

Lady Margaret Hall

Annual Report and Financial Statements

Year ended 31 July 2012

LADY MARGARET HALL
Annual Report and Financial Statements
Contents

	Page Number
Governing Body, Officers and Advisers	2-5
Report of the Governing Body	6-16
Auditor's Report	17-18
Statement of Accounting Policies	19-21
Consolidated Statement of Financial Activities	22
Consolidated and College Balance Sheets	23
Consolidated Cashflow Statement	24
Notes to the Financial Statements	25-40

LADY MARGARET HALL

Governing Body, Officers and Advisers

Year ended 31 July 2012

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, known as Fellows, who served in office as Trustees during the year, or subsequently, are detailed below.

During the year, the activities of the Governing Body were carried out through ten main committees. The membership of these committees for the academic year 1 October 2011 to 30 September 2012 is also shown below for each Fellow.

- (1) Finance Committee
- (2) Investment Committee
- (3) Academic Policy Committee
- (4) Development Committee
- (5) Remuneration Committee
- (6) Strategy Committee
- (7) Equality Committee
- (8) Garden Committee
- (9) Buildings Committee
- (10) Statutes Committee

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Dr Frances Lannon, Principal		•	•	•	•		•	•	•	•	•
Dr Robert Adlington											
Professor David Andrews	(retired 30 Sept 2012)			•							
Professor Nigel Arden											
Dr Helen Barr											
Dr Jo Begbie											
Dr Philip Biggin	(elected 1 Mar 2012)										
Dr Alexandra Braun											
Professor Michael Broers											
Dr Garry Brown		•									
Dr Ann Childs											
Professor John Day											
Dr Xon de Ros				•							
Rev'd Dr Allan Doig				•			•		•		
Professor Sionaidh Douglas-Scott				•							•

LADY MARGARET HALL

Governing Body, Officers and Advisers

Year ended 31 July 2012

Professor Antony Galione												
Dr Christine Gerrard									•	•		
Professor Vincent Gillespie										•		
Dr José Goicoechea		•										
Dr Christina Goldschmidt	(elected 1 Sept 2011)											
Dr Nicholas Hankins												
Professor Li He		•										
Dr Todd Huffman												
Dr Marie-Chantal Killeen												
Dr Jochen Koenigsmann				•								
Dr Christina Kuhn												
Professor David Macdonald												
Dr Mary MacRobert												
Dr Judith Mank	(resigned 2 Apr 2012)											
Dr Michael Monoyios			•									
Professor Anant Parekh												
Miss Gillian Peele					•							
Dr Penny Probert Smith		•		•	•		•	•		•	•	
Dr Natalie Quinn	(elected 1 Sept 2011)											
Professor Christopher Shields												
Mr Richard Sommers		•	•	•	•		•	•		•	•	
Dr Fiona Spensley		•		•			•	•				
Professor Guy Stroumsa												
Dr Grant Tapsell	(elected 1 Oct 2011)				•							
Professor Adrian Thomas		•							•			
Professor Alain Viala									•			
Mr Peter Watson		•			•							
Professor Susan Wollenberg												
Professor Christine Wong			•									
Dr Aziz Aboobaker	(elected 1 Oct 2012)											

LADY MARGARET HALL

Governing Body, Officers and Advisers

Year ended 31 July 2012

Dr Brian Bell	(elected 1 Oct 2012)										
Dr Amin Benaissa	(elected 1 Sept 2012)										
Dr Gianluca Gregori	(elected 1 Oct 2012)										
Dr Elizabeth Price	(elected 1 Oct 2012)										
Dr Sophie Ratcliffe	(elected 1 Oct 2012)										
Professor Robert Stevens	(elected 1 Aug 2012)										

Investment Committee, Development Committee, Strategy Committee, Buildings Committee and Garden Committee have appropriately qualified external members. The Remuneration Committee consists of three individuals, only one of whom can be a Fellow who does not receive pecuniary emolument from the College, and at least two external members who receive no remuneration of any kind from the College.

COLLEGE SENIOR STAFF

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

A Dr Frances Lannon	<i>Principal</i>
B Dr Penny Probert Smith	<i>Vice-Principal</i>
C Mr Richard Sommers	<i>Treasurer</i>
D Dr Fiona Spensley	<i>Senior Tutor</i>
E Rev'd Dr Allan Doig	<i>Tutor for Graduates</i>
F Mr Bartholomew Ashton	<i>Domestic Bursar</i>
G Mr Peter Watson	<i>Development Director</i>

COLLEGE ADVISERS

Auditor

Critchleys LLP
Greyfriars Court
Paradise Square
Oxford
OX1 1BE

Bankers

Barclays Bank plc
54 Cornmarket Street
Oxford
OX1 3HB

LADY MARGARET HALL

Governing Body, Officers and Advisers

Year ended 31 July 2012

Solicitors

Mills & Reeve LLP

Francis House

112 Hills Road

Cambridge

CB2 1PH

Surveyors

Carter Jonas

Anchor House

269 Banbury Road

Summertown

Oxford

OX2 7LL

College address

Norham Gardens

Oxford

OX2 6QA

Website

www.lmh.ox.ac.uk

LADY MARGARET HALL
Report of the Governing Body
Year ended 31 July 2012

The Members of the Governing Body present their Annual Report for the year ended 31 July 2012 under the Charities Act 2011 together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Principal and Fellows of the College of the Lady Margaret in the University of Oxford, which is known as Lady Margaret Hall, ("the College") is an eleemosynary chartered charitable corporation aggregate. It was founded as Lady Margaret Hall Oxford in 1878 by a group led by the Reverend Edward Talbot. It was incorporated in 1913 under the Companies Acts and later, in response to a petition dated 17 March 1926 from Cyril Bailey and Lynda Grier, under a Royal Charter of His Majesty King George V.

The College registered with the Charities Commission on 6 July 2011 (registered number 1142759).

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 2-5.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The College is governed by its Charter of 17 March 1926 and Supplemental Charters of 31 December 1953, 23 December 1960, 1 June 1978 and 7 June 2012 and Statutes last amended 15 February 2012.

Governing Body

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, who is the Chancellor of The University of Oxford. The Governing Body is self-appointing.

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 Principal and is advised by ten main committees.

Recruitment and training of Members of the Governing Body

New Members of the Governing Body, apart from the Principal, Treasurer, Development Director, Senior Tutor and Tutor for Graduates, are elected on the basis of the association of a College Fellowship with a post in the Collegiate University. They are inducted into the workings of the College, including Governing Body policy and procedures, by the Principal, Senior Tutor and Treasurer.

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 and up to 9 times a year. The work of developing their policies and monitoring the implementation of these is carried out by ten main Committees:

Finance Committee - is responsible for the financial administration of the College.

Investment Committee - considers all business relating to the College's endowment and investments (including those of trust funds).

Academic Policy Committee – advises on:

- a) academic policy, general teaching needs, admissions policy, and elections to professorial and supernumerary fellowships;
- b) the filling of tutorial and research fellowships.

