the income from conferences at no less than its current level;
- to sustain in good condition the functionality and appearance of the existing College buildings; and
- to continue raising funds for the development of the Acland site, acquired by the College in 2004, in line with the Vision for the College in 2020.

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Governing Body is responsible for preparing the Report of the Governing Body and the financial statements in accordance with applicable law and regulations. Charity law requires the Governing Body to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under charity law the Governing Body must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College and of its net incoming or outgoing resources for that period.

In preparing these financial statements, the Governing Body is required to:

- select the most suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue to operate.

The Governing Body is responsible for keeping proper accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Charities Act 1993. It is also responsible for safeguarding the assets of the College and ensuring their proper application under charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Governing Body on 12th October 2011 and signed on its behalf by:

Sir Jonathan Phillips
Warden

KEBLE COLLEGE

Report of the Auditor to the Members of the Governing Body of Keble College

We have audited the group and charity financial statements of Keble College for the year ended 31 July 2011 which comprise the Statement of Accounting Policies, the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 27. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the College's Governing Body in accordance with section 44 of the Charities Act 1993. 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 its Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditors

The Governing Body's responsibilities for preparing the Report of the Governing Body and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Accounting and Reporting Responsibilities. We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom 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 Charities Act 1993. We also report if, in our opinion, the information given in the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit. We read the Report of the Governing Body and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 judgments made by the trustees 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, the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the College's affairs as at 31 July 2011 and of the consolidated incoming resources and application of resources for the year then ended; and
- have been prepared in accordance with the Charities Act 1993.

Critchleys LLP
Chartered Accountants
Statutory Auditor

Oxford

13th October 2011

KEBLE COLLEGE

Statement of Accounting Policies

Year ended 31 July 2011

1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Cash Flow Statement comprising the consolidation of the College and with its wholly owned subsidiaries, Conference Keble Limited and Keble Properties Limited. No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the subsidiaries as included the consolidated income, expenditure and results of the College are disclosed in note 12.

2. Basis of accounting

The financial statements have been prepared under the Charities Act 2006 and in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities issued in 2005 ("the Charities SORP") and applicable accounting standards. The financial statements are drawn up on the historical cost basis of accounting as modified by the revaluation of investment properties and other investments.

3. Incoming resources from fee income, HEFCE support and other charges for services

Fees receivable, HEFCE support and charges for services and use of the premises, including contributions received from restricted funds, are accounted for in the period in which the related service is provided.

4. Incoming resources from donations and legacies

Voluntary income is accounted for when the College has entitlement to the funds, the amount can be reliably quantified and there is reasonable certainty of its ultimate receipt. Voluntary income received for the general purpose of the College is credited to unrestricted funds. Voluntary income which is subject to specific wishes of the donor is credited to the relevant restricted fund or, where the donation, grant or legacy is required to be held as capital, to the endowment funds. Where donations are received otherwise than in cash, they are valued at the market value of the underlying assets received at the date of receipt.

5. Investment income

Interest on bank balances and fixed interest securities is accounted for in the period to which the interest relates. Dividend income and similar distributions are accounted for in the period in which they become receivable. Income from investment properties is accounted for in the period to which the rental income relates.

6. Expenditure

Expenditure is accounted for on an accruals basis. Indirect expenditure is apportioned to expenditure categories based on the estimated amount attributable to that activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates. Grants awarded are expensed as soon as they become legal or operational commitments. Governance costs comprise the costs of complying with constitutional and statutory requirements. Intra-group sales and charges between the College and its subsidiaries are excluded from trading income and expenditure.

7. Tangible fixed assets

Expenditure on the acquisition, construction or enhancement of land and buildings costing more than £20,000 together with expenditure on equipment costing more than £20,000 is capitalised and carried in the balance sheet at historical cost. Other expenditure on equipment incurred in the normal day-to-day running of the College and its subsidiaries is charged to the Statement of Financial Activities as incurred.

8. Depreciation

Depreciation is provided to write off the cost of all relevant tangible fixed assets, less their estimated residual value, in equal annual instalments over their expected useful economic lives as follows:

Freehold properties, including major extensions	25 years
Building improvements	25 years
Equipment	5 years

Freehold land is not depreciated. The costs of maintenance are charged in the Statement of Financial Activities in the period in which it is incurred.

