

# Pembroke College

Annual Report and Financial Statements

Year ended 31 July 2011

**PEMBROKE COLLEGE**  
**Annual Report and Financial Statements**  
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**PEMBROKE COLLEGE**  
**Report of the Governing Body**  
**Year ended 31 July 2011**

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**MEMBERS OF THE GOVERNING BODY**

The Members of the Governing Body are the College's charity trustees under charity law.

During the year the activities of the Governing Body were principally carried out through eight committees.

- (1) Finance and Planning Committee
- (2) Investment Committee
- (3) Academic Committee
- (4) Development Committee
- (5) Domestic Committee
- (6) Fellows' Remuneration Committee
- (7) Strategic Planning Steering Committee
- (8) New Build Steering Committee

The members of the Governing Body and those who served in office as Trustees during the year and the membership of the above committees for the 2010/11 year are shown below.

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mr Giles Henderson	Master	.			.			.	.
Professor Brian Howard						.			
Professor Ken Mayhew		.	.		.				
Professor Lynda Mugglestone									
Dr Mark Fricker	Academic Director	.		.	.			.	
Professor Alex Kacelnik						.			
Dr Tim Farrant	Vicegerent	.		.		.		.	
Professor Malcolm Godden									
Dr Paul Smith	(retired 30 Sep 2010)								
Dr Jeremy Taylor									
Professor Stephen Whitefield									
Professor Helen Small									
Dr Owen Darbishire								.	.
Dr Adrian Gregory	Dean					.			
Dr Christopher Melchert									
Dr Raphael Hauser			.						
Professor Ben Davis					.				.
Dr Stephen Tuck					.			.	

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		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Professor Theo van Lint									
Professor Christopher Tuckett				.					
Mr John Church	Bursar	.	.		.			.	.
Dr Ariel Ezrachi									
Dr Andre Furger				.					
Professor Guido Bonsaver									
Professor Brian Rogers									
Mr Jonathan Rees							.		
Dr Rebecca Williams								.	.
Dr Anne Henke									
Dr Gabriel Uzquiano Cruz	(resigned 30 Sep 2010)								
Dr Linda Flores									
Mr Andrew Seton	Strategic Development Director	.			.			.	.
Dr Hilde de Weerd				.					
Professor Irene Tracey							.		
Revd Dr Andrew Teal						.			
Dr Daren Bowyer	Home Bursar	.			.	.		.	.
Dr Brian A'Hearn						.			
Dr Eamonn Molloy		.							
Dr Clive Siviour				.				.	
Mr Roger Boning		.					.		.
Dr Nick Kruger		.							
Professor Rodney Phillips							.	.	
Dr Nicolai Sinai	(appointed 1 Jan 2011)								
Professor Min Chen	(appointed 1 May 2011)								
Dr Hannah Smithson	(appointed 1 July 2011)								
Mr Julian Schild	Advisory Fellow	.							
Mrs Beatrice Hollond	Advisory Fellow		.				.		
Mr Mike Wagstaff	Advisory Fellow (appointed 1 Oct 2010)							.	
Professor Sandra Fredman	(appointed 1 Oct 2011)								

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		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dr Ingmar Posner	(appointed 1 Oct 2011)								

Undergraduate and Graduate students are represented in the Open sessions of Governing Body and the Finance and Planning, Academic and Domestic Committees.

Mr Percival Stanion, Mr Charles MacKinnon and Mr Chris Rokos served as external members of the Investment Committee. Mr Chris Rokos resigned from the committee on 14<sup>th</sup> August 2011.

#### COLLEGE OFFICERS

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

Mr Giles Henderson	Master
Dr Tim Farrant	Vicegerent
Dr Mark Fricker	Academic Director
Mr John Church	Bursar
Dr Daren Bowyer	Home Bursar
Mr Andrew Seton	Strategic Development Director
Dr Adrian Gregory	Dean

#### COLLEGE ADVISERS

##### Investment managers

Newton Investment Management Ltd

Sarasin & Partners LLP

Oxford University Endowment Management Ltd

##### Auditor

Crowe Clark Whitehill LLP

##### Bankers

The Royal Bank of Scotland plc

Santander UK plc

##### Solicitors

Blake Lapthorn

##### College address

Pembroke College, Oxford OX1 1DW

##### Website

[www.pmb.ox.ac.uk](http://www.pmb.ox.ac.uk)

## **PEMBROKE COLLEGE**

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

**Year ended 31 July 2011**

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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 Master, Fellows and Scholars of Pembroke College in the University of Oxford, which is known as Pembroke College, is an independent self-governing charitable institution. It was founded on the initiative of Dr Thomas Clayton, Principal of Broadgates Hall, who secured the necessary endowment left in legacies by Thomas Tesdale and Richard Wightwick to amalgamate several smaller halls sited along the City Wall with the fifteenth-century Broadgates Hall, to form a new College. The original statutes were drawn up by Royal Commission in 1624. The corporation comprises the Master, Fellows and Scholars. The College was an exempt charity under s3(5)(a) Charities Act 1993 (as listed in Schedule 2(b) to that Act). Following the introduction of the Charities Act 2006, the College became a registered charity (no. 1137498) in August 2010.

The College address is Pembroke College, Oxford OX1 1DW; telephone 01865 276444, website [www.pmb.ox.ac.uk](http://www.pmb.ox.ac.uk)

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 College Officers and advisers of the College, are given on pages 2 to 4 of this report.

#### **GOVERNANCE, STRUCTURE AND MANAGEMENT**

##### **Governance**

The Governing Body of the College comprises the Master and Fellows. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, the Chancellor of the University of Oxford. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1624, and the Universities of Oxford and Cambridge Act 1923. The Governing Body is responsible for the strategic direction of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Master and is advised by a range of committees which includes the Finance and Planning Committee, the Academic Committee, the Domestic Committee, the Development Committee and the Investment Committee.

##### **Governing Body**

The Governing Body determines the 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 Master and is advised by eight principal committees.

##### **Recruitment and training of Members of the Governing Body**

Members of the Governing Body have been informed about their responsibilities as Trustees and are able to attend trustee training and information courses to keep them informed on current issues in the sector and on regulatory requirements.

