

Lincoln College

Annual Report and Financial Statements

Year ended 31 July 2011

LINCOLN COLLEGE
Annual Report and Financial Statements
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LINCOLN 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 during the year or subsequently are detailed below.

		(1)	(2)	(3)	(4)
Dr Susan Brigden	Sub-Rector; Fellow for Alumni Relations	•	•	•	•
Dr Rachel Buxton	Domestic Bursar	•		•	•
Dr Sirichai Chongchitnan					
Dr Radu Coldea					
Prof. Peter Cook					
Dr Roel Dullens					
Dr Anne-Marie Drummond					
Dr Louise Durning	Senior Tutor	•	•	•	•
Dr Nigel Emptage	Senior Dean	•	•		•
Prof. Cecile Fabre			•		
Mr Simon Gardner				•	
Dr Perry Gauci	Fellow Librarian & Archivist			•	
Mr Naom Gur					
Dr Alana Harris			•		
Dr Oliver Herford					
Prof. David Hills					
Dr Sara Hobolt					
Prof. Nick Jelley				•	
Mr Tim Knowles	Bursar	•	•	•	•
Prof. Paul Langford	Rector	•	•	•	•
Prof. Chris McCrudden					
Dr Peter McCullough					
Dr Edward Nye		•			
Dr Frank Payne					
Prof. Nicholas Proudfoot					
Prof. Jordan Raff					

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Dr Pietro Roversi					
Dr Winfried Rudolf					
Prof. Roland Smith					
Dr Marie Stamatopolou			•		
Prof. Alexis Vasseur					
Dr David Vaux					
Prof. Herman Waldmann					
Dr Betiel Wasihun					
Dr Michael Willis			•		

During the year the activities of the Governing Body were carried out through a number of committees. The current membership of these committees is shown above for each Fellow.

- (1) Finance Committee
- (2) Senior Tutor's Committee
- (3) Planning Committee
- (4) Junior Relations & Welfare Committee

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Governing Body, Officers and Advisers

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COLLEGE STAFF

Senior members of staff who are not trustees but who undertake important roles in the management of the College are:

Ms Susan Harrison	Development Director (attends Governing Body meetings)
Mrs Celia Harker	Accountant
Mr Michael White	IT Officer
Mr Stuart White	Surveyor
Revd Gregory Platten	Chaplain
Ms Nina Thompson	Human Resources Manager
Ms Jemma Underdown	Academic Administrator

An alumnus of the College attends Governing Body meetings as representative of the College's alumni and in his/her capacity as Chair of the College's Development Committee:

Mr Ian Mutch	(to June 2011)
Mr Richard Hardie	(from July 2011)

COLLEGE ADVISERS

Investment managers

- (1) Cerno LLP, 34 Sackville Street, London W1S 3ED
- (2) Lord North Street Limited, 6 Duke Street St. James, London SW1Y 6BN

Investment property managers

Laws and Fiennes, Warren Lodge, Banbury, Oxfordshire, OX15 5EF

Auditor

Critchleys LLP, Greyfriars Court, Paradise Square, Oxford OX1 1BE

Bankers

Lloyds TSB, Carfax Oxford, 1-5 High Street, Carfax, Oxford, OX1 4AA

Solicitors

Darbys, 52 New Inn Hall Street, Oxford, OX1 2QD

College address

Lincoln College, Turl Street, Oxford, OX1 3DR

Website

www.lincoln.ox.ac.uk

LINCOLN 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

Lincoln College ("the College") is an eleemosynary chartered charitable corporation. The full corporate designation of the College is "The Warden or Rector and Scholars of the College of the Blessed Mary and All Saints, Lincoln, in the University of Oxford, commonly called Lincoln College". The College was founded by Richard Fleming, Bishop of Lincoln, under a Royal Charter of King Henry VI dated 13th October 1427 and a Deed of Foundation of 1429. The corporation comprises the Rector and Fellows.

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.

The College registered with the Charities Commission on 3rd December 2010. Its registered number is 1139261.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The College is governed by its Statutes, dating from 1478 and most recently updated in 2003.

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, the Bishop of Lincoln. The Governing Body is self-appointing. New members of the Governing Body are elected on the basis of their being appointed to Tutorial, Professorial or other Official Fellowships with the College. Some members of the Governing Body hold their College posts in conjunction with a post held at Oxford University (such arrangements are known as "joint-appointments"). Others are College-only appointees.

The Governing Body determines the ongoing strategic direction of the College and regulates its administration and the management of its finances and assets. It meets regularly under the chairmanship of the Rector and is advised by its various committees.

Recruitment and training of Members of the Governing Body

New Members of the Governing Body are recruited when they join the College as Tutorial, Professorial or other Official Fellows. Recruitment to these posts may be in one of two ways. If the post is one that is jointly appointed by the College and by Oxford University (as is the case for some Tutorial Fellows and all Professorial Fellows) the recruitment exercise will have been conducted jointly by the College and the relevant department of the University, with representatives of both entities serving on the selection panel. If the post is one whose appointment is solely at the discretion of the College (as is the case for some Tutorial Fellows and other Official Fellows such as the Senior Tutor and the Bursar) the recruitment process will have been managed entirely by the Rector and Fellows of the College.

New Fellows are formally elected to Governing Body as soon as is practicable after appointment to their Fellowship and they take the College oath at the first available meeting of the Governing Body. Induction into the workings of the College, including Governing Body policy and procedures, is by means of meetings with senior colleagues and by receipt of "Notes for New Fellows" which document serves as a manual for senior members of the College.