KEBLE COLLEGE

Statement of Accounting Policies

Year ended 31 July 2011

9. Investments

Investment properties are valued as individual investments at their market values as at the balance sheet date. Purchases and sales of investment properties are recognised on exchange of contracts. Listed investments are valued at their mid-market values as at the balance sheet date. Investments such as hedge funds and private equity funds which have no readily identifiable market value are included at the most recent valuations from their respective managers. Gains and losses arising on the investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

10. Stocks

Stocks are valued at the lower of cost and net realisable value, cost being the purchase price on a first in, first out basis.

11. Foreign currencies

Transactions denominated in foreign currencies during the year are translated at prevailing rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates applying at the Balance Sheet date or, where there are related forward foreign exchange contracts, at the contract rates. The resulting exchange differences are taken to the Statement of Financial Activities.

12. Total Return investment accounting

The College statutes authorise the College to adopt a 'total return' basis for the investment of its permanent endowment. The College can invest its permanent endowments without regard to the capital/income distinctions of trust law and with discretion to apply any part of the accumulated total return on the investment as income for spending each year. Until this power is exercised, the total return is accumulated as a capital supplement to the preserved ('frozen') value of the permanent endowment. The Governing Body has decided that it is in the best interests of the College to account for its invested expendable endowment capital in the same way, though there is no legal restriction on the power to spend such capital. For the carrying value of the preserved (frozen) permanent capital, the Governing Body have taken its open market value as at 31 July 2004, together with the original gift value of all subsequent endowments received.

13. Fund accounting

The total funds of the College and its subsidiaries are allocated to unrestricted, restricted or endowment funds based on the origins of the funds and the terms set by the donors. Endowment funds are further sub-divided into permanent and expendable.

Unrestricted funds can be used in furtherance of the objects of the College at the discretion of the Governing Body. The Governing Body may decide that part of the unrestricted funds shall be used in future for a specific purpose and this will be accounted for by transfers to appropriate designated funds. Restricted funds comprise gifts, legacies and grants where the donors have earmarked funds for specific purposes. They consist of *either* gifts where the donor has specified that both the capital and any income arising must be used for the purposes given *or* the income on gifts where the donor has required that the capital be maintained and the income used for specific purposes. Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the College. Any income arising from the capital will be accounted for as unrestricted funds unless the donor has placed restricted the use of that income, in which case it will be accounted for as a restricted fund. Expendable endowment funds are similar to permanent endowment in that they have been given, or the College has determined based on the circumstances that they have been given, for the long term benefit of the College. However, the Governing Body may at their discretion determine to spend all or part of the capital.

14. Pension costs

The costs of retirement benefits provided to employees of the College through two multi-employer defined pension schemes are accounted for as if these were defined contribution schemes in accordance with the requirements of FRS 17. The College's contributions to these schemes are charged in the period in which the salaries to which the contributions relate are payable.

Keble College

Consolidated Statement of Financial Activities

For the year ended 31 July 2011

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
INCOMING RESOURCES						
Resources from charitable activities	1					
Teaching and research		5,382	0	0	5,382	5,336
Resources from generated funds						
Legacies and donations		264	1,362	479	2,105	2,646
Trading income	2	1,627	0	0	1,627	1,635
Investment income	3	2	0	29	31	10
Bank and other interest	4	5	0	0	5	6
		<u>1,898</u>	<u>1,362</u>	<u>508</u>	<u>3,768</u>	<u>4,297</u>
Other incoming resources		42	0	0	42	28
Total Incoming Resources		<u>7,322</u>	<u>1,362</u>	<u>508</u>	<u>9,192</u>	<u>9,661</u>
RESOURCES EXPENDED						
Cost of generating funds	5					
Fundraising		397	136	0	533	508
Trading expenditure		1,239	0	0	1,239	1,132
Investment management costs		0	0	149	149	105
		<u>1,636</u>	<u>136</u>	<u>149</u>	<u>1,921</u>	<u>1,745</u>
Charitable activities	5					
Teaching and research		6,182	558	0	6,740	6,577
Governance costs	8	24	0	0	24	22
Total Resources Expended		<u>7,842</u>	<u>694</u>	<u>149</u>	<u>8,685</u>	<u>8,344</u>
Net incoming/(outgoing) resources before transfers		(520)	668	359	507	1,317
Transfers between funds						
<i>Total return transfer</i>	16	350	376	(726)	0	0
<i>Other transfers</i>	16	1,332	(1,332)	0	0	0
Net incoming/(outgoing) resources before other gains and losses		<u>1,162</u>	<u>(288)</u>	<u>(367)</u>	<u>507</u>	<u>1,317</u>
Investment gains/(losses)		0	5	2,028	2,033	2,839
Net movement in funds for the year		<u>1,162</u>	<u>(283)</u>	<u>1,661</u>	<u>2,540</u>	<u>4,156</u>
Fund balances brought forward	16	24,843	351	26,582	51,776	47,620
Funds carried forward at 31 July	16	<u>26,005</u>	<u>68</u>	<u>28,243</u>	<u>54,316</u>	<u>51,776</u>