Development Committee - is responsible for implementing, monitoring, and reviewing the College's fund-raising objectives and alumni relations objectives. It provides guidance to the Development Office on priorities in achieving these objectives, and keeps under review the resources necessary, including staff and finances, to achieve them.

Remuneration Committee - acts as an independent body to review and make recommendations to Governing Body on proposed changes to the level of remuneration and direct and indirect benefits for the Principal and Fellows of the College.

LADY MARGARET HALL
Report of the Governing Body
Year ended 31 July 2012

Strategy Committee – advises on major strategic issues, especially those which do not fall within the remit of any one other main committee.

Equality Committee - is responsible for the development, implementation, monitoring, prioritisation and review of policies, procedures and practice to support the College's Equality Policy in relation to staff, students, visitors, and others closely associated with the College.

Garden Committee - advises on all matters concerning the College gardens.

Buildings Committee - advises on all matters concerning new buildings.

Statutes Committee - advises on all matters concerning the College Charter and Statutes.

The day-to-day running of the College is delegated to the Principal, supported by College senior staff. The Principal attends all meetings of the Governing Body's main committees, apart from Remuneration Committee.

Group structure and relationships

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

The College also has three wholly owned non-charitable subsidiaries: LMH Hospitality Services Limited, Lady Margaret Hall Properties Limited and Lady Margaret Hall Trading Limited. LMH Hospitality Services Limited is the vehicle for trading activities of the College, Lady Margaret Hall Trading Limited is the vehicle for managing new capital building projects, and Lady Margaret Hall Properties Limited was the vehicle for managing the letting of rooms in the College's properties but has been dormant since 1 August 2010. 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 major risks to which the College is exposed, as identified by the Governing Body, have been reviewed and systems have been established to mitigate these risks.

Various committees of Governing Body are specifically charged with monitoring policy developments in respect of teaching provision, academic standards, facilities and provisions, access, financial projections, the development programme, uses of the site, human resources, equality issues, health and safety and security. The extent of insurance cover was reviewed during the year with the assistance of the College's broker and appropriate levels of cover continue to be in place.

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 Object is: "To advance education and research, in particular by providing for members of the University of Oxford a college conducted according to the principles of the Church of England, but with full provision for the liberty of those who are not members of that Church."

The Governing Body is mindful of the long-standing requirement to provide public benefit and of the disclosure requirements of the Charities Act 2011. 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 aims set for the College's subsidiaries are to help finance the achievement of the College's aims as above.

The College's future plans as agreed by the Governing Body are set out in the LMH 2010-2015 Vision and Strategy document. This sets out key goals for the 5 year period. The College's overarching aim is to provide a collegiate educational experience that is the best of its kind in the world.

LADY MARGARET HALL
Report of the Governing Body
Year ended 31 July 2012

Activities of the College

The College's principal activity is the advancement of education and research.

The College provides, in conjunction with the University of Oxford, an education for some 400 undergraduate and 180 graduate students which is recognised internationally as being of the highest standard. This education develops students academically and advances their communication and interpersonal skills, and so prepares them to play full and effective roles in society. In particular, the College provides:

- teaching facilities, individual or small-group tuition, as well as academic support through its tutorial and graduate advisory systems;
- IT and other administrative support and welfare services, including the availability of the Chaplain to assist every member of the College of every religious belief and none; and
- social, cultural, musical, recreational and sporting facilities to enable each of its students to realise as much as possible of their academic and personal potential whilst studying at the College.

The College advances research through:

- providing Research Fellowships to outstanding academics predominantly at the early stages of their careers, which enables them to develop and focus on their research in this formative period before they undertake the full teaching and administrative duties of an academic post;
- supporting research work pursued by its Fellows, lecturers and students through promoting interaction within and across disciplines, by such means as providing seminar rooms and common rooms in which researchers can exchange ideas; allowing paid sabbatical leave for its tutors; and providing facilities and grants for national and international conferences, research trips and research materials;
- encouraging visits from outstanding academics from abroad; and
- encouraging the dissemination of research undertaken by members of the College to other academics and the general public through the publication of papers in academic journals and books, through presentation at conferences, through media appearances and press articles and other suitable means.

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

Public benefit

The College remains committed to providing public benefit with the members of the College, both students and academic staff, who are directly engaged in education and/or research, being the primary beneficiaries.

Beneficiaries also include: students and academic staff from other Colleges in Oxford and the University of Oxford more widely, visiting academics from other higher education institutions and visiting schoolchildren and alumni of the College who have an opportunity to attend educational events at the College and use its facilities. The general public are also able to attend various educational activities in the College such as exhibitions in the library, and benefit from the general research output from members of College eg in Medicine, Science, Public Policy, Arts and Culture.

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

LADY MARGARET HALL
Report of the Governing Body
Year ended 31 July 2012

- there are no geographical restrictions in the College's objects and students and academic staff of the College are drawn from across the UK and internationally;
- there are no age restrictions in the College's objects but students of the College are predominantly between 18 and 27 years old;
- to raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying to the college, the College operates an extensive outreach programme as part of University-wide initiatives to widen access;
- there are no religious restrictions in the College's objects and members of the College have a wide variety of faith traditions or none.

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

Students fees, grants and outreach

The College charges the following fees:

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

In order to assist undergraduates entitled to student support, the College provides, through a scheme operated in common with the University and other Colleges, bursary support for those of limited financial means. For the academic year 2011-12, the number of awards made was 96, out of a Home/EU undergraduate population of 367, with a total value of £243,000, of which half was provided by the College. The scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement.

The College also has various scholarships available to reward undergraduate academic excellence and provided £22,000 for this purpose in 2011-12, as well as £6,000 in the form of prizes for undergraduates.

To support the costs of graduate students, the College provides substantial financial assistance. This includes scholarships of £68,000 in the academic year 2011-12.

The College also makes awards for academic development and provided £9,000 in academic development grants, covering both graduates and undergraduates, in 2011-12.

In addition to its other programmes, the College operates a hardship scheme for all students in financial hardship and provided £14,000 under this heading in 2011-12. The College also provides access to hardship schemes operated by the University.

The College's outreach programme includes an extensive programme of visits by schools to the College, open days and summer schools, admissions symposia for teachers, as well as visits to schools and guidance and information on the College website for prospective applicants. In agreement with the other Oxford colleges as an outreach initiative, the College has particular links with prospective applicants from the London Borough of Haringey and Gloucestershire, Herefordshire, Ceredigion, Monmouthshire and Powys.