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

Organisational management

The members of the Governing Body meet at least 7 times each year. The work of developing the Governing Body's policies and monitoring their implementation is carried out by a number of Committees, of which some

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Report of the Governing Body

Year ended 31 July 2011

are Committees of the Governing Body and others are committees overseeing particular functions of the College. The principal Committees of the Governing Body are:

Finance Committee : an advisory Committee of the Governing Body whose remit covers matters relating to finance, accounting, investments, estates, and premises; chaired by the Rector and convened by the Bursar; membership includes two alumni representatives; meets at least six times per annum.

Senior Tutor's Committee : an advisory Committee of the Governing Body whose remit covers matters relating to the academic work of the College (both education and research); chaired by the Rector and convened by the Senior Tutor; meets at least six times per annum.

Planning Committee : an advisory Committee of the Governing Body whose remit covers College strategy; chaired by the Rector and convened by the Bursar; meets at least three times per annum.

Junior Relations & Welfare Committee : chaired by the Rector, convened by the Senior Dean; members include representatives of the student common rooms and the College Doctor and Nurse; meets at least three times per annum.

Other committees with specific functions within the College are:

Health and Safety Committee : chaired by the Bursar, convened by the Domestic Bursar.

Equality Committee : chaired by the Bursar, convened by the HR Manager.

Sustainability Committee : chaired by a Fellow and convened by the Domestic Bursar.

Development Committee : the remit of which covers alumni relations and fund-raising; membership includes a number of alumni; convened by the Development Director.

Remuneration Committee : an advisory committee of the Governing Body; the chairman and all members are external to the College; meets once per annum.

Implementation of the Governing Body's policies and decisions is undertaken by College Officers, chief among whom are the Senior Tutor, the Senior Dean and the Bursar. The Officers are aided by members of the College's staff.

Group structure and relationships

The College administers many special trusts, as detailed in Notes 17 and 18 to the financial statements.

The College has two wholly owned non-charitable subsidiaries: Lincoln College Enterprises Limited, which undertakes major building and refurbishment works relating to the College's premises; and Lincoln College Trading Limited, which undertakes the College's conference business and catering / accommodation services provided to non-College members. Annual profits of the subsidiaries are donated to the College under the Gift Aid Scheme.

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. The Governing Body annually reviews a detailed analysis of potential and actual risks prepared by the Finance Committee. 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 (some of these are listed on page 4). Policies and procedures within the College are reviewed by the relevant College Committee, chaired by the Rector or the Bursar. Financial and investment risks are assessed by the Finance Committee. The Domestic Bursar and domestic staff heads meet regularly to review health and safety issues. Training courses and other forms of career development are available, when requested, to members of staff to enhance their skills in risk-related areas.

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Report of the Governing Body

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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

- i the advancement of education, study, and research in particular through the provision, support and maintenance of a college in Oxford;
- ii the advancement of religion including the provision and support of a chapel in accordance with the principles of the Church of England.

The aims set for the College's subsidiaries are to help finance the achievement of the College's aims as above.

Activities and Objectives of the College

The principal focus of the College's activities is on its academic work: that is, high-quality research and the education of new generations of students in a range of subject areas. In this context the College maintains and develops the experience of a residential community whose senior and student members are engaged in the pursuit of academic excellence. To this end the College provides not only facilities for study, in the form of teaching and seminar rooms, lecture theatres, a Library and co-operative access to the laboratory and other facilities provided by Oxford University; but also a sufficient number of study bedrooms to accommodate many tutors and the majority of its students, and facilities consistent with the provision of an all-round education (a sports ground, a boathouse and spaces for music, art and drama).

Commitment to Public Benefit

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

- as regards undergraduate students, to admit students solely on the basis of academic merit and potential without consideration of a student's financial circumstances;
- to provide sufficient financial support, both from its own resources and in conjunction with the wider collegiate University, such that no undergraduate student will be deterred from studying at Lincoln College on financial grounds;
- to honour the College's commitment to participation in bursary schemes organised in the name of Oxford University (eg the Oxford Opportunity Bursary);
- to commit resources to programmes of outreach and access, initiated both by the College and by the University, consistent with achievement of the University's intentions as stated to the Office of Fair Access;
- to welcome members of the public as visitors to the College and its events and facilities.

In 2010-11 the College maintained an extensive programme of financial support for students, in the form both of bursaries (to assist with living costs) and scholarships (awarded in recognition of particular academic merit). 62 undergraduate students received bursaries of up to £4,100 per student under the Oxford Opportunity Bursary scheme; in total Lincoln students received approximately £140,000 via this scheme. In addition the College made grants and loans from its own funds to students who experienced varying degrees of financial

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hardship: these totalled £32,000 of which £15,000 was via the newly-funded arrangement with the Lord Crewe Trust. The total sum awarded in scholarships, prizes and academic grants in 2010-11 was £388,000, of which £43,000 was awarded to undergraduate students and £345,000 to post-graduates.

The College maintained its commitment to programmes of outreach designed to improve access to Oxford University. Lincoln employs a Schools Liaison Officer jointly with Exeter College. This Officer together with Fellows and tutors of the College undertook a programme of events including visits to schools, and residential and day visits by school parties to the College. The College participated actively in Open Days organised by the collegiate University. The submission to the Conference of Colleges survey of colleges' commitment to access and outreach activities noted that Lincoln's annual expenditure on such activities is of the order of £25,000.

In addition to regular Chapel services a number of events were held for the benefit of the wider public. These included the annual Wesley lecture and lecture by the Montgomery Visiting Fellow in Sculpture, and the week-long programme of exhibitions and performances under the auspices of the Turl Street Arts Festival. The College continued to make its sports facilities available to the East Oxford Cricket Club.

