

# Somerville College

Annual Report and Financial Statements

Year ended 31 July 2012



**SOMERVILLE COLLEGE**  
**Annual Report and Financial Statements**  
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# SOMERVILLE COLLEGE

## 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 who served in office as members of the Governing Body during the year or subsequently are detailed below.

|                               |   | (1) | (2) | (3) | (4) | (5) |
|-------------------------------|---|-----|-----|-----|-----|-----|
| Dr Alice Prochaska, Principal |   | •   | •   | •   | •   | •   |
| Dr Daniel Anthony             |   |     |     | •   |     |     |
| Mr Michael Ashdown            |   |     |     | •   |     |     |
| Dr Jonathan Burton            |   | •   |     | •   |     |     |
| Professor Marian Dawkins      | (retired 30 <sup>th</sup> September 2012) |     | •   | •   |     |     |
| Dr Julie Dickson              |   | •   |     | •   |     |     |
| Dr Beate Dignas               |   |     |     | •   |     |     |
| Dr Karin Erdmann              |   |     |     | •   |     |     |
| Dr Manuele Gragnolati         |   |     |     | •   |     |     |
| Dr Hilary Greaves             |   |     | •   | •   |     |     |
| Professor Sarah Gurr          |   |     |     | •   |     |     |
| Ms Julie Hage                 |   |     |     |     | •   |     |
| Dr Michael Hayward            |   |     |     | •   |     |     |
| Dr Matthew Higgins            |   |     |     | •   |     | •   |
| Ms Joanna Innes               |   |     |     | •   |     |     |
| Dr Simon Kemp                 |   |     |     | •   |     |     |
| Professor Aditi Lahiri        |   |     |     |     |     |     |
| Dr Anne Manuel                |   | •   |     | •   |     |     |
| Professor Lois McNay          |   |     |     | •   |     |     |
| Dr Nicolai Meinshausen        |   |     |     |     |     |     |
| Ms Helen Morton               |   | •   | •   | •   | •   | •   |
| Dr Natalia Nowakowska         |   |     |     | •   |     |     |
| Dr Luke Pitcher               |   |     |     | •   | •   |     |
| Dr Mason Porter               |   |     | •   | •   |     |     |
| Professor Stephen Pulman      |   |     |     |     | •   |     |
| Mrs Carol Reynolds            |   |     | •   |     |     |     |
| Professor Stephen Roberts     |   |     |     | •   |     | •   |

**SOMERVILLE COLLEGE****Governing Body, Officers and Advisers****Year ended 31 July 2012**

|                              |  | (1) | (2) | (3) | (4) | (5) |
|------------------------------|--|-----|-----|-----|-----|-----|
| Dr Stephen Rayner            | (Appointed 14 <sup>th</sup> August 2012) | •   | •   | •   | •   | •   |
| Professor Alex Rogers        |  |     |     | •   |     |     |
| Professor Steven Simon       |  |     |     | •   |     |     |
| Professor Charles Spence     |  |     |     | •   |     |     |
| Professor Fiona Stafford     |  |     |     | •   |     |     |
| Professor Richard Stone      |  |     |     | •   |     |     |
| Dr Almut Suerbaum            |  | •   | •   | •   |     |     |
| Dr Annie Sutherland          |  |     |     | •   |     |     |
| Professor Rajesh Thakker     |  |     |     |     |     |     |
| Dr Benjamin J Thompson       |  | •   |     | •   |     |     |
| Dr Roman Walczak             |  |     |     | •   |     |     |
| Professor Stephen Weatherill |  |     |     |     |     |     |
| Professor Jennifer Welsh     |  |     |     | •   |     |     |
| Dr Philip West               |  | •   |     | •   |     |     |
| Dr Jeremy Whiteley           |  |     |     |     |     |     |
| Professor Matthew Wood       |  | •   |     | •   | •   |     |

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

- (1) Standing Committee
- (2) Finance Committee
- (3) Education Committee
- (4) Development Committee
- (5) IT Committee

## **SOMERVILLE COLLEGE**

**Governing Body, Officers and Advisers**

**Year ended 31 July 2012**

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### **COLLEGE OFFICERS**

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

|                                      |                           |
|--------------------------------------|---------------------------|
| Principal                            | <i>Dr Alice Prochaska</i> |
| Senior Tutor                         | <i>Dr Stephen Rayner</i>  |
| Treasurer (Finance & Estates Bursar) | <i>Ms Helen Morton</i>    |
| Domestic Bursar                      | <i>Mrs Carol Reynolds</i> |
| Development Director                 | <i>Ms Julie Hage</i>      |
| Librarian & Archivist                | <i>Dr Anne Manuel</i>     |