ACHIEVEMENTS AND PERFORMANCE

The College's achievements in 2011-12 towards its key goals were:

Key Goals 2010-2015	Achievements 2011-2012
Excellence in undergraduate and postgraduate education	<ul style="list-style-type: none"> • 20 doctorates completed, and 24 (1 in 3) Distinctions awarded to taught graduates. • Finals results 2012: 25 Firsts, 84 x 2.1, 12 x 2.2, 1 x 3. 89.3% achieved a 2.1 or better. • Recruited 119 undergraduates, and 109 graduates across all subjects. • Recruited excellent academics to Classics, English, Economics, Biological Sciences, and Fine Art Fellowships. • Prepared subject review of undergraduate recruitment and performance. • Maintained a high quality visiting students programme of 25 full-time equivalents. • Increased the number of postgraduate scholarships; now include Santander and Buckee scholars.
Supporting innovative research throughout the LMH academic community	<ul style="list-style-type: none"> • Appointment to Herbert Smith Professorship of English Law, and the joint posts above. • Recruited a new Joyce Pearce Junior Research Fellow in Development Studies (Refugees and Forced Migration). • Recruited a new Rose Junior Research Fellow in International Relations. • Established the Alcalá-Santander and Beaufort Visiting Fellowships. • Continued to support 9 Tutors on research leave. • Seminar series on Conservatism, and several guest lectures. • International Gender Studies (IGS) at LMH inaugurated. • Held an LMH Research Fair, with contributions from the SCR, MCR, and IGS. • Queen's Anniversary Prize for Higher Education 2011 awarded to Professor David Macdonald CBE. • Professor Anant Parekh elected as a Fellow of the Academy of Medical Sciences.
Completing the LMH site masterplan	<ul style="list-style-type: none"> • Progressed the design of Phase II building work. • Surpassed target of £750k in new gifts and pledges to enable LMH to reach the next milestone (Tender Stage) of Phase II. • Launched fundraising campaign for Phase II with excellent event at The Queen's Gallery, Buckingham Palace, on 7 June. • Tendered and appointed contractor for pre-construction stage.

LADY MARGARET HALL
Report of the Governing Body
Year ended 31 July 2012

Developing all human resources, facilities and services	<ul style="list-style-type: none"> • Installed new audio-visual equipment in teaching rooms. • Improved gym facilities and their use in consultation with all users. • Introduced social networking and promotional events to continue growth in Hospitality Services for 2012 and 2013. • Redecorated Old Old Hall, Eleanor Lodge ground floor, and 5 Fyfield Road. • Updated and agreed five-year maintenance plan. • Installed photo-voltaic cells; qualified for Feed-in-Tariffs. • Established 'Green Week', raising awareness across all members of College community. • Continuing work towards higher level certification as an Investors in People employer.
Developing all financial resources	<ul style="list-style-type: none"> • Achieved and surpassed 2011/12 budget. • £1,165,000 conference and events income received. • Raised £2.377m in philanthropic gifts. • Raised £1.2m in gifts and pledges for the University Teaching Fund initiative for the joint appointment in French. • Surpassed target of £280k in unrestricted income under the Annual Fund.
Supporting equality, diversity and fairness	<ul style="list-style-type: none"> • Agreed new strategy for undergraduate Access and Recruitment. • Recruited temporary Outreach Officer; then established a permanent post. • Established outreach working group. • Achieved and surpassed target of £100k for student support under the Annual Fund. • Promoted financial support for students • Developed Wellness weeks and established year-round guidance. • Published specific equality duties and equality objective under the Equality Act 2010 on internet.
Inspiring the LMH community worldwide	<ul style="list-style-type: none"> • Developed a new alumni relations strategy, highlighting anniversary opportunities, year group activities, and subject-based reunions. • Alumni reunions in Boston, New York, San Francisco, Sheffield, London and Oxford. • Steady growth on Facebook and LinkedIn. • Launched new range of merchandise available online via Oxford Limited website. • LMHA Committee strengthened with new members headed by a new President.
Careful and responsive governance	<ul style="list-style-type: none"> • Changes to LMH Charter and Statutes approved by the Privy Council, now available on website.

LADY MARGARET HALL
Report of the Governing Body
Year ended 31 July 2012

Providing a collegiate educational experience that is the best of its kind in the world (Everything above contributes to this.)	<ul style="list-style-type: none"> • All of our achievements were made with a budget of £7.8m. • Developed and promoted the core LMH values throughout the College.
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FINANCIAL REVIEW

The financial results for 2011-2012 show a net movement in funds of £1.328m increasing the Funds of the College to £41.115m.

Total Incoming Resources were £9.26m including donations of £2.376m and investment income of £0.517m. Incoming resources excluding these two items came to £6.367m, up 2.2% on the previous year, with academic income, residential income from members and conference income from non-members all experiencing below inflation increases.

The resources expended in achieving this income of £6.367m were £7.637m, being Total Resources Expended of £7.71m less investment management expenses of £0.073m. These resources expended were 6.6% higher than the previous year's equivalent figure. Staff costs rose 3.5% mainly because support staff received a cost-of-living award of 3.5% reflecting local pay awards and in recognition for efforts in increasing conference business by 30% in the previous year. Expenditure on maintaining the College's buildings was increased significantly as part of a planned programme of works although the College was also affected by a series of unexpected expenditures on repairs to boilers and on fixing water leaks. Utilities costs increased by 15% driven by price increases and the carbon reduction "tax". Bank interest payable also increased from £0.066m to £0.120m after fixing the rate on part of the loan used to construct the Pipe Partridge building; although the fixed rate was set at a historically low level, for the long-term benefit of the College, the fixed rate is higher than the floating rate it replaced.

The incoming resources of £6.367m less the resources expended of £7.637m gives an "operating deficit" of £1.27m. The College covers this deficit in three ways: (1) using donations to Unrestricted Funds of £0.333m; (2) drawing on Endowment Funds and designated capital funds within Unrestricted Funds under a sustainable spending rule for £0.925m; and (3) drawing on Restricted Funds, where both income and capital are available for spending for £0.206m.

After these draw downs, the deficit is converted to a surplus of £0.194m, which represents 3% of the incoming resources of £6.367m. The College considers that this level of surplus each year provides adequate funds to cover its plans for capital expenditure on maintaining the College's buildings and ICT infrastructure over the medium term.

This surplus is struck after a depreciation charge of £0.66m. Adding back this non-cash item gives an "operating cash flow" of £0.854m, which was more than adequate to cover loan repayments of £0.33m and capital expenditure on existing buildings of £0.236m during the year. Capital expenditure of £0.502m on the final phase of the master plan, which will see the construction of the Clore Graduate Centre and the Donald Fothergill building as well as a new front entrance and front quad, was funded separately from donations received for that purpose.

Note 11 describes the movements on investments. In 2011-2012 the "total return" achieved was £0.222m, net of investment expenses of £0.073m, which was insufficient to cover the amounts withdrawn of £0.939m. By contrast, in 2010-2011, the "total return" of £2.07m was more than enough to cover amounts withdrawn of £0.896m.

LADY MARGARET HALL
Report of the Governing Body
Year ended 31 July 2012

The net movement in funds of £1.328m comprises the surplus of £0.194m, the "total return" on investments of £0.222m, new donations received for Endowment Funds of £1.348m and for Restricted Funds of £0.695m, less amounts withdrawn from Endowments of £0.925m and from Restricted funds of £0.206m.