##### **Organisational management**

The Governing Body meets nine times a year. The work of developing their policies and overseeing the key activities is also carried out by eight Committees, which report to the Governing Body:

- The Finance and Planning Committee develops and reviews future plans, budgets, performance against budget, forecasts and other relevant information.
- The Investment Committee develops the investment policy and oversees the performance of the College's investment portfolio.
- The Academic Committee develops and oversees the implementation and management of the College's Academic Policy, covering Admissions and the progression of undergraduates and graduates.

## PEMBROKE COLLEGE

### Report of the Governing Body

Year ended 31 July 2011

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- The Development Committee develops and oversees the College's fundraising activities and alumni relations.
- The Domestic Committee develops policy and oversees those matters relating to the day-to-day operations of the College.
- The Fellows' Remuneration Committee considers and recommends changes to the remuneration of those members of Governing Body who are also employees.
- The Strategic Planning Steering Committee is convened from time to time to develop the College's long term strategy.
- The New Build Steering Committee oversees the New Build Project which relates to the College's plans to develop the site in Brewer Street. Outside consultants to the project also join this meeting.

The day-to-day running of the College is mostly delegated to the College Officers, listed on page 4. Major issues are referred to the Governing Body and/or the relevant College committee.

#### Group structure and relationships

The College administers many special trusts, as detailed in Notes 19 and 20 to the financial statements.

The College also has two wholly owned non-charitable subsidiaries: Pembroke College Enterprises Limited, which undertakes the College's major building works and whose annual profits are donated to the College under the Gift Aid Scheme, and Pembroke College Conferences and Events, a company limited by guarantee, which was incorporated on 10 June 2011 and whose profits will also be donated to the College under the Gift Aid Scheme. The trading activities of Pembroke College Conferences and Events primarily comprise revenue from letting of the College facilities when not in use by the College. The subsidiaries' aims, objectives and achievements are covered in the relevant sections of this report.

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. Policies and procedures within the College are reviewed by the relevant College Committees, chaired by the Master or one of the other College Officers. Financial risks are assessed by the Finance and Planning Committee and investment risks are monitored by the Investment Committee. In addition, the Home 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.

The Governing Body, who have ultimate responsibility for managing any risks faced by the College, have 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 to advance education, scholarship and research through the provision of a college in the University of Oxford.

The Governing Body is mindful of the 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.

## PEMBROKE COLLEGE

### Report of the Governing Body

Year ended 31 July 2011

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The College is committed to the aim of providing public benefit in accordance with its founding principles.

The College's aims for public benefit are:

- to promote excellence in undergraduate education, including pastoral and academic support.
- to provide pastoral and academic support to graduate students.
- to enable students to study at Oxford University, irrespective of their personal background and financial circumstances.
- to promote excellence in research on the part of the Fellows, Stipendiary Lecturers and other College members.

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

#### Public Benefit

The College advances public learning by providing higher education for undergraduate and postgraduate students within Oxford University, and by supporting the pursuit of publicly disseminated research. In 2010/11 the College had 393 undergraduates (including 34 visiting students), 145 graduates, and 39 Fellows who had contractual obligations to teaching and to research.

The College provides public benefit by offering higher education to its undergraduates, mostly through the tutorial system which provides the opportunity to meet with a tutor on a weekly basis during term time. In addition, the College provides classes, seminars and other forms of teaching, as appropriate, in conjunction with the University's departments. To support student learning, the College also provides the use of the College's library and accommodation, and actively promotes the wider cultural and social education of its students through music, drama, sports, careers advice and in other ways.

The College also advances research in a range of disciplines by employing academics who have a contractual obligation to undertake published research and providing them with a supportive academic atmosphere, including the provision of research grants, library and computer facilities, office accommodation and meals. The high levels of research activity by College fellows have been audited by the National Research Assessment Scheme (2008); that research is disseminated through published papers, books, websites and lectures. The College supports the research of academics who, at the beginning of their careers, have already shown outstanding promise in their chosen field of research by supporting six Junior Research Fellowships.

The College offers undergraduate places on the basis of academic merit. The College aims to attract students who are most able to benefit from an Oxford education regardless of sex, gender, income, ethnic origin, religion, previous education opportunity or disability, and actively works to recruit students from non-traditional backgrounds.

Financial support is available to undergraduates from the UK or the EU to assist them with the costs of tuition fees and living costs whilst at the College. In addition to student loans provided by the Student Loans Company that are available to undergraduates from within the EU, other financial support is available to undergraduates from the University and the College who are from households where income is below a certain level. Oxford Opportunity Bursaries are available to undergraduates from lower income households at the College. In the 2010/11 academic year 89 students or about 25% of the College's UK undergraduates received the Oxford Opportunity Bursary, of which 47%, who had been assessed with a residual household income of less than £25,000, received the maximum bursary of £3,250. In addition, the College has a Hardship Fund which makes grants to both undergraduate and graduate students in financial hardship.

Graduates at the College form an important part of the academic community. Every graduate student is assigned a College Graduate Adviser who provides academic and pastoral support. Funding is available for



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

**Year ended 31 July 2011**

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some graduate studies and for the most able there are a limited number of scholarship funds available, administered by the University, the College or other sources.

The College awards a number of scholarships and exhibitions each year to undergraduates on course, based on their academic performance. In 2010/11 there were 59 such scholarships and 10 exhibitions awarded to undergraduates. 19 scholarships were awarded to graduates. A number of academic prizes are available to undergraduates and graduates at the College; awarded on the basis of academic excellence. These scholarships, exhibitions and prizes serve to encourage academic endeavour at the College. The College also provides travel grants to meet costs involved in undertaking research.

### **ACHIEVEMENTS AND PERFORMANCE**

Academic achievements of the College during the year included the election of Professor Alex Kacelnik, Fellow in Zoology, to a Fellowship of the Royal Society, the highest academic achievement in the UK in the Sciences. The distinctions of other Fellows were many and varied and set out in the College's Annual Record and other publications.