### **COLLEGE ADVISERS**

#### **Investment managers**

Newton Investment Management Ltd

#### **Investment property advisers**

Cluttons, Styles & Whitlock

#### **Auditor**

Crowe Clark Whitehill LLP

#### **Bankers**

Barclays Bank Plc

#### **Solicitors**

Manches LLP

#### **College address**

Woodstock Road Oxford OX2 6HD

#### **Website**

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

## **SOMERVILLE COLLEGE**

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

**Year ended 31 July 2012**

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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**

Somerville College in the University of Oxford, which is known as Somerville College, ("the College") is a tax exempt educational institution governed by a Charter and Statutes. The College was founded under the title of Somerville Hall in 1879 by a committee chaired by Dr Percival as a non denominational hall of residence for women and in 1881 was incorporated as an association not intended for profit under the Companies Acts of 1862 and 1867. The title of College was adopted in 1894.

The College registered with the Charities Commission on 22<sup>nd</sup> December 2010 (registered number 1139440).

The names of all members of the Governing Body at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the College, are given on pages 2 to 4.

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

##### **Governing documents**

The governing document of the College is the 1951 Charter and Statutes of Somerville College, Oxford. In 1926 the College was incorporated by Royal Charter as "The Principal and Council of Somerville College". In 1951 its statutes were amended to restrict membership of the Governing Body to the Principal and Fellows. In 1959, when it was admitted with the other Women's Societies as a full College of the University, its corporate designation became "The Principal and Fellows of Somerville College in the University of Oxford". The Special Statute of 1961 amended Paragraph (c) of Article 3 of the Charter concerning the investment objectives. In 1992 the Charter and Statutes were changed to enable the admission of men at both senior and junior level.

##### **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, and has such powers as are conferred on it by its Charter and, subject thereto and to the Statutes, has the entire direction and management of the affairs of the College.

The Governing Body appoints the Principal, Fellows, Senior Tutor, Tutors, Lecturers, Librarian and such administrative and other Officers as the Governing Body thinks necessary from time to time. The Governing Body appoints Committees and delegates to them such powers as it thinks fit.

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 9 committees.

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

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

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

##### **Organisational management**

The members of the Governing Body meet between 7 and 9 times a year. The work of developing their policies and monitoring the implementation of these is carried out by the following committees:

- Standing Committee  
Responsibility for agreeing the agenda for meetings of Governing Body; developing academic and other strategies for the College, and monitoring decision-making, and developments that bear on these strategies; considering academic appointments and bids for association with University posts; considering requests for buy-outs and leave, with particular attention to their impact on teaching resources; receiving

## **SOMERVILLE COLLEGE**

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

**Year ended 31 July 2012**

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the reports of ad hoc working groups; discussing items which by reason of their complexity and difficulty are beyond the remit of other committees, or which need further attention beyond that given to them in a specialized committee, e.g. Buildings Committee, Finance Committee; giving close consideration to policy issues within the wider University, and external bodies, in preparation for consultation with the Governing Body.

- **Finance Committee**

Responsibility for advising the Governing Body on all matters of financial policy and practice, and in particular on the financial implications of any proposals under consideration; presenting annual statements of accounts for the preceding year; approval of budgets and review of management accounts for each period; authorising exceptional expenditure from revenue and making recommendations in respect of capital expenditure; reviewing the college's investments and properties and income drawdown from investments; annual review of all charges made by the College; review of policy and administration relating to conferences, and approval of levels of charges; review of salaries for all College employees and others paid by the College as advised by the Remuneration Committee; considering other financial issues, as appropriate.

- **Education Committee**

Responsibility for general policies and planning on teaching and learning; the progress, industry and conduct of undergraduates and graduates; the awarding of Scholarships, Exhibitions and Prizes from the appropriate funds, and carrying out an annual review of award holders; examination results; the awarding of course and travel grants from the appropriate funds; the initiation of the College's academic disciplinary procedures in cases of students who fail to meet the standard of application and attendance expected by his or her Tutor; review and report to the Governing Body on the progress and welfare of student members and make recommendations to the Governing Body for the award of College scholarships, exhibitions and prizes.

- **Development Committee**

Responsibility for recommendations on development and fundraising strategy and activities, liaison with the Development Board, which consists of external members.

- **IT Committee**

Responsibility for developing recommendations on ICT strategy, service levels and IT projects and provision of guidance and assistance to the IT function within the College.

The Governing Body is also supported by additional committees, including Buildings, Library, Equality, Nominations and Remuneration.

The day-to-day running of the College is delegated to the Principal, the Senior Tutor, the Treasurer and the Domestic Bursar. They form a management team together with the Librarian and the Director of Development.