Keble College
Consolidated and College Balance Sheets
As at 31 July 2011

	Notes	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
FIXED ASSETS					
Tangible assets	10	26,244	24,252	26,244	24,252
Securities and other investments	11	27,796	26,656	27,796	26,656
		54,040	50,908	54,040	50,908
CURRENT ASSETS					
Stocks		55	60	55	60
Debtors	14	1,545	1,504	1,349	1,707
Deposits and other short term investments		0	1	0	1
Cash at bank and in hand		953	1,084	61	249
		2,553	2,649	1,465	2,017
CREDITORS: falling due within one year	15	2,277	1,781	1,258	1,220
NET CURRENT ASSETS/(LIABILITIES)		276	868	207	797
TOTAL ASSETS LESS CURRENT LIABILITIES		54,316	51,776	54,247	51,705
CREDITORS: falling due after more than one year		0	0	0	0
Provisions for liabilities and charges		0	0	0	0
NET ASSETS		54,316	51,776	54,247	51,705
FUNDS OF THE COLLEGE					
16					
Endowment funds		28,243	26,582	28,243	26,582
Restricted funds		68	351	68	351
Unrestricted funds					
Designated funds		26,244	24,252	26,244	24,252
General funds		(239)	591	(308)	520
		54,316	51,776	54,247	51,705

The financial statements were approved and authorised for issue by the Governing Body of Keble College on 12th October 2011.

Sir Jonathan Phillips
Warden

R J Boden
Bursar

Keble College
Consolidated Cash Flow Statement
For the year ended 31 July 2011

	Notes	2011 Group £'000	2010 Group £'000
Net cash inflow/(outflow) from operations	22	<u>1,534</u>	<u>(195)</u>
Returns on investments and servicing of finance			
Income from investments		36	16
Finance costs paid		(7)	0
		<u>29</u>	<u>16</u>
Capital expenditure and financial investment			
New endowment capital received		479	2,013
Payments for tangible fixed assets		(3,067)	(995)
Payments for investments		(7,462)	(8,623)
Proceeds from sales of investments		8,355	7,441
		<u>(1,695)</u>	<u>(164)</u>
Management of liquid resources			
Net (purchase) / sale of current asset investments		1	0
		<u>1</u>	<u>0</u>
Increase/(decrease) in cash in the year		<u>(131)</u>	<u>(343)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		(131)	(343)
Transfers to/(from) term deposits and current investments		(1)	0
Change in net funds		<u>(132)</u>	<u>(343)</u>
Net funds at 1 August		1,085	1,428
Net funds at 31 July	23	<u>953</u>	<u>1,085</u>

Keble College

Notes to the financial statements

For the year ended 31 July 2011

1 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
Teaching and research					
Tuition fees - UK and EU students	1,313	0	0	1,313	1,431
Tuition fees - Overseas students	590	0	0	590	446
Other fees	199	0	0	199	224
Other HEFCE support	418	0	0	418	422
Other academic income	329	0	0	329	369
College residential income	2,533	0	0	2,533	2,444
	<u>5,382</u>	<u>0</u>	<u>0</u>	<u>5,382</u>	<u>5,336</u>

The above analysis includes £1,744k received from Oxford University under the College Funding Formula, net of College fees received directly (2010 - £1,783k)

2 TRADING INCOME

	2011 £'000	2010 £'000
Subsidiary company trading income	1,627	1,635
Other trading income	0	0
	<u>1,627</u>	<u>1,635</u>

3 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
Investment income	2	0	29	31	10
	<u>2</u>	<u>0</u>	<u>29</u>	<u>31</u>	<u>10</u>

4 BANK AND OTHER INTEREST INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
Bank interest	5	0	0	5	3
Other interest	0	0	0	0	3
	<u>5</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>6</u>

5 ANALYSIS OF RESOURCES EXPENDED

	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	2011 Total £'000	2010 Total £'000
Costs of generating funds					
Fundraising	343	151	39	533	508
Trading expenditure	609	583	47	1,239	1,132
Investment management costs	0	149	0	149	105
Total costs of generating funds	952	883	86	1,921	1,745
Charitable expenditure					
Teaching and research	2,913	2,186	1,641	6,740	6,577
Total charitable expenditure	2,913	2,186	1,641	6,740	6,577
Governance costs	0	24	0	24	22
Total resources expended	3,865	3,093	1,727	8,685	8,344

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 Council. The teaching and research costs include College Contribution payable of £11k (2010 - £5k).