Reserves policy

The College's reserves policy is to maintain sufficient general Unrestricted Funds 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.

At the year end general Unrestricted Funds stood at £1.155m, which represents around two months of expenditure. The College considers this an acceptable position, both because its revenue streams are highly unlikely to experience a sudden shortfall, and also because the College would be able to remove the "capital funds" designation from part of its Unrestricted Funds, thereby freeing such funds to cover any shortfall.

Investment policy, objectives and performance

The College's investments as a whole are held to generate income and capital gains to support expenditure for specific and general purposes.

Investments 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 endowment funds, restricted funds, and designated capital funds within unrestricted funds, to maximise the related total return and to make available for expenditure each year an appropriate proportion of the total return.

The investment strategy, policy and performance is monitored by the Investment Committee. At the year end, the College's long term investments totalled £25.403m. The total investment return was 0.2% in the year to 30 June 2012; better than the relevant benchmark return of -1.8% but less than the target total return of 7.5%.

Under the total return accounting basis, it is the Governing Body's policy to extract as income up to 4% of the value of the relevant investments. However a formula is applied to smooth and moderate the amounts withdrawn.

The equivalent of 3.4% of the opening value of the investments was extracted 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 needs and interests of current and future beneficiaries of the College's activities.

FUTURE PLANS

Specific objectives have been agreed for the academic year 2012-2013 across the College in order to move towards achievement of the key goals for 2010-2015:

Key Goals 2010-2015	Objectives 2012-2013
Excellence in undergraduate and postgraduate education	<ul style="list-style-type: none">• Agree and begin to implement a subject size, shape, and development strategy.• Establish the new permanent Outreach Officer, and initiate Outreach Strategy.• Continue to strengthen the recruitment and achievement of graduate students.• Continue to maintain a high quality visiting student programme through provision of better information, and increased contact with colleges and universities in the US.• Hold a session on sharing good teaching practice with Tutors and Lecturers in Hilary term 2013.

LADY MARGARET HALL
Report of the Governing Body
Year ended 31 July 2012

Supporting innovative research throughout the LMH academic community	<ul style="list-style-type: none"> • Embed the non-stipendiary Junior Research Fellowship programme. • Hold a second LMH Research Fair. • Maintain research support for Tutors through research allowances and sabbatical leave.
Completing the LMH site masterplan	<ul style="list-style-type: none"> • Complete design and other preparation work for Phase II of the building work, enabling construction to commence in Spring 2013. • Devise and implement a Communications Strategy for the new building works. • Raise c.£1m for new buildings, focussing on room naming opportunities.
Developing all human resources, facilities and services	<ul style="list-style-type: none"> • Minimise disruption to the working and living environment during building works. • Complete refurbishment work on areas not updated in the last 10 years, and other high use areas. • Establish a group, including JCR and MCR members, to allocate funding for sports. • Establish ways of measuring provision of our services and what we are providing. • Identify new types of events and income streams to continue growth in Hospitality Services. • Work with all waste producers to understand and reduce waste streams. • Achieve Investors in People re-accreditation in 2013. • Adopt pay policy. • Adopt new staff handbook.
Developing all financial resources	<ul style="list-style-type: none"> • Achieve 2012-13 Budget or better. • Achieve target of £1.35m for conference and events business. • Raise £2.5m in new gifts and pledges for all projects. • Embed better management of student support expenditure and associated fund-raising.
Supporting equality, diversity and fairness	<ul style="list-style-type: none"> • As part of the Annual Fund programme, emphasise importance of student support in the light of the £9k fee introduction, the Oxford Bursary scheme, and University initiatives. • Promote financial support for students to students. • Establish Student Welfare Advisors. • Build up provision of graduate scholarships.

LADY MARGARET HALL
Report of the Governing Body
Year ended 31 July 2012

Inspiring the LMH community worldwide	<ul style="list-style-type: none">• Hold alumni reunions in Madrid, Brussels, Hong Kong and Singapore, Washington, New York, London and Oxford.• Embed alumni relations strategy through promotion of anniversary opportunities, year group activities and subject-based reunions.• Increase alumni donor participation rate to achieve 200 extra donors in 2013.
Careful and responsive governance	
Providing a collegiate educational experience that is the best of its kind in the world	

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Governing Body is responsible for preparing the Report of the Governing Body and the financial statements in accordance with applicable law and regulations.

Charity law requires the Governing Body to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the Governing Body must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College and of its net incoming or outgoing resources for that period. In preparing these financial statements, the Governing Body is required to:

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

The Governing Body is responsible for keeping proper accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Charities Act 2011. 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 28 November 2012 and signed on its behalf by:

Dr Frances Lannon
Principal

LADY MARGARET HALL

Report of the Auditor to the Members of the Governing Body of Lady Margaret Hall

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GOVERNING BODY OF LADY MARGARET HALL

We have audited the financial statements of Lady Margaret Hall for the year ended 31 July 2012 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 154 of the Charities Act 2011. 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 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 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. 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 2012 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 2011.

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 2011 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

LADY MARGARET HALL**Report of the Auditor to the Members of the Governing Body of Lady Margaret Hall**

- we have not received all the information and explanations we require for our audit.

Critchleys LLP
Statutory Auditor
Oxford

30 November 2012

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

LADY MARGARET HALL
Statement of Accounting Policies
Year ended 31 July 2012

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 with its wholly owned subsidiaries LMH Hospitality Services Limited, Lady Margaret Hall Trading Limited and Lady Margaret Hall Properties Limited. No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the subsidiaries as included in the consolidated income, expenditure and results of the College are disclosed in note 12.

2. Basis of accounting

The financial statements have been prepared under the Charities Act 2011 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.

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, and on equipment, costing more than £5,000, is capitalised and carried in the balance sheet at historical cost.

Other expenditure on equipment incurred in the normal day-to-day running of the College and its subsidiaries is charged to the Statement of Financial Activities as incurred.

8. Depreciation

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

LADY MARGARET HALL
Statement of Accounting Policies
Year ended 31 July 2012

Freehold properties, including major extensions	40 years
Building improvements	10 - 40 years
Equipment	3 - 10 years

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

9. Investments

Listed investments are valued at their mid-market values as at the balance sheet date. Investments such as private equity funds which have no readily identifiable market value are included at the most recent valuations from their respective managers reduced by any fall in a comparable quoted equity market index between the date of that most recent valuation and the balance sheet date.

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 Governors have taken its open market value as at 31 July 2003, 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 restricted the use of that income, in which case it will be accounted for as a restricted fund.

LADY MARGARET HALL
Statement of Accounting Policies
Year ended 31 July 2012

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.