Five new Academics were appointed as members of the Governing Body. Dr Nicolai Sinai is an important addition to the College's strength in postholders in Arabic, bringing the number up to four, two of whom are members of the Governing Body. This strength at the teaching and research level, combined with our having the largest number of undergraduates reading Arabic in the University, underscores still further Pembroke's leading position in Oxford in this subject.

Two new Statutory Professors were appointed whose College affiliations are at Pembroke; Professor Min Chen took up the new Chair of Scientific Visualisation and Professor Sandra Fredman was elected to the new Rhodes Professorship of the Laws of the British Commonwealth and the United States.

Two new Tutorial Fellows have been elected; Dr Hannah Smithson was appointed as new Fellow and Tutor in Psychology upon the forthcoming retirement of Professor Brian Rogers (who is currently away doing service for the collegiate University as Junior Proctor) and Dr Ingmar Posner was elected to fill the vacancy in Engineering caused by the retirement last year of Dr Paul Smith. Also joining the Governing Body during the course of the year was Mr Mike Wagstaff, as an Advisory Fellow.

The Governing Body elected Dr Paul Smith on his retirement to be an Emeritus Fellow; Patrick Pichette, one of our important donors, was elected to be a Foundation Fellow; and in a ceremony in November the College celebrated with Dr Kenji Tanaka of Japan his earlier election as an Honorary Fellow.

The College was sad to lose Dr Gabriel Uzquiano Cruz as Fellow in Philosophy, who took up a position at the University of Southern California.

The number of students at Pembroke at the start of the 2010/11 academic year was as follows:

393 undergraduates (including 34 visiting students)

145 graduates

It was pleasing to record another very respectable set of results in Final Honour Schools placing the College, once again, around the middle of the Norrington Table. On the graduate student side, the substantial increase in numbers showed through in the past year and this significant change in the College's profile is an excellent development.

The College continued to focus on its Access activities to make sure that all prospective students feel able to apply to Pembroke, irrespective of their personal or financial circumstances. The College's association with two Sixth Form Colleges in Hackney to assist with the raising of aspirations to study at university continued under the Pem-Brooke initiative, which involves the participation of Pembroke students, and has been widely acclaimed.

During the year good progress was made with the College's ambitious buildings programme. The refurbished Kitchen/Hall building came back into use in March 2011 and now offers much improved facilities, particularly

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### Report of the Governing Body

Year ended 31 July 2011

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with the provision of a new Servery and College Bar. This will enable the College to cater for the higher numbers which will result from the new buildings once completed.

The New Build project is now well under way and in October 2010 Kingerlee Ltd were appointed as the main contractor. Following demolition of some existing buildings and an archaeological dig, construction commenced at the start of 2011 and is advancing to plan, with the aim of the facilities being available at the start of the 2012/13 academic year. The new buildings will provide 96 ensuite bedrooms, 14 refurbished bedrooms in the Bannister Building, six flats, seminar rooms, a café, a multi-purpose auditorium, an art gallery and other facilities as part of a new quad linked to the College's main site by a footbridge over Brewer Street. Once completed, undergraduates will be able to live in College premises for three years of study and there will be better provision for graduates.

The Bridging Centuries fundraising campaign was launched publicly in October 2010, with the aim of raising £17m towards the cost of the new buildings and the refurbished Kitchen/Hall.

The Governing Body and Strategic Planning Steering Committee started work on the new strategic plan which will cover the period 2012-22.

### FINANCIAL REVIEW

These financial statements present the accounts of Pembroke College and its subsidiaries and include all operational income and expenditure, donations and investment income and all the assets and liabilities of the College.

The Consolidated Statement of Financial Activities shows net incoming resources of £2,117k (2010 - £3,150k). After adding investment gains of £2,375k (2010 - £2,439k) the net increase in funds for the year was £4,492k (2010 - £5,589k).

Total incoming resources amounted to £9,105k, a reduction from the previous year of £498k. The main component of this reduction was donations, which were £401k lower than the previous year. Donations to the Bridging Centuries Campaign were £674k lower, with 2009/10 having benefited from a number of significant gifts as part of the pre-launch phase of the campaign. As at 31<sup>st</sup> July 2011, the Bridging Centuries Campaign has raised £10.2m in cash and pledges.

Total resources expended were £6,988k, an increase of £535k. This related to a variety of cost increases driven by inflation. There was also an increase in Development Office costs to support the fundraising campaign for the New Build. Depreciation costs have increased with the refurbished Kitchen/Hall becoming operational part way through the year.

Overall the College has continued to generate a satisfactory surplus.

In recent years the College has acquired four properties adjacent to its main site, which provided the site for the New Build development. The total cost of the New Build project is projected to be £25.5m, which is being financed by a long term loan from Santander and donations from alumni and friends of the College.

During the year the College completed the refurbishment of the Kitchens and Hall Building, within the £3.7m budget.

In 2010/11 the College spent £1,721k on construction costs and professional fees relating to the Kitchen/Hall refurbishment and £718k on fixtures, fittings and equipment relating to that project. In respect of the New Build development the College spent £3,818k principally construction costs and professional fees.

In the year, the College raised £1,670k as restricted funds towards these building projects out of total restricted fund donations of £1,884k. In addition unrestricted donations amounted to £627k. A further £369k was donated to endowment funds

As a result of the College becoming a registered charity in August 2010, the College's accounts are now presented in the Charities SORP format, rather than the modified HEFCE format previously used. The opening balance sheet has been restated and the previously reported total consolidated funds and net assets at 31 July 2010 of £50,561k increased by £582k to £51,143k. £471k of this increase in funds resulted from a

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### Report of the Governing Body

Year ended 31 July 2011

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small number of restricted funds which were previously held within short and long term creditors and provision for liabilities and charges and they are now included within the restricted and designated funds component of total funds. In addition the net assets of the Senior Common Room (SCR), which had previously been accounted for outside of the College, have now been incorporated within these financial statements. The net assets of the SCR at 31 July 2010 amounted to £111k, principally comprising the SCR wine cellar stock.

The Total Funds of the College have risen in the year from £51,143k (as restated – see above) to £55,635k, reflecting the upward movement in the stock markets during the year and the donations raised, as noted above.