6 SUPPORT COSTS

	Generating Funds £'000	Teaching and Research £'000	2011 Total £'000	2010 Total £'000
Financial and domestic admin	64	402	466	440
Human resources	2	49	51	23
IT	20	108	128	130
Depreciation	0	1,075	1,075	1,088
Bank interest payable	0	7	7	3
	86	1,641	1,727	1,684

Finance and administration and human resources costs are attributed according to the estimated staff time spent on each activity. Depreciation costs are attributed in full to the College's charitable activities, since it is for the support of those activities that the buildings, plant and equipment being depreciated are held. IT costs are attributed according to headcount. Interest and other finance charges are attributed according to the purpose of the related financing.

Keble College

Notes to the financial statements

For the year ended 31 July 2011

7 GRANTS AND AWARDS

	Unrestricted Funds £'000	Restricted Funds £'000	2011 Total £'000	2010 Total £'000
During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:				
Scholarships, prizes and grants	81	122	203	190
Bursaries and hardship awards	216	27	243	233
Grants to other institutions	0	34	34	35
	<u>297</u>	<u>183</u>	<u>480</u>	<u>458</u>

The above costs are included within the charitable expenditure on Teaching and Research.

8 GOVERNANCE COSTS

	2011 £'000	2010 £'000
Governance costs comprise:		
Auditor's remuneration - audit services	18	14
Auditor's remuneration - other services	0	0
Legal and other fees on constitutional matters	6	8
Other governance costs	0	0
	<u>24</u>	<u>22</u>

No amount has been included in Governance Costs for the direct employment costs or reimbursed expenses of the College Fellows on the basis that these payments relate to the Fellows' involvement in the College's charitable activities. Details of the remuneration of the Fellows and their reimbursed expenses are included as a separate note within these financial statements.

9 STAFF COSTS

	2011 £'000	2010 £'000
The aggregate payroll costs for the year were as follows.		
Salaries and wages	3,656	3,592
Social security costs	236	227
Pension costs	450	457
	<u>4,342</u>	<u>4,276</u>

The average number of permanent employees of the College, excluding Trustees, on a full time equivalent basis was as follows.

	2011	2010
Tuition and research	9	9
College residential	61	58
Fundraising	5	6
Support	15	15
Total	<u>90</u>	<u>88</u>

Keble College

Notes to the financial statements

For the year ended 31 July 2011

9 STAFF COSTS (continued)

The average number of employed College Trustees during the year was as follows.	2011	2010
University Lecturers	17	16
CUF Lecturers	7	7
Other teaching and research	5	4
Other	9	5
Total	<u>38</u>	<u>32</u>

No employees (excluding the College Trustees) during the year received gross pay and benefits (excluding employer NI and pension contributions) in excess of £60,000. Details of the remuneration and reimbursed expenses of the College Trustees is included as a separate note in these financial statements.

10 TANGIBLE FIXED ASSETS

Group and College	Freehold land and buildings £'000	Plant and Machinery £'000	Total £'000
Cost			
At start of year	30,074	1,326	31,400
Additions	2,484	583	3,067
Disposals	0	0	0
At end of year	<u>32,558</u>	<u>1,909</u>	<u>34,467</u>
Depreciation			
At start of year	6,435	713	7,148
Charge for the year	910	165	1,075
On disposals	0	0	0
At end of year	<u>7,345</u>	<u>878</u>	<u>8,223</u>
Net book value			
At end of year	<u>25,213</u>	<u>1,031</u>	<u>26,244</u>
At start of year	<u>23,639</u>	<u>613</u>	<u>24,252</u>

The College has substantial long-held historic assets all of which are used in the course of the College's teaching and research activities. These comprise listed buildings on the College site, together with their contents comprising works of art, ancient books and manuscripts and other treasured artefacts. Because of their age and, in many cases, unique nature, reliable historical cost information is not available for these assets and could not be obtained except at disproportionate expense. However, in the opinion of the Trustees the depreciated historical cost of these assets is now immaterial.