### **Group structure and relationships**

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

The College also has one wholly owned non-charitable subsidiary: Somerville College Trading Limited, whose annual profits are donated to the College under the Gift Aid Scheme. The trading activities of Somerville College Trading Limited primarily comprise revenue from letting of the College facilities when not in use by the College. The subsidiary's 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 Finance Committee, chaired by the Principal. Financial and investment risks are assessed and monitored by the Finance Committee. In addition, the Treasurer, Domestic Bursar and department heads meet regularly to review health and safety



## **SOMERVILLE COLLEGE**

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

**Year ended 31 July 2012**

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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 provide for women and men who are members of the University of Oxford the protection and training of an Academic House and, with that object, to carry on the work of the old Association (known as Somerville Hall) with such modifications and changes as may from time to time appear desirable.
- To do all such other things as are incidental or conducive to advancing education, learning and research in Oxford and elsewhere

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 College's aims for the public benefit are:

- i. To advance education, learning and research, in particular by providing, in conjunction with the University of Oxford, an education for approximately 380 undergraduate and 120 graduate students. This education is recognised internationally as being of the very highest standard and develops students academically, personally and socially, preparing them to play a full and effective role in society. In particular, the College provides:
  - teaching facilities and individual or small-group teaching, together with academic, pastoral and administrative support;
  - IT and other administrative support and welfare services, including the availability of the Junior Deans and the Chapel Director to assist every member of the College of every religious belief and none; and
  - social, cultural, musical, recreational and sporting facilities to enable students to realise as much as possible of their academic and personal potential whilst studying at the College.
- ii. To advance research by providing:
  - official Fellowships, Career Development Fellowships, and Junior and Senior Research Fellowship to outstanding academics, to enable them to develop their research work and disseminate their research in the public domain; and
  - facilities and grants to assist with the pursuit of research, including grants for attendance at national and international academic conferences and assistance with the costs of research trips and research materials.

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

#### **Activities and objectives of the College**

The College's principal activity, as specified in the College's Objects is to provide for members of the University of Oxford the protection and training of an Academic House.

In 2011-12, the College had 390 undergraduates and 98 graduates and admitted students in the following subjects: Ancient & Modern History, Biochemistry, Biological Sciences, Chemistry, Classics, Classical Archaeology & Ancient History, Computer Science, Engineering, English, Experimental Psychology, History, Law, Mathematics, Medicine, Modern Languages, Music, Philosophy, Politics & Economics and Physics.

Significant activities during the year included the occupation and use of the two new accommodation blocks on the adjacent Radcliffe Observatory Quarter, which has provided 68 additional en suite rooms. Work has

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

**Year ended 31 July 2012**

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commenced on the upgrade of the Grade II Listed Wolfson building, which includes an extension to improve facilities in the lecture hall, provide additional meeting space and full disabled access to the hall. Further details of particular achievements are listed later in the report.

The focus of the College is strongly academic and students need to satisfy high academic entry requirements. 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 90; 50 of the awards were at the maximum value of £3,225; and the average value of the awards was £2,483, with a total of £223,446 being disbursed in the year. The scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement.

To support the costs of graduate students, the College provides substantial financial support. This includes scholarships to fund fees and living costs, 'top-up' funding to fill funding shortfalls in students' funding packages and a grant scheme to assist with the purchase of books and equipment, attendance at conferences and travel grants. The total amount expended by the College to graduate students in 2011-12 for this purpose was £148k.

The College also makes awards for academic development and has various scholarships and prizes available to reward academic excellence. During the year the College awarded £77k.

In addition to its other programmes, the College operates a hardship scheme for all students in financial hardship and provides access to hardship schemes operated by the University. For the academic year 2011-12 the College awarded £7,000 of hardship loans and grants and provided £30,071 of free vacation residence. A programme to encourage legacies to be made to the College is in place and annual fundraising campaigns focus on the provision of support for students suffering financial hardship.

### **Public benefit**

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

The College admits as students those who have the highest potential to benefit 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. In the case of both students and academic staff, recruitment is regardless of financial, social, religious or ethnic background:

- there are no geographical restrictions to those who may benefit from the College's aims and objects. Students and academic staff of the College are drawn from across the UK and internationally;
- there are no age restrictions in the College's objects but students of the College are predominantly between 18 and 24 years old; and
- there are no religious restrictions in the College's objects and members of the College have a wide variety of faith traditions or none.

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 and has recently appointed an Access and Communications Officer. This programme is under the responsibility of the Senior Tutor and includes an extensive programme of visits by schools to the College, open days, admissions symposia for teachers as well as visits to schools and guidance and information on the College website for prospective applicants.