Lady Margaret Hall
Consolidated Statement of Financial Activities
For the year ended 31 July 2012

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
INCOMING RESOURCES						
Resources from charitable activities	1					
Teaching, research and residential		5,604	0	0	5,604	5,379
Resources from generated funds						
Legacies and donations		333	695	1,348	2,376	2,054
Trading income	2	699	0	0	699	760
Investment income	3	96	0	421	517	250
Bank and other interest	4	33	0	0	33	11
		<u>1,161</u>	<u>695</u>	<u>1,769</u>	<u>3,625</u>	<u>3,075</u>
Other incoming resources		31	0	0	31	77
Total Incoming Resources		<u>6,796</u>	<u>695</u>	<u>1,769</u>	<u>9,260</u>	<u>8,531</u>
RESOURCES EXPENDED						
Cost of generating funds	5					
Fundraising		355	0	0	355	307
Trading expenditure		469	0	0	469	589
Investment management costs		14	0	59	73	76
		<u>838</u>	<u>0</u>	<u>59</u>	<u>897</u>	<u>972</u>
Charitable activities	5					
Teaching, research and residential		6,101	673	0	6,774	6,230
Governance costs	8	39	0	0	39	38
Total Resources Expended		<u>6,978</u>	<u>673</u>	<u>59</u>	<u>7,710</u>	<u>7,240</u>
Net incoming/(outgoing) resources before transfers		(182)	22	1,710	1,550	1,291
Transfers between funds						
Total return transfer	17	303	421	(724)	0	0
Other transfers	17	593	(503)	(90)	0	0
Net incoming/(outgoing) resources before other gains and losses		<u>714</u>	<u>(60)</u>	<u>896</u>	<u>1,550</u>	<u>1,291</u>
Investment gains/(losses)		(41)	0	(181)	(222)	1,896
Net movement in funds for the year		<u>673</u>	<u>(60)</u>	<u>715</u>	<u>1,328</u>	<u>3,187</u>
Fund balances brought forward	17	16,991	1,777	21,019	39,787	36,600
Funds carried forward at 31 July	17	<u>17,664</u>	<u>1,717</u>	<u>21,734</u>	<u>41,115</u>	<u>39,787</u>

Lady Margaret Hall
Consolidated and College Balance Sheets
As at 31 July 2012

	Notes	2012 Group £'000	2011 Group £'000	2012 College £'000	2011 College £'000
FIXED ASSETS					
Tangible assets	10	17,869	17,791	17,869	17,791
Securities and other investments	11	25,403	25,790	25,407	25,794
		<u>43,272</u>	<u>43,581</u>	<u>43,276</u>	<u>43,585</u>
CURRENT ASSETS					
Stocks		160	124	160	124
Debtors	14	1,698	737	1,643	668
Deposits and other short term investments		1,027	249	1,027	249
Cash at bank and in hand		2,622	2,808	2,594	2,805
		<u>5,507</u>	<u>3,918</u>	<u>5,424</u>	<u>3,846</u>
CREDITORS: falling due within one year	15	1,609	1,327	1,530	1,259
		<u>3,898</u>	<u>2,591</u>	<u>3,894</u>	<u>2,587</u>
NET CURRENT ASSETS/(LIABILITIES)		3,898	2,591	3,894	2,587
TOTAL ASSETS LESS CURRENT LIABILITIES		47,170	46,172	47,170	46,172
CREDITORS: falling due after more than one year	16	6,055	6,385	6,055	6,385
Provisions for liabilities and charges		0	0	0	0
		<u>41,115</u>	<u>39,787</u>	<u>41,115</u>	<u>39,787</u>
NET ASSETS		41,115	39,787	41,115	39,787
FUNDS OF THE COLLEGE					
17					
Endowment funds		21,734	21,019	21,734	21,019
Restricted funds		1,717	1,777	1,717	1,777
Unrestricted funds					
Designated funds		16,509	15,574	16,509	15,574
General funds		1,155	1,417	1,155	1,417
		<u>41,115</u>	<u>39,787</u>	<u>41,115</u>	<u>39,787</u>

The financial statements were approved and authorised for issue by the Governing Body of Lady Margaret Hall on 28 November 2012

Principal

Treasurer

Lady Margaret Hall
Consolidated Cash Flow Statement
For the year ended 31 July 2012

		2012 Group £'000	2011 Group £'000
	Notes		
Net cash inflow/(outflow) from operations	23	705	541
Returns on investments and servicing of finance			
Income from investments		550	261
Finance costs paid		(120)	(67)
		430	194
Capital expenditure and financial investment			
New endowment capital received		330	210
Payments for tangible fixed assets		(738)	(496)
Proceeds from sales of tangible fixed assets		0	174
Payments for investments		(3,966)	(621)
Proceeds from sales of investments		4,131	1,066
		(243)	333
Management of liquid resources			
Net (additions to) / withdrawals from term deposits		(778)	564
Net (purchase) / sale of current asset investments		0	0
		(778)	564
Financing			
New bank loans		(300)	1,000
Bank loans repaid		0	(359)
		(300)	641
Increase/(decrease) in cash in the year		(186)	2,273
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		(186)	2,273
Transfers to/(from) term deposits and current investments		778	(564)
(Increase)/decrease in loan and lease finance		300	(641)
Change in net funds		892	1,068
Net funds at 1 August		(3,568)	(4,636)
Net funds at 31 July	24	(2,676)	(3,568)

Lady Margaret Hall

Notes to the financial statements

For the year ended 31 July 2012

1 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
Teaching, research and residential					
Tuition fees - UK and EU students	1,298	0	0	1,298	1,314
Tuition fees - Overseas students	591	0	0	591	515
Other fees	266	0	0	266	285
Other HEFCE support	302	0	0	302	332
Other academic income	509	0	0	509	455
College residential income	2,638	0	0	2,638	2,478
	<u>5,604</u>	<u>0</u>	<u>0</u>	<u>5,604</u>	<u>5,379</u>

The above analysis includes £1,610k received from the University of Oxford under the College Funding Formula, net of College fees received directly (2011: £1,640k).

2 TRADING INCOME

	2012 £'000	2011 £'000
Subsidiary company trading income	699	760
Other trading income	0	0
	<u>699</u>	<u>760</u>

3 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
Equity dividends	0	0	189	189	53
Income from fixed interest stocks	0	0	0	0	48
Interest on fixed term deposits and cash	0	0	6	6	10
Other investment income	96	0	226	322	139
	<u>96</u>	<u>0</u>	<u>421</u>	<u>517</u>	<u>250</u>

4 BANK AND OTHER INTEREST INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
Bank interest	28	0	0	28	9
Other interest	5	0	0	5	2
	<u>33</u>	<u>0</u>	<u>0</u>	<u>33</u>	<u>11</u>

5 ANALYSIS OF RESOURCES EXPENDED

	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	2012 Total £'000	2011 Total £'000
Costs of generating funds					
Fundraising	193	153	9	355	307
Trading expenditure	0	280	189	469	589
Investment management costs	0	73	0	73	76
Total costs of generating funds	193	506	198	897	972
Charitable expenditure					
Teaching, research and residential	3,502	2,015	1,257	6,774	6,230
Total charitable expenditure	3,502	2,015	1,257	6,774	6,230
Governance costs	0	39	0	39	38
Total resources expended	3,695	2,560	1,455	7,710	7,240

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, research and residential costs include College Contribution payable of £0k (2011: £0k).