Keble College

Notes to the financial statements

For the year ended 31 July 2011

11 SECURITIES AND OTHER INVESTMENTS

	2011 £'000	2010 £'000
Group investments		
Valuation at start of year	26,656	22,635
New money invested	479	2,013
Amounts withdrawn	(1,254)	(736)
Reinvested income	31	10
Investment management fees	(149)	(105)
(Decrease)/increase in value of investments	2,033	2,839
Group investments at end of year	27,796	26,656
Investment in subsidiaries	0	0
College investments at end of year	27,796	26,656

Group investments comprise:	Held outside	Held in	2011	2010
	the UK	the UK	Total	Total
	£'000	£'000	£'000	£'000
Equity investments	10,340	1,162	11,502	13,649
Global multi-asset funds	7,237	2,013	9,250	8,152
Property funds	0	1,414	1,414	1,025
Fixed interest stocks	2,434	0	2,434	1,018
Alternative and other investments	1,052	251	1,303	786
Fixed term deposits and cash	0	1,893	1,893	2,026
Total group investments	21,063	6,733	27,796	26,656

12 SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Conference Keble Limited, a company providing conference and other event services on the College premises, and 100% of the issued share capital in Keble Properties Limited, a company providing design and build construction services to the College. The results of the subsidiaries and their assets and liabilities at the year end were as follows:

	Conference Keble £'000	Keble Properties £'000
Turnover	1,677	2,259
Expenditure	(1,226)	(2,234)
Donation to College under gift aid	(451)	(24)
Interest receivable	1	0
Result for the year	1	1
Total assets	1,324	860
Total liabilities	(1,253)	(860)
Net funds at the end of year	71	0

13 STATEMENT OF INVESTMENT TOTAL RETURN

The Trustees have adopted a duly authorised policy of total return accounting for the College investment returns. The investment return to be applied as income is calculated as 3.15% of the average value of the investment assets for the previous three financial year-ends. The preserved (frozen) value of the invested permanent endowment capital represents its open market value on 31 July 2004 together with all subsequent endowments valued at date of gift.

	Permanent Endowment £'000	Expendable Endowment £'000	Total £'000
Investment total return			
Income distributions	25	4	29
Capital gains/losses	1,684	344	2,028
Investment management costs	(123)	(26)	(149)
Total return for the year	<u>1,586</u>	<u>322</u>	<u>1,908</u>
Amount applied as income for spending	<u>(608)</u>	<u>(118)</u>	<u>(726)</u>
Net increase in Unapplied Total Return in the year	978		
Unapplied Total Return at start of year	4,190		
Unapplied Total Return at end of year	<u>5,168</u>		
Preserved value of original permanent endowments	<u>17,442</u>		

14 DEBTORS

	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
Amounts falling due within one year:				
Trade debtors	704	699	125	173
Amounts owed by College members	102	104	102	104
Amounts owed by Group undertakings	0	0	801	762
Loans repayable within one year	4	0	4	0
Prepayments and accrued income	312	171	288	138
Other debtors	423	47	29	47
Amounts falling due after more than one year:				
Loans	0	483	0	483
	<u>1,545</u>	<u>1,504</u>	<u>1,349</u>	<u>1,707</u>

15 CREDITORS: falling due within one year

	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
Trade creditors	1,590	1,266	669	743
Taxation and social security	228	137	228	137
Accruals and deferred income	237	175	139	137
Other creditors	222	203	222	203
	<u>2,277</u>	<u>1,781</u>	<u>1,258</u>	<u>1,220</u>

16 FUNDS OF THE COLLEGE MOVEMENTS

	At 1 August 2010 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2011 £'000
Endowment Funds - Permanent						
General purposes	10,758	12	(60)	(307)	820	11,223
External purposes *	1,215	1	(7)	(34)	94	1,269
Bursaries *	358	40	(2)	(10)	28	414
Scholarships *	3,058	4	(17)	(66)	233	3,212
Fellowships *	6,711	149	(37)	(192)	511	7,142
Endowment Funds - Expendable						
General purposes	1,794	209	(10)	(43)	137	2,087
Bursaries *	562	28	(3)	(16)	42	613
Scholarships *	292	3	(2)	(6)	23	310
Fellowships *	1,713	49	(10)	(49)	131	1,834
Other specified purposes *	121	13	(1)	(3)	9	139
Total Endowment Funds	26,582	508	(149)	(726)	2,028	28,243
Restricted Funds						
Fixed asset projects funding	277	1,061	0	(1,332)	0	6
Development office funding	0	136	(136)	0	0	0
Other restricted income funding	74	165	(182)	0	5	62
Applied total return from restricted purpose endowment funds (above *)	0	0	(376)	376	0	0
Total Restricted Funds	351	1,362	(694)	(956)	5	68
Unrestricted Funds						
General	591	7,228	(7,842)	(216)	0	(239)
Fixed asset designated fund	24,252	94	0	1,898	0	26,244
Total Unrestricted Funds	24,843	7,322	(7,842)	1,682	0	26,005
Total Funds	51,776	9,192	(8,685)	0	2,033	54,316