ACHIEVEMENTS AND PERFORMANCE

During the year 2010-11 Lincoln College has registered significant achievements consistent with its two charitable objects.

The College continued in its principal work of preparing students for examination in a range of subjects and at various levels at Oxford University. Undergraduate numbers totalled approximately three hundred students spread over four years of study, in line with Lincoln's long-standing policy dictated by the College's ability to provide full tutorial provision, pastoral care and residential accommodation for this number of students. Eighty-eight students in their third or fourth year of study completed the Final Honours School in 2011, with twenty-six being placed in the First Class and fifty-four being awarded a 2:1 degree. Ninety-one students in their first year of study passed the First Public Examination at Oxford University, twenty being awarded special merit (a Distinction in Prelims or a First Class in Moderations). Post-graduate students also numbered approximately three hundred throughout the year, with students evenly divided between those undertaking lengthy programmes of research (leading, for example, to doctorate-level degrees) and those undertaking shorter, structured courses of tuition leading to examination.

The College continued to encourage education in its broadest sense, supporting its student members in a wide range of cultural and sporting activities. The Turl Street Arts Festival took place in March 2011 and included a number of dramatic and musical performances and art exhibitions. The College initiated a photographic competition with prizes donated by an alumnus. Students participated at College, University and higher levels in a number of sports, with hockey, football and rowing particularly prominent.

Senior members of the College combined their teaching and educational duties with research work of the highest quality, producing a wide range of publications. A number received recognition both in the form of financial grants from external bodies in furtherance of their research and by being awarded professorships and other titles of distinction.

The College continued to maintain a Chapel in accordance with the principles of the Anglican Church. Services are held daily and many are open to members of the public. The College employed a Chaplain in conjunction with the Church of St Michael at the Northgate, Oxford. During the year a new organ was installed, funded chiefly through donations from friends and alumni of the College. The College choir maintained the tradition of being arguably the finest mixed-voice choir of any Oxford College and augmented its Lincoln-based activities with tours to Tokyo, Barcelona and Devon.

The College has paid considerable attention to the maintenance and enhancement of its physical resources so as to contribute to achievement of the charitable objects. In 2011 the College completed a major refurbishment of the Library, installing a new heating system and new fire and security alarms, constructing new toilet and photocopying facilities, undertaking extensive cleaning and redecoration and reconfiguring the entrance routes to the Library in the interests of security and accessibility. The College has also recovered the Turl Tavern from its long-standing lessee and is in the process of converting this area into a new College quadrangle with teaching rooms and student leisure facilities.

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FINANCIAL REVIEW

The College derives its income from three principal sources:

- income in respect of tuition, being fees paid by students (or their sponsors, or government) and money received from external sources to fund Fellowships and studentships;
- revenue from the College's domestic (accommodation and catering) activities, as provided both to College members and to non-members of College;
- return generated by the College's pool of investments.

The College spends money on five areas of activity:

- academic activities (education, study and research including personnel costs and expenditure on supporting infrastructure);
- support for students (in the form of scholarships, bursaries and expenditure on facilities and activities for students' benefit);
- provision of accommodation and catering services to members and non-members of College;
- buildings' repair and maintenance
- management

The College's annual Financial Plan is structured such that all expenditure should be met from the three sources of income with the proviso that the sum derived from the College's pool of investments should be no more than a fixed percentage of the value of the College's pool of investments. The Governing Body has decided that, for the time being, that percentage is fixed at 3%. In 2010-11 the College met its operating objective in that all expenditure was covered by regular sources of income supplemented by a drawdown from the College's investment pool equivalent to 2.84% of the value of the investments.

For 2010-11 income from tuition fees remained broadly consistent with previous years' experience. The College did, however, derive increased revenues to support its academic activities from external sources. The Lord Crewe Trust initiated a programme of annual contributions to the College of approximately £150,000, this sum being allocated to the costs of a new Fellowship in Music and to a number of scholarships and bursaries for students. Substantial ongoing programmes of donations in support of post-graduate student scholarship continue to be received from the Sloane Robinson Foundation, the Keith Murray Award Fund, the Polonsky Foundation and the Berrow Foundation. There were, though, some areas of expenditure in relation to academic activities which were not fully funded by such sources of income. Notably, the College increased its commitment to access and outreach work, and in 2010-11 continued to find that the cost of books, journals and other Library-related resources rose at a rate much higher than general price inflation.

Income from domestic operations showed an increase over the previous year, by 8% in gross terms and by 6% in net terms. Thanks to the initiatives of the Domestic Bursar gross income from conferences and other third-party business showed an increase of £108,000, or nearly 20%, over 2009-10. In addition improvements to the food and drink offering of the College bar, Deep Hall, produced higher income from that source.

In common with many similar institutions Lincoln College has for the past several years sought to control its costs, particularly in respect of staffing. Domestic staff costs did in fact rise during 2010-11, due partly to the higher level of activity in the Kitchen and Buttery and in part to the decision to staff fully the Domestic Bursar's office. On the other hand expenditure on College management was reduced, with the Bursary cutting its staff by one full-time equivalent member.

Expenditure on buildings' repairs and maintenance continued to be a major item for the College, as the College lays great store on the need to maintain its physical stock in good order both to enhance the residential experience and to reduce the likelihood of unforeseen future costs. The increase over the previous year of £100,000 in expenditure in this area was accounted for by the project to refurbish the Library, the total cost of which will be spread over the two years 2010-11 and 2011-12.

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Reserves policy

The College's reserves 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.

The College's free reserves at the year-end amounted to £1.268m (2010: £935k), representing retained unrestricted income reserves excluding an amount of £14.650m for the book value of fixed assets and other designated funds of £553k.