6 SUPPORT COSTS

	Generating Funds £'000	Teaching Research & Residential £'000	2012 Total £'000	2011 Total £'000
Financial and domestic admin	107	335	442	468
Human resources	0	45	45	30
IT	5	183	188	175
Depreciation	83	577	660	648
Bank interest payable	3	117	120	66
Other finance charges	0	0	0	1
	198	1,257	1,455	1,388

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 estimated use made of the underlying assets. IT costs are attributed according to estimated usage of the IT resource. 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	2012 Total £'000	2011 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	0	96	96	74
Bursaries and hardship awards	126	145	271	294
	<u>126</u>	<u>241</u>	<u>367</u>	<u>368</u>

The above costs are included within the charitable expenditure on Teaching, research and residential.

8 GOVERNANCE COSTS

	2012 £'000	2011 £'000
Governance costs comprise:		
Auditor's remuneration - audit services	18	18
Auditor's remuneration - other services	20	14
Legal and other fees on constitutional matters	1	6
	<u>39</u>	<u>38</u>

Charitable expenditure includes non-governance auditors' remuneration for other services amounting to £13k (2010: £9k).

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

	2012 £'000	2011 £'000
The aggregate payroll costs for the year were as follows.		
Salaries and wages	3,501	3,352
Social security costs	242	243
Pension costs	430	435
	<u>4,173</u>	<u>4,030</u>

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

	2012	2011
Tuition and research	17	16
College residential	48	51
Fundraising	3	3
Support	10	9
Total	<u>78</u>	<u>79</u>

9 STAFF COSTS (continued)

The average number of employed College Trustees during the year was as follows.	2012	2011
University Lecturers	17	17
CUF Lecturers	11	11
Other teaching and research	2	2
Other	5	5
Total	<u>35</u>	<u>35</u>

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:

£60,001-£70,000	<u>1</u>	<u>0</u>
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The number of employees whose gross pay and benefits exceed £60,000 that also have retirement benefits accruing was as follows:

In defined benefits schemes	<u>1</u>	<u>0</u>
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10 TANGIBLE FIXED ASSETS

Group and College	Freehold land and buildings £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost				
At start of year	20,403	298	711	21,412
Additions	510	181	47	738
At end of year	<u>20,913</u>	<u>479</u>	<u>758</u>	<u>22,150</u>
Depreciation				
At start of year	3,012	197	412	3,621
Charge for the year	508	34	118	660
At end of year	<u>3,520</u>	<u>231</u>	<u>530</u>	<u>4,281</u>
Net book value				
At end of year	<u>17,393</u>	<u>248</u>	<u>228</u>	<u>17,869</u>
At start of year	<u>17,391</u>	<u>101</u>	<u>299</u>	<u>17,791</u>

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

11 SECURITIES AND OTHER INVESTMENTS

	2012 £'000	2011 £'000
Group investments		
Valuation at start of year	25,790	24,337
New money invested	330	279
Amounts withdrawn	(939)	(896)
Reinvested income	517	250
Investment management fees	(73)	(76)
(Decrease)/increase in value of investments	(222)	1,896
Group investments at end of year	25,403	25,790
Investment in subsidiaries	4	4
College investments at end of year	25,407	25,794

Group investments comprise:	Held outside the UK £'000	Held in the UK £'000	2012 Total £'000	2011 Total £'000
Equity investments	0	14,117	14,117	14,598
Global multi-asset funds	1,016	0	1,016	1,032
Property funds	0	2,408	2,408	1,496
Fixed interest stocks	0	0	0	1,332
Alternative and other investments	2,864	2,832	5,696	5,143
Fixed term deposits and cash	0	2,166	2,166	2,189
Total group investments	3,880	21,523	25,403	25,790

12 SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in LMH Hospitality Services Limited, a company providing conference and accommodation services and 100% of the issued share capital in Lady Margaret Hall Trading Limited, a company providing design and build construction services to the College. It also holds 100% of the issued share capital of Lady Margaret Hall Properties Limited, a company which is now dormant.

	LMH Hospitality Services £'000	LMH Trading £'000
Turnover	2,502	511
Expenditure	(2,255)	(489)
Donation to College under gift aid	(247)	(22)
Result for the year	0	0
Total assets	209	125
Total liabilities	(205)	(125)
Net funds at the end of year	4	0

13 STATEMENT OF INVESTMENT TOTAL RETURN

The Trustees have adopted a duly authorised policy of total return accounting for the College investment returns with effect from August 2005.

The investment return to be applied as income is calculated according to the sustainable spending rule, as follows:

(a) Income on funds held for general purposes

This currently permits the transfer in each year of up to: (70% of the previous financial year's endowment income + 3%) + (30% of 4% of the value of the endowments as at close of business on 31 July in the previous year).

(b) Income on funds held for specific purposes

This currently permits the transfer in each year of up to: (70% of the previous financial year's endowment income + 3%) + (30% of 4% of the value of the endowments as at close of business on 31 July in the previous year), only to the extent expended for that purpose in the period.

The preserved (frozen) value of the invested endowment capital represents its open market value in July 2003 together with all subsequent endowments valued at date of gift.

	Permanent Endowment £'000	Expendable Endowment £'000	Total £'000
Investment total return			
Income distributions	215	206	421
Capital gains/losses	(92)	(89)	(181)
Investment management costs	(30)	(29)	(59)
Total return for the year	93	88	181
Amount applied as income for spending	(365)	(359)	(724)
Net increase in Unapplied Total Return in the year	(272)		
Unapplied Total Return at start of year	1,793		
Unapplied Total Return at end of year	1,521		
Preserved value of original permanent endowments	9,028		

14 DEBTORS

	2012 Group £'000	2011 Group £'000	2012 College £'000	2011 College £'000
Amounts falling due within one year:				
Trade debtors	329	423	146	289
Amounts owed by College members	56	75	56	75
Amounts owed by Group undertakings	0	0	136	80
Prepayments and accrued income	283	226	275	211
Other debtors	1,030	13	1,030	13
	1,698	737	1,643	668

Included within other debtors are legacies amounting to £1,018k.

Lady Margaret Hall

Notes to the financial statements

For the year ended 31 July 2012

15 CREDITORS: falling due within one year

	2012 Group £'000	2011 Group £'000	2012 College £'000	2011 College £'000
Bank loans	300	300	300	300
Trade creditors	534	230	425	230
Amounts owed to Group undertakings	0	0	94	128
Taxation and social security	144	157	163	141
College contribution	0	0	0	0
Accruals and deferred income	601	610	518	430
Other creditors	30	30	30	30
	1,609	1,327	1,530	1,259

16 CREDITORS: falling due after more than one year

	2012 Group £'000	2011 Group £'000	2012 College £'000	2011 College £'000
Bank loans	6,025	6,325	6,025	6,325
Other creditors	30	60	30	60
	6,055	6,385	6,055	6,385

Details of the loans are as follows:

Bank loans

- (a) An unsecured new buildings bank loan which is repayable over 20 years from February 2010. The interest option agreed in February 2010 was 0.25% p.a. above bank base rate or bank fixed rate. During the year £2m of the loan was converted into a fixed rate interest loan at 3.7% p.a. for the remainder of the loan term. The balance at 31 July 2012 on the converted proportion of the loan was £1,892k.
- (b) A second unsecured loan of £1m was drawn down in June 2011. This is a bullet loan where the entire capital balance falls due in June 2016. Interest is currently charged at LIBOR + 1% and is payable quarterly.