The College maintains an extensive library so providing a valuable resource for students and Fellows of the College. The College makes its library available to members of other Colleges and the University of Oxford

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more widely, external scholars and researchers, as well as local children from maintained and other schools as part of educational visits.

**ACHIEVEMENTS AND PERFORMANCE**

The academic year opened with a great landmark for the College when the Chancellor Lord Patten came to open the new buildings facing across the Radcliffe Observatory Quarter, on 17 September 2011. The transformation wrought by the two new accommodation blocks at once improved the southern outlook for the whole Radcliffe Observatory Quarter, and provided Somerville with an unmatched opportunity to expand provision for students. These buildings were the first to be opened on the Quarter and place the College at the heart of the University. Students who moved into the sixty-eight en-suite rooms in October 2011 have expressed warm appreciation of them and the buildings have been given awards by the UK branch of the American Institute of Architects (AIA) and the Royal Institute of British Architects (RIBA). These buildings have made it possible for nearly all undergraduates to live in college, at a considerable saving compared with external rented accommodation.

Against a backdrop of deepening crisis in the world economy, the severe cuts in government funding of higher education, combined with the tripling of tuition fees at Oxford and across the UK, have increased pressures on teaching institutions and students. The University has put extensive measures in place to encourage talented students from all backgrounds to apply to Oxford, and to reassure them of opportunities for financial support during their time here, in particular the generous Moritz-Heyman Scholarship scheme which is a powerful encouragement to all friends of Oxford to support students from low income families. Oxford University now charges the maximum fee of £9,000 per year per student. All colleges subsidise the cost of teaching at Oxford and it will remain the case that only about half of the true costs are met from fees. The shortfall is covered by endowment income and, essentially, from donations. At Somerville almost 30% of our students receive additional financial assistance, which is above the university average, and approximately 60% of our students come from state schools, which is also above the average for Oxford. The College took part in numerous access and admissions activities including several open days co-ordinated by the University. A full time Access and Communications Officer started in August 2011 who has significantly increased the number of outreach events and activities with link schools, high performing schools and teachers to encourage first choice applications and build good relationships.

A significant new research initiative, the Global Ocean Commission, has been established at Somerville and international leaders are being recruited as commissioners. The Global Ocean Commission will bring a dimension of high-level international advocacy to the important work that is being done in different parts of the University to tackle the urgent problems of the declining ocean environment world-wide. For Somerville it offers excellent opportunities for interdisciplinary interactions between scientists, lawyers, specialists in international relations and other fields; and significant opportunities for our students to benefit from close contact with high-level work on some of the most pressing environmental problems of our time. This initiative was brought to the College by Professor Alex Rogers, who has made a name for himself as an international advocate for security of the oceans. It is funded by the Pew Charitable Trusts Environment Group, the Adessium Foundation and the Oceans 5 consortium.

The College continues to have a very diverse Fellowship who are active in teaching and research. Professor Marian Dawkins was awarded the Universities Federation for Animal Welfare (UFAW) Medal for outstanding contributions to animal welfare science and (in collaboration with engineer Stephen Roberts) was awarded a major BBSRC grant to develop their camera/computer system for the automated assessment of the welfare of broiler (meat) chickens and other farm animals. Professor Sarah Gurr is tracking pest and pathogen movement in a warming world and carrying out research council and company-sponsored work on antifungals and the fungal cell wall. Professor Alex Rogers led a research expedition to the South West Indian Ridge which identified the first cold-water coral reef in the Indian Ocean, discovered many other coral communities

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### Report of the Governing Body

Year ended 31 July 2012

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and explored five seamounts in total. Professor Rogers was awarded a ZSL Conservation Fellowship for services to marine conservation and hosted the second workshop at Somerville for the International Programme on the State of the Ocean (IPSO), looking at human impacts on the oceans and possible solutions. Professor Stephen Pulman was a co-applicant on two successful EPSRC applications, one in collaboration with the Open University to develop software to provide students writing essays with automatically generated feedback, and one as part of a consortium with the Universities of Cambridge, Edinburgh, York, and Sussex to investigate the use of mathematical techniques from computer science and quantum mechanics to the characterisation of natural language semantics. Professor Richard Stone completed work on the 4th edition of his engine book and his combustion related research was supported by two EPSRC-funded projects that include work on biofuels and particulate matter emissions. Professor Stephen Roberts continues to apply large-scale data analysis techniques to problems in complex sensor networks, astronomy and biology including the "Zooniverse" citizen-science project and developing robust, non-invasive methods for monitoring animal welfare (with Professor Marian Dawkins) and methods to infer the interaction networks of populations of wild animals.