Investment policy, objectives and performance

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

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

To meet these objectives the College's investments as a whole are managed with an eye on total return (that is, income and capital taken together), 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 is monitored by the Finance Committee. Individual members of the Finance Committee, particularly the two alumni members, bring to the Committee significant investment expertise. At end-July 2011 the College's long term investments, combining the securities and property investments, totalled £68.4 million of which £5.8 million comprises the independently-managed Lincoln 2027 Trust (2010 : £64.8m). The total rate of return on the College's investments (that is, income plus capital gain minus management costs) was +8.2%, or +9.3% if the Lincoln 2027 Trust is excluded from the calculation. This return was comprised as follows:

	Property Investments	Securities and Other Investments	Total
Income	+4.9%	+1.5%	+3.3%
Capital	+4.3%	+9.0%	+6.6%
Total before costs	+9.2%	+10.6%	+9.9%
Management costs	-0.2%	-0.3%	-0.5%

Day-to-day management of the Securities and Other Investments is delegated to a number of external investment managers of which the two principal organisations are listed on page 4. The Finance Committee maintains a record of a benchmark index in order to compare the performance of the Securities and Other Investments with that of the wider market. In 2010-11 this benchmark index generated a return of +8.8%.

The College's Accounts are not presented on a total return accounting basis. However the College organises its financial affairs such that the Governing Body's annual Financial Plan is based on the extraction as income of 3% of the value of the relevant investments. To smooth and moderate the amounts withdrawn this 3% is calculated on the average of the year-end values in each of the last three years. In 2010-11 the amount required to fund the College's activities, once all items of expenditure had been weighed against total non-investment income, was 2.8% of the value of the investment pool, just inside the 3% target. The 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.

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FUTURE PLANS

The College's future plans towards the achievement of its Objects and the maintenance of its commitment to Public Benefit are set out in the College's Strategic Plan as agreed by the Governing Body. Achievements in respect of the Strategic Plan are monitored on an ongoing basis by the Planning Committee and the Plan is formally reviewed approximately every five years. In 2011 the Strategic Plan is being formally reviewed, with a special meeting of the Governing Body held for this purpose on September 3rd 2011. The Strategic Plan identifies the following as aims conducive to the achievement of the College's charitable objects:

1. To provide an exceptional residential education in Oxford for high-ability undergraduates selected solely on academic grounds from a diversity of backgrounds;
2. To maintain the most rigorous standards of tutorial-based undergraduate education provided by the College's Fellows;
3. To promote and support to the highest levels of excellence postgraduate study and research;
4. Through its Fellows to engage in advanced and innovative research of international quality;
5. To provide facilities of the highest quality to support study and research;
6. To collaborate effectively with the other Colleges and with the University in furtherance of our joint educational mission.

The College has given considerable thought to the adequate resourcing of these planned activities and in this respect is concentrating on two specific areas.

First, the College is mindful of the fact that government funding for higher education is likely to continue on its present reductionist trend. The College is of the view that its pursuit of academic excellence, and in particular the maintenance of the intensive teaching style represented by the tutorial system, will best be safeguarded by the College becoming more reliant on its own resources and less on funding from official channels. To this end the College plans to increase the size of the investment funds from which it can fund its activities, this to be achieved through a combination of fund-raising, prudent investment management and careful management of ongoing operations. The establishment in 2010 of the Lincoln 2027 Trust as a separate capital-accumulation investment vehicle was a major component of this programme. In late 2011 the College will launch a fund-raising campaign entitled "Living Lincoln".

Second, the College plans a major redevelopment of the Garden Building and adjacent Lower Lecture Room. The intention is to provide a much-improved space for lectures and performances on the site of the Oakeshott Room; a new dining-/board-room; a new seminar room; facilities for music practice; and a new common room for the College's post-graduate students. If the necessary consents are secured construction work is scheduled to commence in 2012.

Specific development plans are agreed from time-to-time for the separate departments within the College to ensure that the College continues to enhance its ability to meet its objectives.

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;

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Year ended 31 July 2011

- 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. They are 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 9th November 2011 and signed on its behalf by:

Trustee

LINCOLN COLLEGE

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

We have audited the financial statements of Lincoln 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 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Governing Body and auditor

As explained more fully in the Statement of Accounting and Reporting Responsibilities, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. In addition we read all the information in the Report of the Governing Body to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Report of the Governing Body is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Critchleys LLP
Statutory Auditor
Oxford
Date:

Critchleys LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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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 Lincoln College Enterprises Limited, Lincoln College Trading Limited, Lincoln 2027 Trust and Lincoln College Michael Zilkha Fund. 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 that are included in the consolidated income, expenditure and results of the College are disclosed in note 13.

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.

LINCOLN COLLEGE

Statement of Accounting Policies

Year ended 31 July 2011

7. Leases

Rentals payable under operating leases are charged in the SOFA on a straight line basis over the relevant lease terms.

The cost of the assets held under finance leases is included within fixed assets and depreciation is charged in accordance with the accounting policy for each class of asset concerned. The corresponding capital obligations under these leases are shown as liabilities. The finance charge element of rentals is charged to the Statement of Financial Activities and classified within finance costs as incurred.

8. Tangible fixed assets

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

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.

9. 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	50 years
Leasehold properties	50 years or period of lease if shorter
Building improvements	20 - 50 years
Equipment	3 - 15 years]

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

10. 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.

11. 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.

12. 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.

LINCOLN COLLEGE

Statement of Accounting Policies

Year ended 31 July 2011

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.