Other loans

An unsecured loan of £300k was received from the College Contributions Committee in 2004 and is repayable over 10 years. It bears interest at one-third of the prevailing Bristol & West standard variable rate.

17 FUNDS OF THE COLLEGE MOVEMENTS

	At 1 August 2011 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2012 £'000
Endowment Funds - Permanent						
General purpose funds	4,306	86	(12)	(163)	(37)	4,180
Tutorial and research fellowship funds	4,651	195	(13)	(168)	(40)	4,625
Student support funds	1,538	31	(4)	(41)	(13)	1,511
Other purpose funds	222	4	(1)	(8)	(2)	215
Endowment Funds - Expendable						
General purpose funds	3,726	73	(10)	(241)	(32)	3,516
Tutorial and research fellowship funds	3,411	1,224	(10)	(176)	(29)	4,420
Student support funds	2,738	147	(8)	(3)	(24)	2,850
Other purpose funds	427	9	(1)	(14)	(4)	417
Total Endowment Funds	21,019	1,769	(59)	(814)	(181)	21,734
Restricted Funds						
Buildings funds	1,467	408	0	(592)	0	1,283
Tutorial and research fellowship funds	110	167	(55)	15	0	237
Student support funds	100	109	(124)	28	0	113
Other restricted funds	100	11	(27)	0	0	84
Transfers from specific purpose endowments for spending:						
<i>Applied total return</i>	0	0	(421)	421	0	0
<i>Other transfers</i>	0	0	(46)	46	0	0
Total Restricted Funds	1,777	695	(673)	(82)	0	1,717
Unrestricted Funds						
General	1,417	6,700	(6,964)	2	0	1,155
Fixed asset designated fund	11,165	0	0	319	0	11,484
Designated capital funds	4,098	96	(14)	545	(41)	4,684
Other designated funds	311	0	0	30	0	341
Total Unrestricted Funds	16,991	6,796	(6,978)	896	(41)	17,664
Total Funds	39,787	9,260	(7,710)	0	(222)	41,115

Following work carried out in the year, some fund balances at 1 August 2011 have been reclassified to more applicable headings. There is no overall change to the fund balances brought forward at 1 August 2011.

18 FUNDS OF THE COLLEGE DETAILS

The following is a summary of the origins and purposes of each of the fund categories:

Endowment Funds - Permanent:

<i>General purpose funds</i>	A consolidation of gifts and donations where income, but not capital, can be used for the general purposes of the charity
<i>Tutorial and research fellowship funds, student support funds and other purpose funds</i>	Capital balance of past donations where related income, but not the original capital, can be used for named specific purposes

Endowment Funds - Expendable:

<i>General purpose funds</i>	A consolidation of gifts and donations where either income, or income and capital, can be used for the general purposes of the charity
<i>Tutorial and research fellowship funds, student support funds and other purpose funds</i>	Capital balance of past donations where related income, or income and capital, can be used for named specific purposes

Restricted Funds:

<i>Buildings funds</i>	Gifts and donations that must be applied to specific fixed asset projects are included within these funds. The closing balance represents gifts and donations to be applied to future projects.
<i>Tutorial and research fellowship funds, student support funds and other restricted purpose funds</i>	Funds where both income and capital can be used for named restricted purposes

Designated Funds

<i>Fixed asset designated fund</i>	Unrestricted Funds which are represented by the fixed assets of the College and therefore not available for expenditure on the College's general purposes
<i>Designated capital funds</i>	Unrestricted Funds allocated by the Trustees for the purpose of preserving the capital and maintaining a long-term income stream in support of the College's activities
<i>Other designated funds</i>	Unrestricted Funds allocated by the Trustees for other purposes

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.

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	17,869	0	0	17,869
Securities and other investments	4,687	0	20,716	25,403
Net current assets/(liabilities)	1,163	1,717	1,018	3,898
Long term liabilities	(6,055)	0	0	(6,055)
	<u>17,664</u>	<u>1,717</u>	<u>21,734</u>	<u>41,115</u>

Included within the endowment column of the net current assets/(liabilities) line are legacy debtors amounting to £1,018k.

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 on external scales and often are joint arrangements with the University of Oxford.

The College has a Remuneration Committee. The role of the Committee is to act as an independent body to review and make recommendations to Governing Body on proposed changes to the level of remuneration and direct and indirect benefits for the Principal and Fellows of the College. The Committee consists of three individuals, only one of whom can be a Professorial Fellow, Supernumerary Fellow or other Fellow who does not receive pecuniary emolument from the College and at least two external members of the College whom the College's Governing Body believes would be suitable members of the Committee and who receive no remuneration of any kind from the College.

Trustees of the college fall into the following categories:

- Principal
- Official Fellows
- Professorial Fellows
- Supernumerary Fellows
- Domus Fellows

There are four trustees (Principal, Treasurer, Development Director and Senior Tutor) who work full time on management and fundraising.

Some trustees are eligible for college housing schemes. Ten trustees lived in college accommodation in the year. Others may be eligible for a housing allowance which is disclosed within the salary figures below. Details of trustees who live in houses owned jointly with the college are provided in note 27.

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

The total remuneration and taxable benefits as shown below is £1,087k (2011: £1,092k). The total of pension contributions is £163k (2011: £171k).

20 TRUSTEES' REMUNERATION (continued)

Remuneration paid to trustees

Range	2012		2011	
	Number of trustees	Gross remuneration, taxable benefits and pension contributions £	Number of trustees	Gross remuneration, taxable benefits and pension contributions £
£3,000 - £3,999	2	6,506	0	0
£7,000 - £7,999	2	15,083	1	7,984
£8,000 - £8,999	1	8,148	1	8,956
£10,000 - £10,999	2	21,552	2	21,440
£11,000 - £11,999	1	11,538	1	11,896
£12,000 - £12,999	1	12,127	1	12,591
£15,000 - £15,999	1	15,663	1	15,001
£16,000 - £16,999	1	16,111	1	16,075
£18,000 - £18,999	1	18,880	8	149,424
£19,000 - £19,999	8	154,220	1	19,486
£24,000 - £24,999	0	0	1	24,981
£25,000 - £25,999	1	25,548	0	0
£31,000 - £31,999	0	0	1	31,011
£32,000 - £32,999	1	32,202	0	0
£33,000 - £33,999	1	33,750	0	0
£34,000 - £34,999	2	69,304	0	0
£39,000 - £39,999	1	39,417	0	0
£40,000 - £40,999	1	40,250	0	0
£42,000 - £42,999	0	0	1	42,431
£43,000 - £43,999	0	0	1	43,594
£44,000 - £44,999	1	44,481	2	88,629
£47,000 - £47,999	0	0	1	47,882
£48,000 - £48,999	4	194,148	4	194,103
£52,000 - £52,999	0	0	1	52,676
£55,000 - £55,999	1	55,817	0	0
£58,000 - £58,999	0	0	1	58,417
£60,000 - £60,999	1	60,986	1	60,861
£61,000 - £61,999	0	0	1	61,185
£66,000 - £66,999	1	66,794	1	66,620
£67,000 - £67,999	1	67,961	0	0
£68,000 - £68,999	0	0	1	68,619
£72,000 - £72,999	1	72,472	1	72,299
£74,000 - £74,999	1	74,531	0	0
£86,000 - £86,999	0	0	1	86,606
£92,000 - £92,999	1	92,621	0	0

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

Trustee expenses

No fellow claimed any expenses for work as a trustee.