#### 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 £3.8m, representing retained unrestricted income reserves excluding an amount of £11.4m for the book value of fixed assets less associated funding arrangements.

Designated reserves at the year-end amounted to £584k. The main designated funds are for the library (£323k), and for pensions (£118k) The pension fund is designated to cover part of the costs of pension payments to former employees who were not covered by the OSPS scheme over the period that those pensions are paid.

#### 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 (see below).

The investment strategy, policy and performance is monitored by the Investment Committee. At the year end, the College's long term investments, combining the securities and property investments, totalled £35,903k. The overall total investment return was 9.9% over the year which compared to the College's benchmark return of 9% (RPI + 4%).

Under the total return accounting basis, it is the Governing Body's policy to draw down as income 3.5% (plus costs) of the value of the relevant investments. However to smooth and moderate the amounts withdrawn this 3.5% is calculated on the average of the year end values in each of the last three years.

In line with this policy, the equivalent of 3.5% of the average 3 year end opening value of the property, securities and other investments, plus costs, was drawn down as income on the total return basis in the year. The Governing Body will keep the level of income withdrawn under review to balance the current and future needs and interests of the College.

#### FUTURE PLANS

The College's plans for the 2011/12 academic year are to complete the 2012-22 strategic plan, with a major focus on the academic strategic plan which will include outreach and admissions, the graduate community, the research community, and an expansion of College Associations for academic staff in Oxford. The New Build project will be completed in time for the start of the 2012/13 academic year and the operational support

## **PEMBROKE COLLEGE**

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

**Year ended 31 July 2011**

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arrangements will be put in place. The College also intends to increase its conference business and will be taking the necessary preparatory steps over the coming year. The College's fundraising efforts will be focused on the need to achieve the Bridging Centuries campaign target, to fund the New Build.

#### **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 a 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 30 November 2011 and signed on its behalf by:

G I Henderson

Master

## **PEMBROKE COLLEGE**

### **Report of the Auditor to the Members of the Governing Body of Pembroke College**

We have audited the financial statements of Pembroke 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 31.

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 the 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 financial and non-financial 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.

**Crowe Clark Whitehill LLP**  
Statutory Auditor  
London

Date: 30 November 2011

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

## **PEMBROKE COLLEGE**

### **Statement of Accounting Policies**

**Year ended 31 July 2011**

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#### **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 Pembroke College Enterprises Limited and Pembroke College Conferences and Events. 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 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 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.

**PEMBROKE COLLEGE**  
**Statement of Accounting Policies**  
**Year ended 31 July 2011**

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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	50 years
Building improvements	10 - 30 years
Equipment	5 - 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.

**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 2002, 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.



**Pembroke 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
<b>INCOMING RESOURCES</b>						
<b>Resources from charitable activities</b>						
Teaching and research	1	4,296	-	-	4,296	4,287
		<u>4,296</u>	<u>-</u>	<u>-</u>	<u>4,296</u>	<u>4,287</u>
<b>Resources from generated funds</b>						
Legacies and donations		627	1,884	369	2,880	3,281
Trading income	2	470	-	-	470	554
Investment income	3	21	-	1,421	1,442	1,449
Bank and other interest	4	17	-	-	17	32
		<u>1,135</u>	<u>1,884</u>	<u>1,790</u>	<u>4,809</u>	<u>5,316</u>
<b>Other incoming resources</b>		-	-	-	-	-
<b>Total Incoming Resources</b>		<u>5,431</u>	<u>1,884</u>	<u>1,790</u>	<u>9,105</u>	<u>9,603</u>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>						
Fundraising	5	558	2	-	560	464
Trading expenditure		452	-	-	452	552
Investment management costs		0	-	246	246	229
		<u>1,010</u>	<u>2</u>	<u>246</u>	<u>1,258</u>	<u>1,245</u>
<b>Charitable activities</b>						
Teaching and research	5	5,067	639	-	5,706	5,192
		<u>5,067</u>	<u>639</u>	<u>-</u>	<u>5,706</u>	<u>5,192</u>
<b>Governance costs</b>	8	24	-	-	24	16
<b>Total Resources Expended</b>		<u>6,101</u>	<u>641</u>	<u>246</u>	<u>6,988</u>	<u>6,453</u>
<b>Net incoming/(outgoing) resources before transfers</b>						
		(670)	1,243	1,544	2,117	3,150
Transfers between funds	19	4,138	(2,927)	(1,211)	-	-
<b>Net incoming/(outgoing) resources before other gains and losses</b>		<u>3,468</u>	<u>(1,684)</u>	<u>333</u>	<u>2,117</u>	<u>3,150</u>
Investment gains/(losses)		-	-	2,375	2,375	2,439
<b>Net movement in funds for the year</b>		<u>3,468</u>	<u>(1,684)</u>	<u>2,708</u>	<u>4,492</u>	<u>5,589</u>
Fund balances brought forward	19	12,364	6,429	32,350	51,143	45,554
<b>Funds carried forward at 31 July</b>	19	<u>15,832</u>	<u>4,745</u>	<u>35,058</u>	<u>55,635</u>	<u>51,143</u>

**Pembroke College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2011**

	Notes	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	10	20,654	14,715	20,747	14,746
Property investments	11	2,229	2,229	2,229	2,229
Securities and other investments	12	35,903	33,528	35,903	33,528
		<b>58,786</b>	50,472	<b>58,879</b>	50,503
<b>CURRENT ASSETS</b>					
Stocks		138	130	138	130
Debtors	15	2,098	1,556	1,914	1,611
Deposits and other short term investments		660	-	660	-
Cash at bank and in hand		1,044	1,555	495	1,479
		<b>3,940</b>	3,241	<b>3,207</b>	3,220
<b>CREDITORS: falling due within one year</b>	16	<b>1,483</b>	2,432	<b>774</b>	2,415
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>2,457</b>	809	<b>2,433</b>	805
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>61,243</b>	51,281	<b>61,312</b>	51,308
<b>CREDITORS: falling due after more than one year</b>	17	<b>5,608</b>	138	<b>5,608</b>	138
<b>Provisions for liabilities and charges</b>	18	-	-	-	-
<b>NET ASSETS</b>		<b>55,635</b>	51,143	<b>55,704</b>	51,170
<b>FUNDS OF THE COLLEGE</b>					
<b>Endowment funds</b>		<b>35,058</b>	32,350	<b>35,058</b>	32,350
<b>Restricted funds</b>		<b>4,745</b>	6,429	<b>4,745</b>	6,429
<b>Unrestricted funds</b>					
Designated funds		584	584	584	584
General funds		15,248	11,780	15,317	11,807
		<b>55,635</b>	51,143	<b>55,704</b>	51,170