Professor Fiona Stafford published a new book, 'Reading Romantic Poetry' and co-edited a book of essays, Burns and Other Poets. Dr Annie Sutherland completed her book, 'English Psalms in the Middle Ages, 1300-1450' and is now working on an accessible edition of selected early Middle English devotional writing for women. Dr Natalia Nowakowska worked on a book about the early reformation in Poland, which will be the first to tackle that topic in over a century. In March 2012, she was awarded a £101,000 British Academy Mid-Career Fellowship to support the conclusion of this research in 2012-13. Joanna Innes co-edited a book of essays, to be published by OUP under the title 'Re-imagining Democracy in the Age of Revolutions: America, France, Britain, Ireland'. Professor Jennifer Welsh was awarded a grant from the Australian Government's Civil-Military Centre to work on a project on civilian protection in armed conflict. Dr Mason Porter is the Principal Investigator of a project looking at 'Community Structure in Multislice Networks', which received an EPSRC grant of £211,051. Dr Manuele Gragnolati completed the edition of several books originating from projects between Oxford, Berlin and Italy on Dante and Pier Paolo Pasolini. Professor Matthew Wood led an Innovative Medicine Initiative application to the EU which was awarded 12 million Euros of funds to investigate new methods of drug delivery to the brain. A further 18 million Euros of additional funds will come through several industrial/pharmaceutical partners who will be involved in the work, making a total of approximately 30 million Euros of funding over the next five years for this project. Dr Hilary Greaves was awarded the 2012 James T Cushing Memorial Prize in the History and Philosophy of Physics, in recognition of a paper probing the foundations of quantum field theory's famed "CPT theorem". Professor Steve Simon was shortlisted for the Oxford University Student Union Teaching Award of Most Acclaimed Lecturer in the Maths, Physical, and Life Sciences Division. He was also part of two teams awarded grants from the EPSRC: the Oxford quantum condensed matter theory grant (£1.2 million over 5 years, among 4 investigators); and the multi-university TOPNES (topological and nonequilibrium systems) grant run out of St Andrews (£5.5 million over 5 years among 8 investigators).

In 2011-12, Somerville hosted twenty Junior Research Fellows, spanning an enormous range of academic disciplines, with high quality applicants and great competition for places. The presence of such a large, diverse and talented population of researchers contributes significantly to the Somerville College community and enables these early career researchers to build interdisciplinary links. Highlights of their work include books on Burns and Kipling, perceptions of taste when eating and how these are influenced by external factors, tomb portraits in the Roman Empire, tackling iron deficiency in regions of the world where infectious diseases are common, improving medical imaging techniques, evolutionary brain development in primates, dolphins and whales, the sustainability impact of all aspects of rice production in India, studying cardiac arrhythmia, statistical data from hip and knee replacement operations, the chemical processes responsible for geomagnetic field detection in migratory birds and the biochemistry of tumour cells.

## **SOMERVILLE COLLEGE**

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

**Year ended 31 July 2012**

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Somerville Fellows also played a key role within the collegiate university through their role in the Divisions and Departments and also through their membership of several key committees and working groups, including the Conference of Colleges, the Student Number Planning subcommittee, the committees of Estates Bursars, Domestic Bursars and College Librarians and many more.

The financial support received each year from donations and legacies is absolutely essential for the continued fulfilment of our educational mission. With a modest endowment and reduced government funding toward the maintenance of the costly tutorial system, contributions from alumni and friends offer crucial support for core activities. It is pleasing to report on yet another year of generous assistance from alumni and friends toward securing Somerville's excellence in teaching and research. More than 20% of Somervillians have supported our activities this year; an improvement from an already significant 17% last year and above the Oxford average of 14% and the UK average of less than 3%. An impressive £1.7 million was received from donations and legacies in the financial year 2011/2012. A total of £17.7 million has been raised in cash and pledges toward the £25 million target of the Somerville Campaign which is a tremendous achievement and a testament to the strong links between the College and our dedicated community of alumni and friends. Following the overwhelming success of the ROQ appeal in 2010/2011, the emphasis this year has been on student support funds and increasing fellowship endowment. The annual telethon in October 2011 raised a record-breaking £200,000 and more than 55% of all alumni contacted decided to make a gift.

A recent challenge is to secure matched funding for two Fellowships which are particularly at risk, Philosophy and French. With the establishment of the University's Teaching Fund, Somerville can attract £800,000 in matched funding per post if we can raise £1.2 million per Fellowship from philanthropic donations before September 2013. It is therefore a great encouragement that more than £550,000 has been raised toward the Philosophy post and some significant legacies have been earmarked for the French post. If the College is able to reach the target by 2013 and attract £1.6 million in matched funding for our Fellowship endowment, this will significantly relieve pressures on teaching costs in other subject areas.