Lincoln 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						
Teaching and research	1	4,978	0	0	4,978	4,913
		<u>4,978</u>	<u>0</u>	<u>0</u>	<u>4,978</u>	<u>4,913</u>
Resources from generated funds						
Legacies and donations		417	574	1,332	2,323	5,062
Trading income	2	191	0	0	191	116
Investment income	3	1,733	179	9	1,921	2,003
Bank and other interest	4	4	0	0	4	9
		<u>2,345</u>	<u>753</u>	<u>1,341</u>	<u>4,439</u>	<u>7,190</u>
Total Incoming Resources		<u>7,323</u>	<u>753</u>	<u>1,341</u>	<u>9,417</u>	<u>12,103</u>
RESOURCES EXPENDED						
Cost of generating funds						
Fundraising	5	390	0	0	390	380
Trading expenditure		183	0	0	183	110
Investment management costs		211	0	98	309	318
		<u>784</u>	<u>0</u>	<u>98</u>	<u>882</u>	<u>808</u>
Charitable activities						
Teaching and research	5	5,845	854	17	6,716	6,804
		<u>5,845</u>	<u>854</u>	<u>17</u>	<u>6,716</u>	<u>6,804</u>
Governance costs	8	21	0	0	21	22
Total Resources Expended		<u>6,650</u>	<u>854</u>	<u>115</u>	<u>7,619</u>	<u>7,634</u>
Net incoming/(outgoing) resources before transfers						
		673	(101)	1,226	1,798	4,469
Transfers between funds	17	109	(109)	0	0	0
Net incoming/(outgoing) resources before other gains and losses		<u>782</u>	<u>(210)</u>	<u>1,226</u>	<u>1,798</u>	<u>4,469</u>
Investment gains/(losses)		67	121	3,538	3,726	3,842
Net movement in funds for the year		<u>849</u>	<u>(89)</u>	<u>4,764</u>	<u>5,524</u>	<u>8,311</u>
Fund balances brought forward	17	15,622	2,486	62,046	80,154	71,843
Funds carried forward at 31 July	17	<u>16,471</u>	<u>2,397</u>	<u>66,810</u>	<u>85,678</u>	<u>80,154</u>

Lincoln 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	14,650	14,322	14,650	14,322
Property investments	11	31,916	30,596	31,916	30,596
Securities and other investments	12	36,521	34,214	29,539	27,221
		83,087	79,132	76,105	72,139
CURRENT ASSETS					
Stocks		123	130	123	130
Debtors	14	1,031	582	1,268	671
Cash at bank and in hand		3,528	1,153	3,296	1,062
		4,682	1,865	4,687	1,863
CREDITORS: falling due within one year	15	1,956	843	1,963	843
NET CURRENT ASSETS/(LIABILITIES)		2,726	1,022	2,724	1,020
TOTAL ASSETS LESS CURRENT LIABILITIES		85,813	80,154	78,829	73,159
CREDITORS: falling due after more than one year	16	135	0	135	0
NET ASSETS		85,678	80,154	78,694	73,159
FUNDS OF THE COLLEGE					
	17				
Endowment funds		66,810	62,046	59,826	55,051
Restricted funds		2,397	2,486	2,397	2,486
Unrestricted funds					
Designated funds		15,203	14,687	15,203	14,687
General funds		1,268	935	1,268	935
		85,678	80,154	78,694	73,159

The financial statements were approved and authorised for issue by the Governing Body of Lincoln College
on:

Trustee:

Trustee:

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

	Notes	2011 Group £'000	2010 Group £'000
Net cash(outflow) from operations	23	<u>(359)</u>	<u>(1,735)</u>
Returns on investments and servicing of finance			
Income from investments		1,925	2,012
Finance costs paid		(10)	(8)
		<u>1,915</u>	<u>2,004</u>
Capital expenditure and financial investment			
New endowment capital received		1,332	4,675
Payments for tangible fixed assets		(747)	(388)
Proceeds from sales of tangible fixed assets		0	0
Net acquisition of investments		99	(4,868)
		<u>684</u>	<u>(581)</u>
Financing			
New bank and other loans		135	0
		<u>135</u>	<u>0</u>
Increase/(decrease) in cash in the year		<u>2,375</u>	<u>(312)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		2,375	(312)
(Increase)/decrease in loan and lease finance		(135)	0
Change in net funds		<u>2,240</u>	<u>(312)</u>
Net funds at 1 August		1,153	1,465
Net funds at 31 July		<u>3,393</u>	<u>1,153</u>

Lincoln 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	1,189	0	0	1,189	1,189
Tuition fees - Overseas students	577	0	0	577	592
HEFCE support	320	0	0	320	320
Other academic income	227	0	0	227	302
College residential income	2,665	0	0	2,665	2,510
	<u>4,978</u>	<u>0</u>	<u>0</u>	<u>4,978</u>	<u>4,913</u>

The above analysis includes £1,321k received from Oxford University under the CFF Scheme, net of College fees received directly (2010 - £1,391k)

2 TRADING INCOME

	2011 £'000	2010 £'000
Subsidiary company trading income	191	116
	<u>191</u>	<u>116</u>

3 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
Agricultural rent	109	0	0	109	102
Commercial rent	1,470	39	0	1,509	1,547
Other property income	125	0	0	125	139
Equity dividends	11	140	9	160	197
Interest on fixed term deposits and cash	18	0	0	18	18
	<u>1,733</u>	<u>179</u>	<u>9</u>	<u>1,921</u>	<u>2,003</u>

4 BANK AND OTHER INTEREST INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
Bank interest	4	0	0	4	9
	<u>4</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>9</u>

Lincoln College
Notes to the financial statements
For the year ended 31 July 2011

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	219	170	1	390	380
Trading expenditure	78	41	64	183	110
Investment management costs	0	309	0	309	318
Total costs of generating funds	297	520	65	882	808
Charitable expenditure					
Teaching and research	3,096	2,580	1,040	6,716	6,804
Total charitable expenditure	3,096	2,580	1,040	6,716	6,804
Governance costs	0	21	0	21	22
Total resources expended	3,393	3,121	1,105	7,619	7,634

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 £62k (2010 - £54k).