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. In addition, the College is also contributing to the personal pension arrangements of certain staff who were ineligible to join USS or OSPS.

2. Actuarial valuations

Qualified actuaries periodically value the Schemes. Both USS and OSPS were valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions which have the most significant effect on the results of the latest valuations and the determination of the contribution levels are shown in the following table.

	USS	OSPS
Date of valuation:	31/03/2011	31/03/2010
Date valuation results published:	15/06/2012	30/06/2011
Value of liabilities:	£34,344m	£394m
Value of assets:	£32,434m	£312m
Funding Surplus/(Deficit):	(£2,910m) ^a	(£82m) ^b
<i>Principal assumptions:</i>		
Rate of interest (past service liabilities)	6.1% 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	4.4% pa	4.7% pa
Rate of increase in pensions	3.4%pa ^c	3.7% pa
<i>Mortality assumptions:</i>		
Assumed life expectancy at age 65 (males)	23.7 yrs	22 yrs
Assumed life expectancy at age 65 (females)	25.6 yrs	24 yrs
<i>Funding Ratios:</i>		
Technical Provisions basis:	92%	79%
Statutory Pension Protection Fund basis:	93%	86%
"Buy-out" basis:	57%	52%
Estimated FRS17 basis	82%	77%
Recommended Employer's contribution rate (as % of pensionable salaries):	16% ^d	21.5% ^e
Effective date of next valuation:	31/03/2014	31/03/2013

21 PENSION SCHEMES (continued)

Notes:

- a. USS' actuarial valuation as at 31st March 2011 identified a funding deficit of £2,910m. The USS Joint Negotiating Committee has proposed, and USS has implemented with effect from 1st October 2011, a package of changes, including the admission of new members into a Career Revalued Benefits section. 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. After allowing for those changes, the actuary established a long term employer contribution rate of 12.6% of total pensionable salaries for the 2011/12 year, reducing over time. USS agreed with Universities UK, on behalf of all the employers participating in the scheme, to address the deficit by continuing the employer contribution rate at the previously agreed rate of 16% of total pensionable salaries (this being the rate paid by the employers since 1st October 2009) until 31st March 2017, following which the employers will pay an additional 2% of salaries in excess of the blended employer future service cost of accruals. The actuary has certified that the additional contribution should eliminate the deficit by 31st March 2021.
- b. OSPS' actuarial valuation as at 31st 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 1st August 2008). The actuary has certified that the additional contribution should eliminate the deficit by 31st March 2027. In addition, the University has agreed to close the scheme to future final salary accrual, transferring all members onto a Career Revalued benefits structure with effect from 1st January 2013. Further details may be seen on the Schemes' website, www.admin.ox.ac.uk/finance/pensions/osps/
- c. USS' actuary has assumed that pension increases will be 3.4% a year for the three years to 31st March 2014, then 2.6% a year thereafter.
- d. As noted above (note a.), the USS employer contribution rate required for future service benefits alone at the date of the valuation was 12.6% of total pensionable salaries. It was agreed that employers should continue to contribute at the previously agreed rate of 16% of total pensionable salaries (this being the rate paid by the employers since 1st October 2009) until 31st March 2017, following which the employers will pay an additional 2% of salaries in excess of the blended employer future service cost of accruals.
- e. As noted above (note b.), the OSPS employer contribution rate required for future service benefits alone at the date of the valuation was 18.2% of total pensionable salaries. It was agreed that employers should continue to contribute at the previously agreed rate of 21.5% of total pensionable salaries (this being the rate paid by the employers since 1st August 2008).

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 £3.2bn	decrease / increase by £35m
Rate of pension increases	increase/decrease by 0.5%	increase / decrease by £2.0bn	increase / decrease by £25m
Rate of salary growth	increase/decrease by 0.5%	increase / decrease by £1.2bn	increase / decrease by £5m
Rate of mortality	more prudent assumption (mortality at last valuation, rated down by a further year)	increase by £0.8bn	increase by £10m

21 PENSION SCHEMES (continued)**4. Pension charge for the year**

The pension charge recorded by the College during the accounting period was equal to the contributions payable as follows:

Scheme	£'000	
	2012	2011
Universities Superannuation Scheme	246	233
University of Oxford Staff Pension Scheme	184	196
Other Schemes - contributions	0	0
Total:	430	429

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 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 each 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

	2012 £'000	2011 £'000
Net incoming resources for the year	1,550	1,291
Elimination of non-operating cash flows:		
- Investment income	(550)	(261)
- Endowment donations	(1,348)	(210)
- Financing costs	120	67
Depreciation	660	648
(Surplus)/loss on sale of fixed assets	0	(49)
Decrease/(Increase) in stock	(36)	(9)
Decrease/(Increase) in debtors	57	(120)
(Decrease)/Increase in creditors	252	(816)
Net cash inflow/(outflow) from operations	705	541

24 ANALYSIS OF CHANGES IN NET FUNDS

	2011 £'000	Cash flow £'000	2012 £'000
Cash at bank and in hand	2,808	(186)	2,622
Deposits and other short term investments	249	778	1,027
Bank loans due within one year	(300)	0	(300)
Bank loans due after one year	(6,325)	300	(6,025)
	<u>(3,568)</u>	<u>892</u>	<u>(2,676)</u>

25 FINANCIAL COMMITMENTS

At 31 July 2012 the College had no significant annual commitments under non-cancellable operating leases.

26 CAPITAL COMMITMENTS

The College had no significant contracted commitments for future capital projects at 31 July 2012 (2011: none).

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

	2012 £'000	2011 £'000
Trustee		
Prof C Shields	122	125
Dr N Hankins	128	131
Dr BT Huffman	132	136
Dr MF Spensley	155	159
Dr J Goicoechea	156	161
	<u>693</u>	<u>712</u>

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

28 CONTINGENT LIABILITIES

There are no contingent liabilities which require disclosure.

29 POST BALANCE SHEET EVENTS

There are no post balance sheet events which require disclosure.