### **FINANCIAL REVIEW**

For the second year running, the annual accounts presented herewith have been prepared under the Charities Statement of Recognised Practice (SORP), in concert with other University of Oxford Colleges.

During the year, the College's investments suffered from a decrease in market value of £587k, reflecting continued uncertainty in the World's economies, and its impact on stock markets. As a result of the completion of the Radcliffe Observatory Quarter accommodation blocks and the commencement of the Wolfson building refurbishment and extension, the College invested £2.1 million in its buildings during the year and £248k in furniture, fittings and equipment. This and the payment of contractual obligations unpaid at the start of the financial year resulted in further drawdowns of £2.9 million from the long-term bank loan. In addition, two outside properties were sold during the year. These yielded a surplus on disposal of £1,777k.

In the year to July 2012, there were net incoming resources before investment gains of £1,278k. This compares with net outgoing resources of £372k in the year to July 2011.

#### **Reserves policy**

The College's reserves policy is to establish, and thereafter 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 £0 (2011: £0). Free reserves represent retained unrestricted income reserves excluding an amount of £21.8 million for the book value of fixed assets, less associated funding arrangements.

Designated reserves at the year-end comprised values received in the past from six donors for use without restriction, but which have been set aside for the purpose of supporting identified costs of the College and (in one case) towards the stipend of a Tutorial Fellow.

## **SOMERVILLE COLLEGE**

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

**Year ended 31 July 2012**

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#### **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.

The investment strategy, policy and performance is monitored by the Finance Committee. At the year end, the College's long term investments, combining the securities and property investments, totalled £34.7million. The overall total return of the investment portfolio was 2.1% over the year which compared to the relevant benchmark return of 3.9%.

#### **FUTURE PLANS**

The College's future plans as agreed by the Governing Body are set out in the College Strategic Development Plan. The core elements of this are:

- to continue to provide opportunities to pursue learning at the highest level to all those capable of making good use of them
- to pursue academic excellence by encouraging intellectual curiosity, critical engagement, and the development of the analytical skills of individual students and to support teaching and learning through the provision of adequate and appropriate resources and student/tutor ratios
- to maintain a varied and thriving Fellowship
- to support and promote the research of Fellows and Academics
- to foster disciplinary and interdisciplinary diversity through academic collaboration
- to safeguard the security of the College's academic provision through effective management of existing resources and increased endowment funds
- to fulfil the College's obligations under the Charities Act
- to work with commitment within the collegiate University
- to be a good employer to all staff

Specific development plans have been agreed for the separate departments within the College to ensure that the College continues to enhance its ability to provide a first-class education.

#### **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.

**SOMERVILLE COLLEGE**  
**Report of the Governing Body**  
**Year ended 31 July 2012**

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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 24<sup>th</sup> October 2012 and signed on its behalf by:

A Prochaska  
Principal

## **SOMERVILLE COLLEGE**

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

We have audited the financial statements of Somerville College 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 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 151 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.

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

**Crowe Clark Whitehill LLP**  
Statutory Auditor  
London

Date: 29<sup>th</sup> November 2012

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



**SOMERVILLE COLLEGE**  
**Statement of Accounting Policies**  
**Year ended 31 July 2012**

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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 subsidiary Somerville College Trading. No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the subsidiary as included 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 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 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 without restriction as to utilization or 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. Leases**

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

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

**SOMERVILLE COLLEGE**  
**Statement of Accounting Policies**  
**Year ended 31 July 2012**

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**8. Tangible fixed assets**

Expenditure on the acquisition, construction or enhancement of land and buildings costing more than £5,000 together with expenditure 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.

**9. Depreciation**

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

|   |  |
|---|--|
| Freehold properties, including major extensions | 50 years                               |
| Leasehold properties                            | 50 years or period of lease if shorter |
| Building improvements                           | 10 - 30 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.

**10. Investments**

Investment properties are valued as individual investments at their market values as at the balance sheet date. Purchases and sales of investment properties are recognised on exchange of contracts.

Listed investments are valued at their mid-market values as at the balance sheet date. Investments such as hedge funds and private equity funds which have no readily identifiable market value are included at the most recent valuations from their respective managers.