6 SUPPORT COSTS

	Generating Funds £'000	Teaching and Research £'000	2011 Total £'000	2010 Total £'000
Financial and domestic admin	41	509	550	516
Human resources	1	28	29	2
IT	5	92	97	98
Depreciation	18	401	419	408
Loss/(profit) on fixed assets	0	0	0	0
Bank interest payable	0	8	8	8
Other finance charges	0	2	2	0
	65	1,040	1,105	1,032

Finance and administration and human resources costs are attributed according to the estimated staff time spent on each activity.

Depreciation costs are attributed according to the use made of the underlying assets.

IT costs are attributed according to the estimated staff time spent on each activity.

Interest and other finance charges are attributed according to the purpose of the related financing.

Lincoln 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	30	392	422	496
Bursaries and hardship awards	136	8	144	158
	<u>166</u>	<u>400</u>	<u>566</u>	<u>654</u>

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

8 GOVERNANCE COSTS

	2011	2010
Governance costs comprise:		
Auditor's remuneration - audit services	21	22
Auditor's remuneration - other services	0	0
Legal and other fees on constitutional matters	0	0
	<u>21</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	3,168	3,092
Social security costs	331	338
Pension costs	437	414
	<u>3,936</u>	<u>3,844</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	12	12
College residential	57	57
Fundraising	4	4
Support	9	10
Total	<u>82</u>	<u>83</u>

The average number of employed College Trustees during the year was as follows.

University Lecturers	12	12
CUF Lecturers	6	7
Other teaching and research	7	6
Other	4	4
Total	<u>29</u>	<u>29</u>

Lincoln College
Notes to the financial statements
For the year ended 31 July 2011

9 STAFF COSTS (continued)

The College also benefits from temporary staff, agency workers and those part-time external tutors who are not on the College payroll.

The following information relates to the employees of the College excluding the College Trustees. Details of the remuneration and reimbursed expenses of the College Trustees is included as a separate note in these financial statements.

The number of employees (excluding the College Trustees) during the year whose gross pay and benefits (excluding employer NI and pension contributions) fell within the following bands was:

	2011	2010
£60,001-£70,000	1	1

The number of the above employees with retirement benefits accruing was as follows:

In defined benefits schemes	1	1
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10 TANGIBLE FIXED ASSETS

Group and College

	Freehold land and buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost			
At start of year	16,233	949	17,182
Additions	633	114	747
Disposals	0	0	0
At end of year	16,866	1,063	17,929
Depreciation			
At start of year	2,379	481	2,860
Charge for the year	326	93	419
On disposals	0	0	0
At end of year	2,705	574	3,279
Net book value			
At end of year	14,161	489	14,650
At start of year	13,854	468	14,322

11 PROPERTY INVESTMENTS

Group and College

	Agricultural £'000	Commercial £'000	Other £'000	2011 Total £'000	2010 Total £'000
Valuation at start of year	6,881	19,885	3,830	30,596	29,661
Additions and improvements at cost	0	0	141	141	325
Disposals net proceeds	0	(314)	0	(314)	(1,174)
Revaluation gains/(losses) in the year	760	209	524	1,493	1,784
Valuation at end of year	7,641	19,780	4,495	31,916	30,596

Property valuations at 31 July 2011 have been made by the College's external land agent (FRICS) from Laws & Fiennes on the basis of market value

Lincoln College
Notes to the financial statements
For the year ended 31 July 2011

12 SECURITIES AND OTHER INVESTMENTS

	2011 £'000	2010 £'000		
College investments				
Valuation at start of year	27,219	25,436		
New money invested	169	266		
Amounts withdrawn	(220)	(789)		
Reinvested income	177	220		
Investment management fees	(100)	(95)		
Increase/(decrease) in value of investments	2,292	2,181		
External investments at end of year	29,537	27,219		
Investment in subsidiaries	2	2		
College investments at end of year	29,539	27,221		
Group investments				
Valuation at start of year	34,214	26,440		
New money invested	229	6,401		
Amounts withdrawn	(230)	(809)		
Reinvested income	177	220		
Investment management fees	(102)	(96)		
(Decrease)/increase in value of investments	2,233	2,058		
Group investments at end of year	36,521	34,214		
Group investments comprise:	Held outside the UK £'000	Held in the UK £'000	2011 Total £'000	2010 Total £'000
Equity investments	0	18,773	18,773	12,220
Fixed interest stocks	0	841	841	652
Alternative and other investments	1,073	11,603	12,676	15,377
Fixed term deposits and cash	0	4,231	4,231	5,965
Total group investments	1,073	35,448	36,521	34,214

Lincoln College
Notes to the financial statements
For the year ended 31 July 2011

13 SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Lincoln College Trading Limited, a company providing conference and other event services on the College premises, and 100% of the issued share capital in Lincoln College Enterprises 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.

	Lincoln College Trading Limited £'000	Lincoln College Enterprises Limited £'000
Turnover	191	560
Expenditure	(184)	(535)
Donation to College under gift aid	(7)	(25)
Result for the year	<u>0</u>	<u>0</u>
Total assets	320	128
Total liabilities	(319)	(127)
Net funds at the end of year	<u>1</u>	<u>1</u>

In addition the consolidated accounts include Lincoln 2027 Trust and Lincoln College Michael Zilkha Fund which are separate registered charities. Please see note 17 for the funds held by these charities (which are all represented by investments) and the movements in the year.