*The financial statements were approved and authorised for issue by the Governing Body of Pembroke College on: 30 November 2011*

Master: G I Henderson

Bursar: J E Church

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

	Notes	2011 Group £'000	2010 Group £'000
<b>Net cash inflow/(outflow) from operations</b>	25	<u>1,215</u>	<u>1,643</u>
<b>Returns on investments and servicing of finance</b>			
Income from investments		1,429	1,032
Finance costs paid		(294)	(257)
		<u>1,135</u>	<u>775</u>
<b>Capital expenditure and financial investment</b>			
New endowment capital received		369	326
Payments for tangible fixed assets		(6,342)	(5,430)
Creditor relating to purchase of land		(1,728)	1,728
Proceeds from sales of tangible fixed assets		-	-
Payments for investments		-	(1,582)
Proceeds from sales of investments		-	725
		<u>(7,701)</u>	<u>(4,233)</u>
<b>Management of liquid resources</b>			
Net (additions to) / withdrawals from term deposits		(660)	-
Net (purchase) / sale of current asset investments		-	-
		<u>(660)</u>	<u>-</u>
<b>Financing</b>			
New bank loans		5,500	-
Bank loans repaid		-	-
New lease finance		-	-
Capital element of finance lease payments		-	-
		<u>5,500</u>	<u>-</u>
<b>Increase/(decrease) in cash in the year</b>		<u>(511)</u>	<u>(1,815)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the year		(511)	(1,815)
Transfers to/(from) term deposits and current investments		660	-
(Increase)/decrease in loan and lease finance		(5,500)	-
<b>Change in net funds</b>		<u>(5,351)</u>	<u>(1,815)</u>
<b>Net funds at 1 August</b>		1,555	3,370
<b>Net funds at 31 July</b>		<u>(3,796)</u>	<u>1,555</u>

**Pembroke 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
<b>Teaching and research</b>					
Tuition fees - UK and EU students	1,143	-	-	1,143	1,219
Tuition fees - Overseas students	466	-	-	466	406
Other fees	458	-	-	458	367
Other HEFCE support	264	-	-	264	298
Other academic income	321	-	-	321	439
College residential income	1,644	-	-	1,644	1,558
	<b>4,296</b>	<b>-</b>	<b>-</b>	<b>4,296</b>	<b>4,287</b>

The above analysis includes £1,399k received from Oxford University from HEFCE under the CFF Scheme, net of College fees received directly (2010 - £1,504k)

**2 TRADING INCOME**

	2011 £'000	2010 £'000
Subsidiary company trading income	267	-
Other trading income	203	554
	<b>470</b>	<b>554</b>

**3 INVESTMENT INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
Agricultural rent	-	-	-	-	-
Commercial rent	-	-	64	64	163
Other property income	-	-	-	-	-
Equity dividends	-	-	1,357	1,357	1,286
Income from fixed interest stocks	-	-	-	-	-
Interest on fixed term deposits and cash	21	-	-	21	-
Other investment income	-	-	-	-	-
	<b>21</b>	<b>0</b>	<b>1,421</b>	<b>1,442</b>	<b>1,449</b>

**4 BANK AND OTHER INTEREST INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2011 Total £'000	2010 Total £'000
Bank interest	15	-	-	15	30
Other interest	2	-	-	2	2
	<b>17</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>32</b>

**Pembroke 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
<b>Costs of generating funds</b>					
Fundraising	261	203	96	560	464
Trading expenditure	184	138	130	452	552
Investment management costs	-	-	246	246	229
<b>Total costs of generating funds</b>	<b>445</b>	<b>341</b>	<b>472</b>	<b>1,258</b>	<b>1,245</b>
<b>Charitable expenditure</b>					
Teaching and research	3,027	1,728	951	5,706	5,182
<b>Total charitable expenditure</b>	<b>3,027</b>	<b>1,728</b>	<b>951</b>	<b>5,706</b>	<b>5,182</b>
<b>Governance costs</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>24</b>	<b>16</b>
<b>Total resources expended</b>	<b>3,472</b>	<b>2,093</b>	<b>1,423</b>	<b>6,988</b>	<b>6,453</b>

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 an amount payable to the College Contribution Scheme of £13k (2010 - £13k).

The support costs are further analysed in note 6 below.

**6 SUPPORT COSTS**

	Generating Funds £'000	Teaching and Research £'000	2011 Total £'000	2010 Total £'000
Financial, human resources and domestic admin	161	344	505	486
IT	37	183	220	181
Depreciation	28	376	404	346
Loss/(profit) on fixed assets	-	-	-	-
Bank interest payable	-	30	30	2
Other finance charges	246	18	264	256
	<b>472</b>	<b>951</b>	<b>1,423</b>	<b>1,271</b>

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 their utilisation.

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

**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	136	99	235	208
Bursaries and hardship awards	203	1	204	209
Grants to other institutions	-	-	-	-
	<b>339</b>	<b>100</b>	<b>439</b>	<b>417</b>

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

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

**8 GOVERNANCE COSTS**

	2011	2010
	£'000	£'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	16	14
Auditor's remuneration - other services	5	2
Legal and other fees on constitutional matters	3	-
Other governance costs	-	-
	<u>24</u>	<u>16</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	2010
	£'000	£'000
The aggregate payroll costs for the year were as follows.		
Salaries and wages	3,232	2,994
Social security costs	209	207
Pension costs	443	422
Other benefits	75	63
	<u>3,959</u>	<u>3,686</u>

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

	2011	2010
	No.	No.
Tuition and research	17.6	17.0
College residential	50.3	50.9
Fundraising	4.4	3.8
Support	10.1	10.1
Total	<u>82.4</u>	<u>81.8</u>

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

	2011	2010
University Lecturers	19.1	19.3
CUF Lecturers	6.0	6.0
Other teaching and research	3.6	3.0
Other	6.0	6.0
Total	<u>34.7</u>	<u>34.3</u>

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.