17 FUNDS OF THE COLLEGE DETAILS

The following is a summary of the origins and purposes of each of the Funds

Endowment Funds - Permanent:

General purposes	A consolidation of gifts and donations where income, but not capital, can be used for the general purposes of the charity.
External purposes *	Capital balance of past donations where related income, but not the original capital, can be used for specified objects external to the charity
Bursaries *	Capital balance of past donations where related income, but not the original capital, can be used for bursaries to support students of the College
Scholarships *	Capital balance of past donations where related income, but not the original capital, can be used for scholarships awarded to students of the College
Fellowships *	Capital balance of past donations where related income, but not the original capital, can be used for the funding of College fellowships

17 FUNDS OF THE COLLEGE DETAILS (continued)

Endowment Funds - Expendable:

General purposes	A consolidation of gifts and donations where either income, or income and capital, can be used for the general purposes of the charity.
Bursaries *	Capital balance of past donations where related income, or income and capital, can be used for bursaries to support students of the College
Scholarships *	Capital balance of past donations where related income, or income and capital, can be used for scholarships awarded to students of the College
Fellowships *	Capital balance of past donations where related income, or income and capital, can be used for the funding of College fellowships
Other specified purposes *	Capital balance of past donations where related income, or income and capital, can be used for the funding of other specified College activities

Restricted Funds:

Fixed asset projects funding	Gifts and donations that must be applied to specific fixed asset projects. The transfer from these funds represents the capital expenditure in the year that relates to these funds.
Development office funding	Gifts and donations that must be applied in support of the Development office expenditure relating to the Vision 2020 campaign
Other restricted income funding	Gifts and donations that must be applied in support of other specified College activities
Applied total return from restricted purpose endowment funds (above *)	Applied total return generated from restricted purpose permanent and expendable endowment funds and which must be applied for the specified restricted purpose

Designated Funds

Fixed asset designated	Unrestricted Funds which are represented by the fixed assets of the College and therefore not available for expenditure on the College's general purposes
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The General Unrestricted Funds represent accumulated income from the College's activities and other sources that are available for the general purposes of the College.

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	26,244	0	0	26,244
Securities and other investments	0	62	27,734	27,796
Net current assets/(liabilities)	(239)	6	509	276
	<u>26,005</u>	<u>68</u>	<u>28,243</u>	<u>54,316</u>

19 TRUSTEES' REMUNERATION

The trustees of the College comprise the Governing Body, primarily fellows who are teaching and research employees of the College and who sit on Governing Body by virtue of their employment. No trustee receives any remuneration for acting as a trustee. However those trustees who are also employees of the College receive salaries for their work as employees. Where possible, these salaries are paid on external scales and often are joint arrangements with the University of Oxford.

The pay and benefits of employees of the College who also serve as trustees is reviewed at least annually by the Remuneration Committee. This is an independent committee comprised of members who are neither employees nor trustees of the college. The Committee considers any recommendations on pay and benefits put forward by Governing Body which it may either approve or refer back to Governing Body with a recommendation to reduce the proposed pay and benefits. It is expected that the Governing Body will normally be minded to accept the recommendation of the Committee. It is further expected that, if it is not so minded, the Governing Body and the Committee will make good faith efforts to reach a position that is mutually acceptable. In the event of a reference back by the committee, the Governing Body shall give serious consideration to its concerns. The Governing Body may agree to present a new or revised remuneration proposal to the Committee for further consideration, or may implement the original proposal. In either case, the Governing Body shall explain its decision to the committee in writing. The committee may offer advice on its own motion on issues regarding remuneration on which it considers the College should bring forward proposals. It is expected that the Governing Body will consider any such comments and advice and respond to the committee concerning the issues raised.