14 DEBTORS

	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
Amounts falling due within one year:				
Trade debtors	444	345	375	327
Amounts owed by College members	85	48	85	48
Amounts owed by Group undertakings	0	0	298	107
Prepayments and accrued income	64	53	72	53
Amounts falling due after more than one year:				
Loans	438	136	438	136
	<u>1,031</u>	<u>582</u>	<u>1,268</u>	<u>671</u>

15 CREDITORS: falling due within one year

	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
Trade creditors	418	288	383	288
Amounts owed to Group undertakings	0	0	99	44
Taxation and social security	24	26	27	19
College contribution	60	60	60	60
Accruals and deferred income	337	211	277	174
Other creditors	1,117	258	1,117	258
	<u>1,956</u>	<u>843</u>	<u>1,963</u>	<u>843</u>

Lincoln College
Notes to the financial statements
For the year ended 31 July 2011

16 CREDITORS: falling due after more than one year

	2011	2010	2011	2010
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Bank loans	35	0	35	0
Other loans	100	0	100	0
	<u>135</u>	<u>0</u>	<u>135</u>	<u>0</u>

17 FUNDS OF THE GROUP 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 Endowment	34,200		(62)		1,646	35,784
Montgomery Estate	527		(1)		36	562
Nuffield Research Trust Fund	1,084		(2)		98	1,180
Paul Shuffery Bequest	3,859		(6)		567	4,420
Other Fellowships	5,708	372	(10)		522	6,592
Student Support	2,372	64	(3)		153	2,586
Others	100				12	112
Endowment Funds - Expendable						
General endowment	4,480		(6)		384	4,858
Legacies and Bequests	2,721	836	(4)		179	3,732
Lincoln 2027 Trust	5,927	60	(2)		(151)	5,834
Lincoln College Michael Zilkha Fund	1,068	9	(19)		92	1,150
Total Endowment Funds	<u>62,046</u>	<u>1,341</u>	<u>(115)</u>	<u>0</u>	<u>3,538</u>	<u>66,810</u>
Restricted Funds						
Income, Endowment Funds	1,043	175	(378)		2	842
Scholarship and grants		317	(317)			0
Other restricted funds	1,443	261	(159)	(109)	119	1,555
Total Restricted Funds	<u>2,486</u>	<u>753</u>	<u>(854)</u>	<u>(109)</u>	<u>121</u>	<u>2,397</u>
Unrestricted Funds						
General	935	7,141	(6,642)	(201)	35	1,268
Fixed asset designated	14,322	18		310		14,650
Other designated	365	164	(8)		32	553
Total Unrestricted Funds	<u>15,622</u>	<u>7,323</u>	<u>(6,650)</u>	<u>109</u>	<u>67</u>	<u>16,471</u>
Total Group Funds	<u>80,154</u>	<u>9,417</u>	<u>(7,619)</u>	<u>0</u>	<u>3,726</u>	<u>85,678</u>
less:						
Lincoln 2027 Trust	(5,927)	(60)	2	0	151	(5,834)
Michael Zilkha Fund	(1,068)	(9)	19	0	(92)	(1,150)
Total College Funds	<u>73,159</u>	<u>9,348</u>	<u>(7,598)</u>	<u>0</u>	<u>3,785</u>	<u>78,694</u>

Lincoln College
Notes to the financial statements
For the year ended 31 July 2011

18 FUNDS OF THE COLLEGE DETAILS

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

Endowment Funds - Permanent:

General Endowment	A consolidation of gifts and donations where income, but not capital, can be used for the general purposes of the College; includes the foundation capital of the College.
Montgomery Estate	A fund established by Mrs Gertrude Montgomery in 1977 where income, but not capital, can be used to fund the teaching of Classics and/or German.
Nuffield Research Trust Fund	A fund established by Viscount Nuffield in 1948 where income, but not capital, can be used to support medical research, specifically to fund the emoluments payable to the College's nominated medical research Fellow(s).
Paul Shuffery Bequest	A fund established by Paul Shuffrey in 1955 where income, but not capital, can be used to fund the study of Architecture, Classics, History of Art or similar areas of study at the discretion of the Rector of the College.
Other Fellowships	A consolidation of gifts and donations where income, but not capital, can be used to support a number of named Fellowships dedicated to research and teaching at Lincoln College.
Student Support	A consolidation of gifts and donations where income, but not capital, can be used to fund scholarships, exhibitions, prizes and other forms of support for students at Lincoln College.

Endowment Funds - Expendable:

General Endowment	A consolidation of gifts and donations where either income or income and capital can be used for the general purposes of the College.
Legacies and Bequests	A consolidation of legacies and bequests made over to Lincoln College, of which either income or income and capital can be used for the general purposes of the College.
Lincoln 2027 Trust	An independent charity (registered no.1136816) established by Trust Deed dated 18th December 2009 with the object of raising, investing and accumulating funds to provide new and substantial support to Lincoln College.
Lincoln College Michael Zilkha Fund	An independent charity (registered no. 1095113) established by Trust Deed in 2002 whose object is to support the educational and/or research activities of the Fellows of Lincoln College.

Restricted Funds:

Income, Endowment funds	Income generated by endowment funds which can be used for the specific purposes for which the endowment funds were established.
Scholarships and grants	Funds received for scholarships and other forms of support for students that have been expended during the year.

Designated Funds

Fixed asset designated	Unrestricted funds which are represented by the fixed assets of the College and which are 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

Lincoln College
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19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	14,650	0	0	14,650
Property investments	0	0	31,916	31,916
Securities and other investments	553	2,397	33,571	36,521
Net current assets	1,403	0	1,323	2,726
Creditors: falling due after more than one year	(135)	0	0	(135)
	<u>16,471</u>	<u>2,397</u>	<u>66,810</u>	<u>85,678</u>

20 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 in accordance with external scales. Many are joint arrangements with the University of Oxford.