There were no (2010- none) employees (excluding the College Trustees) during the year whose gross pay and benefits (excluding employer NI and pension contributions) were in excess of £60,000

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

**10 TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Leasehold land and buildings £'000</b>	<b>Freehold land and buildings £'000</b>	<b>Plant and Machinery £'000</b>	<b>Fixtures, Fittings and Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At start of year	-	18,778	-	368	19,146
Additions	-	5,548	-	794	6,342
Disposals	-	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>24,326</b>	<b>-</b>	<b>1,162</b>	<b>25,488</b>
<b>Depreciation</b>					
At start of year	-	4,081	-	350	4,431
Charge for the year	-	341	-	62	403
On disposals	-	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>4,422</b>	<b>-</b>	<b>412</b>	<b>4,834</b>
<b>Net book value</b>					
At end of year	-	19,904	-	750	20,654
At start of year	-	14,697	-	18	14,715
<b>College</b>					
<b>Cost</b>					
At start of year	-	18,809	-	368	19,177
Additions	-	5,601	-	806	6,407
Disposals	-	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>24,410</b>	<b>-</b>	<b>1,174</b>	<b>25,584</b>
<b>Depreciation</b>					
At start of year	-	4,081	-	350	4,431
Charge for the year	-	344	-	62	406
On disposals	-	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>4,425</b>	<b>-</b>	<b>412</b>	<b>4,837</b>
<b>Net book value</b>					
At end of year	-	19,985	-	762	20,747
At start of year	-	14,728	-	18	14,746

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.

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

**11 PROPERTY INVESTMENTS**

Group and College	Agricultural	Commercial	Other	2011	2010
	£'000	£'000	£'000	Total £'000	Total £'000
Valuation at start of year	-	2,229	-	2,229	2,954
Additions and improvements at cost	-	-	-	-	-
Disposal to College fixed assets	-	-	-	-	(725)
Disposals net proceeds	-	-	-	-	-
Revaluation gains/(losses) in the year	-	-	-	-	-
<b>Valuation at end of year</b>	<b>0</b>	<b>2,229</b>	<b>0</b>	<b>2,229</b>	<b>2,229</b>

The College does not consider there has been any material movement in the value, within the context of total value of the Endowment investments, of the property purchased in 2007 for £2.2m.

**12 SECURITIES AND OTHER INVESTMENTS**

	2011	2010
	£'000	£'000
<b>Group investments</b>		
Valuation at start of year	33,528	29,507
New money invested	-	1,053
Amounts withdrawn	-	-
Reinvested income	-	529
Investment management fees	-	-
(Decrease)/increase in value of investments	2,375	2,439
<b>Group investments at end of year</b>	<b>35,903</b>	<b>33,528</b>
Investment in subsidiaries	-	-
<b>College investments at end of year</b>	<b>35,903</b>	<b>33,528</b>

**Group investments comprise:**

	Held outside the UK £'000	Held in the UK £'000	2011 Total £'000	2010 Total £'000
Equity investments		568	568	319
Global multi-asset funds	740	32,188	32,928	30,925
Property funds			-	-
Fixed interest stocks			-	-
Alternative and other investments			-	114
Fixed term deposits and cash		2,407	2,407	2,170
<b>Total group investments</b>	<b>740</b>	<b>35,163</b>	<b>35,903</b>	<b>33,528</b>



**Pembroke 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 Pembroke College Conferences and Events, a company providing conference and other event services on the College premises, and 100% of the issued share capital in Pembroke 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.

	Pembroke College Enterprises Limited	Pembroke College Conferences and Events
	£'000	£'000
Turnover	5,775	267
Expenditure	(5,715)	(248)
Donation to College under gift aid	(60)	-
<b>Result for the year</b>	<b>(0)</b>	<b>19</b>
Total assets	755	267
Total liabilities	(751)	(248)
<b>Net funds at the end of year</b>	<b>4</b>	<b>19</b>

The results for Pembroke College Conferences and Events are from the commencement of trading , 10 June 2011, to 31 July 2011.

**14 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 at 3.5% of the average year-end values of the relevant investments in each of the last 3 years. The preserved (frozen) value of the invested endowment capital represents its open market value in 2002 together with all subsequent endowments valued at date of gift.

	Permanent Endowment £'000	Expendable Endowment £'000	Total £'000
<b>Investment total return</b>			
Income distributions	1,122	299	1,421
Capital gains/losses	1,875	500	2,375
Investment management costs	(194)	(52)	(246)
<b>Total return for the year</b>	<b>2,803</b>	<b>747</b>	<b>3,550</b>
Amount applied as income for spending	(1,216)		(1,216)
Net increase in Unapplied Total Return in the year	1,587		
Unapplied Total Return at start of year	7,374		
<b>Unapplied Total Return at end of year</b>	<b>8,961</b>		
<b>Preserved value of original permanent endowments</b>	<b>18,542</b>		

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

15 DEBTORS	2011	2010	2011	2010
	Group £'000	Group £'000	College £'000	College £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	42	352	42	352
Amounts owed by College members	67	80	67	80
Amounts owed by Group undertakings	-	-	281	55
Loans repayable within one year	8	-	8	-
Prepayments and accrued income	371	29	104	29
Gift aid receivable	314	275	314	275
Dividends receivable	478	449	478	449
Other Debtors	502	-	304	-
<b>Amounts falling due after more than one year:</b>				
Loans	316	371	316	371
	<b>2,098</b>	<b>1,556</b>	<b>1,914</b>	<b>1,611</b>
<b>16 CREDITORS: falling due within one year</b>				
	2011	2010	2011	2010
	Group £'000	Group £'000	College £'000	College £'000
Bank overdrafts	-	-	-	-
Unsecured loan	30	30	30	30
Bank loans	-	-	-	-
Obligations under finance leases	-	-	-	-
Trade creditors	154	289	154	193
Purchase of land	-	1,728	-	1,728
Amounts owed to College Members	-	-	-	-
Amounts owed to Group undertakings	-	-	-	-
Taxation and social security	81	14	91	93
College contribution	13	15	13	15
Accruals and deferred income	1,158	309	439	309
Other creditors	47	47	47	47
	<b>1,483</b>	<b>2,432</b>	<b>774</b>	<b>2,415</b>
<b>17 CREDITORS: falling due after more than one year</b>				
	2011	2010	2011	2010
	Group £'000	Group £'000	College £'000	College £'000
Bank loans	5,500	-	5,500	-
Unsecured loan	60	90	60	90
Obligations under finance leases	-	-	-	-
Other creditors	48	48	48	48
	<b>5,608</b>	<b>138</b>	<b>5,608</b>	<b>138</b>