Trustees of the College fall into the following categories:

- Fellow and Tutor
- Fellow by Special Election
- Professorial Fellow
- Senior Research Fellow
- Chaplain

There are also four trustees - the Warden, the Bursar, the Senior Tutor and the Director of Development - who work full time on management and fundraising.

Trustees who are also employees of the College are normally eligible for assistance with housing. The Warden and the Chaplain are required to live in College accommodation. Another four trustees, all of whom are employees, live in accommodation owned by the College and in consequence do not receive a housing allowance. Trustees who are also employees but who do not live in College accommodation typically receive a housing allowance which is disclosed within the salary figures below. Eight trustees live in properties owned jointly with the College under its joint-equity scheme, whereby the College co-invests up to £200,000 per property and shares pro rata in the ultimate sale proceeds. Two new purchases under the scheme were completed during the year. The total value of the College's joint-equity investments was £1,414k (2010 - £1,025k). These property holdings form part of group investments as recorded in note 11.

Some trustees receive stipends for additional work carried out as part-time college officers, such as senior dean, deputy senior tutor, deputy bursar etc. These amounts are included within the remuneration figures below.

The total remuneration and taxable benefits as shown below is £1,053k (2009-10 £895k). The total of pension contributions is £145k (2009-10 £141k).

19 TRUSTEES' REMUNERATION (continued)

Remuneration paid to trustees

Range	2010-2011		2009-2010	
	Number of trustees	Gross remuneration, taxable benefits and pension contributions £	Number of trustees	Gross remuneration, taxable benefits and pension contributions £
£1 - £999	2	1,606	1	800
£5,000 - £5,999	1	5,800		
£9,000 - £9,999	1	9,476		
£10,000 - £10,999	3	31,960	2	20,987
£11,000 - £11,999			3	33,817
£13,000 - £13,999	1	13,344		
£18,000 - £18,999	1	18,367	1	18,276
£20,000 - £20,999	3	61,878	2	40,985
£21,000 - £21,999	7	148,698	7	149,599
£22,000 - £22,999	2	44,833	1	22,710
£23,000 - £23,999			1	23,984
£24,000 - £24,999	2	48,450	1	24,254
£27,000 - £27,999	1	27,664		
£29,000 - £29,999	1	29,243	1	29,325
£30,000 - £30,999	1	30,028		
£33,000 - £33,999			1	33,298
£40,000 - £40,999	1	40,732		
£42,000 - £42,999			2	85,106
£43,000 - £43,999	1	43,142		
£44,000 - £44,999	1	44,575	1	44,380
£49,000 - £49,999			1	49,823
£50,000 - £50,999	3	151,239	2	100,778
£51,000 - £51,999	2	102,823	2	102,378
£76,000 - £76,999	1	76,496	1	76,191
£82,000 - £82,999			1	82,909
£83,000 - £83,999	1	83,259		
£90,000 - £93,999	1	90,835		
£93,000 - £93,999	1	93,553		
£96,000 - £96,999			1	96,665

Seven trustees are not employees of the College and do not receive remuneration. All trustees may eat at common table on the same basis as all other employees who are entitled to meals while working.

Trustee expenses

No fellow claimed any expenses for work as a trustee.

20 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 also has a small number of staff in other pension schemes. In addition, the College is also contributing to the personal pension arrangements of certain staff who were ineligible to join USS or OSPS.

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	31/03/2010
Date valuation results published:	04/02/2009	30/06/2011
Value of liabilities:	£28,135m	£394m
Value of assets:	£28,842m	£312m
Funding Surplus/(Deficit):	£707m ^b	(£82m) ^c
<i>Principal assumptions:</i>		
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)	-	7.0% pa
Rate of interest (periods after retirement)	-	5.0% pa
Rate of increase in salaries	4.3% pa	4.7% pa
Rate of increase in pensions	3.3% pa	3.7% pa
<i>Mortality assumptions:</i>		
Assumed life expectancy at age 65 (males)	23 yrs	22 yrs
Assumed life expectancy at age 65 (females)	25 yrs	24 yrs
<i>Funding Ratios:</i>		
Technical Provisions basis:	103% ^d	79%
Statutory Pension Protection Fund basis:	107%	86%
"Buy-out" basis:	79% ^d	52%
Estimated FRS17 basis	104% ^d	77%
Recommended Employer's contribution rate (as % of pensionable salaries):	16% ^e	21.5% ^c
Effective date of next valuation:	31/03/2011 ^a	31/03/2013