The College has a Remuneration Committee which is an advisory committee of the Governing Body. The Remuneration Committee makes recommendations to the governing Body in respect of the remuneration afforded to members of the Governing Body and other Fellows and members of staff.

Trustees of the college fall into the following categories:

- Professorial Fellows
- Tutorial Fellows
- Trustees who do not have education or research responsibilities but who work full-time as managers of the College, namely the Rector, Bursar, Senior Tutor and Domestic Bursar

Some trustees, particularly tutorial fellows, are eligible for College housing schemes. Some trustees live in properties owned by the College and have a deduction from salary as rent. Others may be eligible for a housing allowance which is disclosed within the salary figures below. Some trustees are in receipt of a loan from the College to facilitate house-purchase within the Oxford area. These are disclosed in note 27.

Some trustees receive additional allowances for additional work carried out as part time college officers (eg Sub Rector, Dean). These amounts are included within the remuneration figures below.

The total remuneration and taxable benefits included overleaf is £965k (2009-10 £871k). The total of pension contributions included overleaf is £143k (2009-10 £127k).

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20 TRUSTEES' REMUNERATION (continued)

Remuneration paid to trustees

Range	2010-2011		2009-2010	
	Number of trustees/fellows	Gross remuneration, taxable benefits and pension contributions £	Number of trustees/fellows	Gross remuneration, taxable benefits and pension contributions £
£2,000-£2,999	0	0	1	2,087
£9,000-£9,999	1	9,399	1	9,393
£10,000-£10,999	0	0	1	10,335
£11,000-£11,999	1	11,524	0	0
£16,000-£16,999	1	16,675	0	0
£17,000-£17,999	0	0	2	34,468
£18,000-£18,999	3	54,968	1	18,775
£19,000-£19,999	2	38,900	4	77,450
£20,000-£20,999	3	60,956	3	60,550
£21,000-£21,999	1	21,130	0	0
£22,000-£22,999	0	0	1	22,880
£23,000-£23,999	1	23,220	0	0
£24,000-£24,999	0	0	1	24,633
£26,000-£26,999	1	26,472	1	26,586
£28,000-£28,999	0	0	1	28,891
£31,000-£31,999	0	0	1	31,694
£32,000-£32,999	0	0	1	32,812
£34,000-£34,999	1	34,631	0	0
£35,000-£35,999	1	35,936	0	0
£36,000-£36,999	1	36,136	1	36,827
£37,000-£37,999	0	0	0	0
£38,000-£38,999	1	38,288	0	0
£40,000-£40,999	1	40,912	0	0
£48,000-£48,999	0	0	1	48,764
£49,000-£49,999	4	198,716	4	196,801
£50,000-£50,999	1	50,460	1	50,879
£51,000-£51,999	1	51,247	0	0
£71,000-£71,999	1	71,206	0	0
£74,000-£74,999	0	0	1	74,155
£75,000-£75,999	1	75,230	0	0
£97,000-£97,999	0	0	1	97,850
£98,000-£98,999	1	98,542	0	0
£111,000-£111,999	0	0	1	111,898
£113,000-£113,999	1	113,463	0	0
Total	29	1,108,011	29	997,728

6 trustees are not employees of the college and do not receive remuneration.

All trustees, together with other senior employees, are eligible for private health insurance as part of their package of remuneration.

Trustee expenses

No fellow claimed any expenses for work as a trustee.

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21 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.

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	31/03/10
Date valuation results published:	04/02/09	30/06/11
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	23 yrs	22 yrs
Assumed life expectancy at age 65	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	31/03/13

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21 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

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:

	£'000	
<i>Scheme</i>	2011	2010
Universities Superannuation Scheme	189	174
University of Oxford Staff Pension Scheme	240	232
Other Schemes	8	8
Total	437	414

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22 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.

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

	2011	2010
	£'000	£'000
Net incoming resources for the year	1,798	4,469
Elimination of non-operating cash flows:		
- Investment income	(1,925)	(2,012)
- Endowment donations	(1,332)	(4,675)
- Financing costs	10	8
Depreciation	419	408
(Surplus)/loss on sale of fixed assets	0	0
Decrease in stock	7	7
(Increase) in debtors	(449)	(36)
Increase in creditors	1,113	96
Net cash (outflow) from operations	<u>(359)</u>	<u>(1,735)</u>

24 ANALYSIS OF CHANGES IN NET FUNDS

	2010	Cash flow	2011
	£'000	£'000	£'000
Cash at bank and in hand	1,153	2,375	3,528
	<u>1,153</u>	<u>2,375</u>	<u>3,528</u>
Bank and other loans due after one year	0	(135)	(135)
	<u>1,153</u>	<u>2,240</u>	<u>3,393</u>

25 FINANCIAL COMMITMENTS

At 31 July the College had no annual commitments under non-cancellable operating leases

26 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July for future capital projects totalling £1.1m (2010 - £nil)

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27 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 trustees had loans outstanding from the College at the start and/or end of the year.

	2011	2010
	£'000	£'000
Dr Roel Dullens	108	0
Prof. Cecile Fabre	105	0
Dr Perry Gauci	6	10
Dr Sara Hobolt	108	0
Dr Edward Nye	0	20
Dr Michael Willis	100	100

Interest is charged on the above loans.

28 CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date (2010 nil)

29 POST BALANCE SHEET EVENTS

There have been no material post balance sheet event which require disclosure.