A loan of £300,000 was received in 2005 from the College Contributions Committee, repayable over 10 years and bearing interest at one-third of the prevailing Bristol and West plc standard variable rate.

The College has borrowed £2,500,000 from Santander Corporate Banking (Abbey National Treasury Services plc) under the revolving credit facility. Interest is payable at a margin of 0.55% over the relevant agreed LIBOR for both the revolving credit and term loan.

On the 25 March 2011, the College borrowed £3,000,000 from Santander Corporate Banking (Abbey National Treasury Services plc) under the revolving credit facility. Interest is fixed for one year at 2%.

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**17 CREDITORS: falling due after more than one year (continued)**

The £20m revolving credit facility extends until 19 January 2014 when it must be converted to one or more long term loans repayable on a straight line amortisation based on a 33 year period, to be repaid in full by February 2042.

On 21 October 2010 the College entered into a forward fixed rate agreement with Abbey National Treasury Services plc for borrowing £12.8m at 4.65%, to commence 20 July 2012, with straight line amortisation (based on 33 years from 20 July 2012) and to expire on 19 July 2040.

**18 PROVISIONS FOR LIABILITIES AND CHARGES**

	2011 Group £'000	2010 Group £'000	2011 College £'000	2010 College £'000
At start of year	-	-	-	-
Charged in the Statement of Financial Activities	-	-	-	-
Settled in the year	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**19 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
<b>Endowment Funds - Permanent</b>						
General College Capital	6,342	413	(194)	(545)	467	6,483
Damon Wells Trust	2,015	74		(74)	148	2,163
Stanley Ho Trust	1,079	40		(40)	79	1,158
Tanaka Fund	946	96		(35)	69	1,076
TEPCo Trust	994	37		(37)	73	1,067
Lee Trust	944	35		(35)	69	1,013
Damon Wells Chaplaincy Trust	645	220		(24)	47	888
Shimizu Trust	727	27		(27)	53	780
Aisbett Fund	684	25		(25)	50	734
BTP Fund	644	24		(24)	47	691
Bandar Trust Fund	585	22		(22)	47	632
Saleh Trust Fund	583	21		(21)	43	626
Blackstone-Heuston Trust	520	20		(19)	38	559
Leung Trust	489	18		(18)	36	525
Burt 1923 Scholarship Fund	468	20		(17)	34	505
Rhodes Pelczynski Fund	469	18		(17)	34	504
Other funds < £500k relating to:		50				50
Access		7		(7)	11	214
Buildings	203	13		(11)	22	320
Bursaries	296	169		(109)	226	3,361
Fellowships	2,135	79		(46)	157	2,325
General purposes	152	6		(6)	11	163
Lecture	9	0		(0)	1	10
Library	299	11		(11)	22	321
Pensions	1,239	46		(41)	91	1,335
Scholarships, prizes & grants						
<b>Endowment Funds - Expendable</b>						
Expendable Capital Fund	6,808	299	(52)		500	7,555
<b>Total Endowment Funds</b>	<b>32,350</b>	<b>1,790</b>	<b>(246)</b>	<b>(1,211)</b>	<b>2,375</b>	<b>35,058</b>

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**19 FUNDS OF THE GROUP - MOVEMENTS (continued)**

<b>Restricted Funds</b>						
Kitchen Hall & New Quad	5,665	1,670		(3,597)		3,738
Other funds < £500k relating to:						
Buildings	79	133	(1)	29		240
Fellowships	497	13	(506)	433		437
Scholarships, prizes & grants	133	44	(80)	98		195
Other funds	55	24	(54)	110		135
<b>Total Restricted Funds</b>	<b>6,429</b>	<b>1,884</b>	<b>(641)</b>	<b>(2,927)</b>	<b>0</b>	<b>4,745</b>
<b>Unrestricted Funds</b>						
General	11,780	5,431	(6,101)			11,110
Transfer of donations re Kitchen Hall				3,597		3,597
Total return transfer				541		541
<b>Total general funds</b>	<b>11,780</b>	<b>5,431</b>	<b>(6,101)</b>	<b>4,138</b>	<b>0</b>	<b>15,248</b>
Designated	584					584
<b>Total Unrestricted Funds</b>	<b>12,364</b>	<b>5,431</b>	<b>(6,101)</b>	<b>4,138</b>	<b>0</b>	<b>15,832</b>
<b>Total Funds</b>	<b>51,143</b>	<b>9,105</b>	<b>(6,988)</b>	<b>0</b>	<b>2,375</b>	<b>55,635</b>

The transfer of funds comprise:

- The release of restricted funds following the completion of the refurbishment of the Kitchen and Hall (£3,597).
- The application of £1,216k of income from the unapplied total return.
- At the donors request, the application of income (£5k) from a restricted fund to a fund in permanent endowment.