20 PENSION SCHEMES (continued)

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 March 2010 identified a required long-term employer contribution rate of 18.2% of total pensionable salaries, but also a funding deficit of £82.4m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by continuing the employer contribution rate at the previously agreed rate of 21.5% of total pensionable salaries (this being the rate paid by the employer since 1 August 2008). The actuary has certified that the additional contribution should eliminate the deficit by 31 March 2027.
- 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. Compared to the previous 12 months, the funding level has improved from 74% as at 31 March 2009 to 91%. These estimates are 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, implemented the increase from 14% to 16% on 1 October 2009. The USS Joint Negotiating Committee has discussed the funding position of the Scheme and has proposed a package of changes, including the admission of new members into a Care Average Revalued Earnings section, to be implemented with effect on 1 October 2011. The changes are required to ensure the future sustainability of the Scheme. Further details about the changes may be reviewed on USS' website, www.uss.co.uk.

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 £35m
Rate of pension increases	increase/decrease by 0.5%	increase / decrease by £1.5bn	increase / decrease by £25m
Rate of salary growth	increase/decrease by 0.5%	increase / decrease by £0.7bn	increase / decrease by £5m
Rate of mortality	more prudent assumption (mortality at last valuation, rated down by a further year)	increase by £1.6bn	increase by £10m

20 PENSION SCHEMES (continued)

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	£'000	
	2011	2010
Universities Superannuation Scheme	263	246
University of Oxford Staff Pension Scheme	178	191
Other Schemes - contributions	8	5
Supplementation payments ^f	3	3
Total:	452	445

Notes

- f. The College continues to make a small number of supplementation payments to retired employees.

21 TAXATION

The College is able to take advantage of the tax exemptions available to charities from taxation in respect of income and capital gains received to the extent that such income and gains are applied to exclusively charitable purposes. No liability to corporation tax arises in the College's subsidiary company(ies) because the directors of this/these company(ies) have indicated that they intend to make donations each year to the College equal to the taxable profits of the company under the Gift Aid scheme. Accordingly no provision for taxation has been included in the financial statements.

22 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH FLOW FROM OPERATIONS

	2011 £'000	2010 £'000
Net incoming resources for the year	507	1,317
Elimination of non-operating cash flows:		
- Investment income	(36)	(16)
- Endowment donations	(479)	(2,013)
- Financing costs	7	0
Depreciation	1,075	1,088
Decrease/(Increase) in stock	5	6
Decrease/(Increase) in debtors	(41)	(389)
(Decrease)/Increase in creditors	496	(188)
Net cash inflow/(outflow) from operations	1,534	(195)

23 ANALYSIS OF CHANGES IN NET FUNDS

	2010 £'000	Cash flow £'000	2011 £'000
Cash at bank and in hand	1,084	(131)	953
	<u>1,084</u>	<u>(131)</u>	<u>953</u>
Deposits and other short term investments	1	(1)	0
	<u>1,085</u>	<u>(132)</u>	<u>953</u>

24 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July for future capital projects totalling £478k (2010 - £1,205k).

25 RELATED PARTY TRANSACTIONS

The College is part of the collegiate University of Oxford. Material interdependencies between the University and of the College arise as a consequence of this relationship. For reporting purposes, the University and the other Colleges are not treated as related parties as defined in FRS8 ("Related party disclosures").

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 8, receive remuneration and facilities as employees of the College. Details of these payments and reimbursed expenses as trustees are disclosed separately in these financial statements.

The following trustee had a bridging loan for house purchase outstanding from the College.

	2011 £'000	2010 £'000
Professor Dame Averil Cameron	<u>0</u>	<u>322</u>

Interest was charged on the above loan at 1% per annum above Barclays Base Rate. The loan was repaid in October 2010.

The College has properties with the following net book values owned jointly with trustees under joint equity ownership agreements between the trustee and the College.

Trustee	2011 £'000	2010 £'000
Dr D McDermott	200	201
Dr D Jaksch	157	162
Dr M W Brodie	200	204
Prof G Reinert	58	58
Prof S Faulkner	200	201
Ms J S Tudge	200	200
Prof J Denrell	200	0
Dr S Butt	200	0
	<u>1,415</u>	<u>1,026</u>

All joint equity properties are subject to sale on the departure of the trustee from the College.

Keble College

Notes to the financial statements

For the year ended 31 July 2011

26 CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure.

27 POST BALANCE SHEET EVENTS

There are no post balance sheet events that require disclosure.