Gains and losses arising on the investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

**11. Stocks**

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

**12. Foreign currencies**

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

**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.

**SOMERVILLE COLLEGE**  
**Statement of Accounting Policies**  
**Year ended 31 July 2012**

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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 the Universities Superannuation Scheme multi-employer defined pension scheme is accounted for as if it was a defined contribution scheme in accordance with the requirements of FRS 17. The College's contributions to this scheme and to the Somerville Group Personal Pension Plan are charged in the period in which the salaries to which the contributions relate are payable.

**Somerville College**  
**Consolidated Statement of Financial Activities**  
**For the year ended 31 July 2012**

|  | Notes | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowed<br>Funds<br>£'000 | 2012<br>Total<br>£'000 | 2011<br>Total<br>£'000 |
|--|-------|--------------------------------|------------------------------|---------------------------|------------------------|------------------------|
| <b>INCOMING RESOURCES</b>  |       |                                |                              |                           |                        |                        |
| <b>Resources from charitable activities</b>                            | 1     |                                |                              |                           |                        |                        |
| Teaching, research and residential                                     |       | 4,688                          | 0                            | 0                         | 4,688                  | 4,119                  |
|  |       | <u>4,688</u>                   | <u>0</u>                     | <u>0</u>                  | <u>4,688</u>           | <u>4,119</u>           |
| <b>Resources from generated funds</b>                                  |       |                                |                              |                           |                        |                        |
| Legacies and donations   |       | 327                            | 194                          | 1,192                     | 1,713                  | 2,071                  |
| Trading income   | 2     | 937                            | 0                            | 0                         | 937                    | 800                    |
| Investment income  | 3     | 605                            | 918                          | 0                         | 1,523                  | 1,430                  |
| Bank and other interest  | 4     | 0                              | 3                            | 0                         | 3                      | 1                      |
|  |       | <u>1,869</u>                   | <u>1,115</u>                 | <u>1,192</u>              | <u>4,176</u>           | <u>4,302</u>           |
| <b>Other incoming resources</b>  |       | 55                             | 11                           | 0                         | 66                     | 33                     |
| <b>Total Incoming Resources</b>  |       | <u>6,612</u>                   | <u>1,126</u>                 | <u>1,192</u>              | <u>8,930</u>           | <u>8,454</u>           |
| <b>RESOURCES EXPENDED</b>  |       |                                |                              |                           |                        |                        |
| <b>Cost of generating funds</b>  | 5     |                                |                              |                           |                        |                        |
| Fundraising  |       | 477                            | 0                            | 0                         | 477                    | 483                    |
| Trading expenditure  |       | 41                             | 0                            | 0                         | 41                     | 27                     |
| Investment management costs  |       | 139                            | 0                            | 0                         | 139                    | 149                    |
|  |       | <u>656</u>                     | <u>0</u>                     | <u>0</u>                  | <u>656</u>             | <u>659</u>             |
| <b>Charitable activities</b>   | 5     |                                |                              |                           |                        |                        |
| Teaching, research and residential                                     |       | 6,419                          | 903                          | 0                         | 7,322                  | 6,619                  |
| Deficit (Surplus) on disposal of fixed assets                          |       | (1,777)                        | 0                            | 0                         | (1,777)                | 0                      |
| Public worship   |       | 0                              | 0                            | 0                         | 0                      | 0                      |
| Heritage   |       | 0                              | 0                            | 0                         | 0                      | 0                      |
|  |       | <u>4,642</u>                   | <u>903</u>                   | <u>0</u>                  | <u>5,545</u>           | <u>6,619</u>           |
| <b>Governance costs</b>  | 8     | 42                             | 0                            | 0                         | 42                     | 45                     |
| <b>Total Resources Expended</b>  |       | <u>5,340</u>                   | <u>903</u>                   | <u>0</u>                  | <u>6,243</u>           | <u>7,323</u>           |
| <b>Net incoming/(outgoing) resources before transfers</b>              |       | 1,272                          | 223                          | 1,192                     | 2,687                  | 1,131                  |
| Transfers between funds  | 17    | 1,809                          | (2,002)                      | 193                       | 0                      | 0                      |
| <b>Net incoming/(outgoing) resources before other gains and losses</b> |       | <u>3,081</u>                   | <u>(1,779)</u>               | <u>1,385</u>              | <u>2,687</u>           | <u>1,131</u>           |
| Investment gains/(losses)  |       | (28)                           | (29)                         | (530)                     | (587)                  | 3,184                  |
| <b>Net movement in funds for the year</b>                              |       | <u>3,053</u>                   | <u>(1,808)</u>               | <u>855</u>                | <u>2,100</u>           | <u>4,315</u>           |
| Fund balances brought forward  | 17    | 11,027                         | 4,250                        | 39,255                    | 54,532                 | 50,217                 |
| <b>Funds carried forward at 31 July</b>                                | 17    | <u>14,080</u>                  | <u>2,442</u>                 | <u>40,110</u>             | <u>56,632</u>          | <u>54,532</u>          |