**20 FUNDS OF THE COLLEGE - DETAILS**

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

**Endowment Funds - Permanent:**

General College Capital	General Permanent Endowment
Damon Wells Trust	Supports a Fellowship in History
Stanley Ho Trust	Supports a Fellowship in Chinese History
Tanaka Fund	Supports a Fellowship In Numerical Mathematics
TEPCo Trust	Supports a Fellowship in Japanese
Lee Trust	Supports a Fellowship in Engineering
Damon Wells Chaplaincy Trust	Supports the Chaplaincy
Shimizu Trust	Supports the teaching of science
Aisbett Fund	Supports a Fellowship in English Literature
BTP Fund	Supports a Fellowships in Chemistry
Bandar Trust Fund	Supports the maintenance of College buildings
Saleh Trust Fund	Supports a Fellowship in Arabic
Blackstone-Heuston Trust	Supports a Fellowship in Law
Leung Trust	Supports a Fellowship in Law
Burt 1923 Scholarship Fund	Supports hardship and general expenditure
Rhodes Pelczynski Fund	Supports a Fellowship in Politics

**Endowment Funds - Expendable:**

General College Capital	General Expendable Endowment
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**Restricted Funds:**

Kitchen Hall & New Quad	Funds for the refurbishment of the Kitchen and Hall and the building of the new quad
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**Pembroke College**  
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**20 FUNDS OF THE COLLEGE - DETAILS (continued)**

**Designated Funds**

Primarily funds designated for pensions and library

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

**21 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	16,915	3,739	-	20,654
Property investments	-	-	2,229	2,229
Securities and other investments	2,068	1,006	32,829	35,903
Net current assets & other long term creditors	2,409	-	-	2,409
Long term loan finance	(5,560)	-	-	(5,560)
	<u>15,832</u>	<u>4,745</u>	<u>35,058</u>	<u>55,635</u>

**22 TRUSTEES' REMUNERATION**

**Trustee 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 College has a Remuneration Committee which makes recommendations to Governing Body on pay and benefits which are outside of external scales. The composition of the Remuneration Committee is set out in pp 2-3 of the section, Governing Body, Officers and Advisers.

Trustees of the College fall into the following categories:

Professorial Fellow, Tutorial Fellow, College Officer, Fellow by Special Election and Advisory Fellow

Trustees (other than the Master, who lives in the Lodgings during term time and part of the vacation, Advisory Fellows and Professorial Fellows) are eligible for a housing allowance, which is disclosed within the salary figures below.

Some trustees receive additional allowances for additional work carried out as part time College Officers. These amounts are included within the remuneration figures below.

The total remuneration and taxable benefits as shown below is £1,108,703 (2009-10 £1,075,770). The total of pension contributions is £141,512 (2009-10 £134,434).

**Pembroke College**  
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**22 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 £
£1000-£1,999	1	1,424		
£2000-£2,999			1	2,530
£3000-£3,999	1	3,677		
£4000-£4,999	1	4,503		
£7000-£7,999			1	7,161
£8000-£8,999			1	8,775
£9000-£9,999	1	9,111		
£16000-£16,999			1	16,457
£17000-£17,999			6	107,105
£18000-£18,999	7	128,004		
£19000-£19,999	7	137,722	7	135,692
£20000-£20,999	4	82,723	3	61,312
£21000-£21,999			1	21,018
£22000-£22,999	1	22,041		
£24000-£24,999			1	24,472
£26000-£26,999			1	26,700
£38000-£38,999	1	38,499		
£41000-£41,999			1	41,800
£47000-£47,999	1	47,685	1	47,234
£48000-£48,999	1	48,628	3	145,667
£49000-£49,999	1	49,256	1	49,338
£50000-£50,999	1	50,455		
£51000-£51,999	1	51,344	1	51,239
£52000-£52,999	1	52,017		
£53000-£53,999	1	53,619		
£73000-£73,999			3	221,401
£74000-£74,999	2	148,628	1	74,633
£75000-£75,999	1	75,190		
£77000-£77,999	2	154,979	1	77,608
£90000-£90,999	1	90,710	1	90,062
		<u>1,250,215</u>		<u>1,210,204</u>

9 trustees, Professorial Fellows, Fellows by Special Election and Advisory Fellows, are not employees of the College and do not receive remuneration.

Those trustees who receive remuneration, together with other senior employees, are eligible for private health insurance paid for by the College as part of their of remuneration.

All trustees may eat at common table, as can all other employees who are entitled to meals while working.

**Trustee expenses**

No Fellow claimed any expenses for work as a trustee.

**Other transactions with trustees**

None.

## **23 PENSION SCHEMES**

The College participates in the Universities Superannuation Scheme ("the USS") and the University of Oxford Staff Pension Scheme ("the OSPS") on behalf its staff. 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, as required by 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 Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

In September 2005 the government introduced legislation that an employer may not withdraw from a multi-employer scheme without funding (to a specified level) its share of any pension liability in the scheme. The funding level specified is the amount required to buy-out the liabilities with an insurance company, and is commonly known as the 'buy-out debt' or 'section 75 debt'. The buy-out debt is a more onerous funding requirement than the scheme's own cautious assumptions and the sums involved can be very substantial.

The latest actuarial valuation of the USS was carried out at 31 March 2008 and published in February 2009. This valuation showed the scheme assets to represent 103% of the scheme liabilities at that date. Based on this valuation the actuary recommended an employer contribution rate of 16% with an employee contribution rate of 6.35%.

The full valuation is available on the USS website,

[http://www.uss.co.uk/Actuarial%20Valuation/actuarial\\_valuation\\_2008.pdf](http://www.uss.co.uk/Actuarial%20Valuation/actuarial_valuation_2008.pdf)

The next actuarial valuation of the USS is due to take place at 31 March 2011 and should be published early in 2012. In addition, a national review of the future of the USS is currently underway.

The latest actuarial valuation of the OSPS was carried out at 31 March 2010 and showed that this scheme had a deficit of approximately £82m together with a required long-term employer contribution rate of 18.2% of pensionable salaries. The University, on behalf of all employers participating in the scheme has agreed with the trustees of OSPS to address this deficit by continuing the employer contribution at the previously agreed rate of 21.5% of pensionable salary (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.

in light of the actuarial deficit, and in order to ensure that the scheme remains sustainable in the long term, the University is working with the participating Colleges and the scheme's trustees to identify what changes need to be made to OSPS.

The pension charge for the year includes contributions payable to the USS of £183k (2010 - £170k) and contributions payable to the OSPS of £254k (2010 - £231k). At 31 July 2011 £nil was accrued in respect of pension contributions (2010 - £nil).

## **24 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 companies because the directors of these companies 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.