**Somerville College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2012**

|  | Notes | 2012<br>Group<br>£'000 | 2011<br>Group<br>£'000 | 2012<br>College<br>£'000 | 2011<br>College<br>£'000 |
|--|-------|------------------------|------------------------|--------------------------|--------------------------|
| <b>FIXED ASSETS</b>                                    |       |                        |                        |                          |                          |
| Tangible assets  | 10    | 21,842                 | 21,591                 | 21,842                   | 21,591                   |
| Property investments                                   | 11    | 665                    | 665                    | 665                      | 665                      |
| Securities and other investments                       | 12    | 34,718                 | 35,433                 | 34,718                   | 35,433                   |
|  |       | <u>57,225</u>          | <u>57,689</u>          | <u>57,225</u>            | <u>57,689</u>            |
| <b>CURRENT ASSETS</b>                                  |       |                        |                        |                          |                          |
| Stocks   |       | 16                     | 19                     | 16                       | 19                       |
| Debtors  | 14    | 816                    | 915                    | 875                      | 1,075                    |
| Deposits and other short term investments              |       | 5,648                  | 5,034                  | 5,648                    | 5,034                    |
| Cash at bank and in hand                               |       | 1,595                  | 570                    | 1,432                    | 266                      |
|  |       | <u>8,075</u>           | <u>6,538</u>           | <u>7,971</u>             | <u>6,394</u>             |
| <b>CREDITORS: falling due within one year</b>          | 15    | 1,743                  | 5,630                  | 1,636                    | 5,486                    |
| <b>NET CURRENT ASSETS / (LIABILITIES)</b>              |       | <u>6,332</u>           | <u>908</u>             | <u>6,335</u>             | <u>908</u>               |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>           |       | <b>63,557</b>          | <b>58,597</b>          | <b>63,560</b>            | <b>58,597</b>            |
| <b>CREDITORS: falling due after more than one year</b> | 16    | 6,925                  | 4,065                  | 6,925                    | 4,065                    |
| <b>NET ASSETS</b>                                      |       | <u><b>56,632</b></u>   | <u><b>54,532</b></u>   | <u><b>56,635</b></u>     | <u><b>54,532</b></u>     |
| <b>FUNDS OF THE COLLEGE</b>                            |       |                        |                        |                          |                          |
|  | 17    |                        |                        |                          |                          |
| <b>Endowment funds</b>                                 |       | <b>40,110</b>          | <b>39,255</b>          | <b>40,110</b>            | <b>39,255</b>            |
| <b>Restricted funds</b>                                |       | <b>2,442</b>           | <b>4,250</b>           | <b>2,442</b>             | <b>4,250</b>             |
| <b>Unrestricted funds</b>                              |       |                        |                        |                          |                          |
| Designated funds                                       |       | 3,050                  | 1,259                  | 3,050                    | 1,259                    |
| General funds  |       | 11,030                 | 9,768                  | 11,033                   | 9,768                    |
|  |       | <u><b>56,632</b></u>   | <u><b>54,532</b></u>   | <u><b>56,635</b></u>     | <u><b>54,532</b></u>     |

*The financial statements were approved and authorised for issue by the Governing Body of Somerville College on 24th October 2012*

Trustee: Alice Prochaska

Trustee: Helen Morton

**Somerville College**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 July 2012**

|   | Notes | 2012<br>Group<br>£'000 | 2011<br>Group<br>£'000 |
|---|-------|------------------------|------------------------|
| <b>Net cash inflow/(outflow) from operations</b>                | 23    | <u>(525)</u>           | <u>(874)</u>           |
| <b>Returns on investments and servicing of finance</b>          |       |                        |                        |
| Income from investments   |       | 1,526                  | 1,431                  |
| Finance costs paid  |       | (150)                  | (72)                   |
|   |       | <u>1,376</u>           | <u>1,359</u>           |
| <b>Capital expenditure and financial investment</b>             |       |                        |                        |
| New endowment capital received                                  |       | 1,192                  | 543                    |
| Payments for tangible fixed assets                              |       | (6,617)                | (5,194)                |
| Proceeds from sales of tangible fixed assets                    |       | 3,225                  | 0                      |
| Payments for investments  |       | 120                    | 40                     |
| Proceeds from sales of investments                              |       | 8                      | 0                      |
|   |       | <u>(2,072)</u>         | <u>(4,611)</u>         |
| <b>Management of liquid resources</b>                           |       |                        |                        |
| Net (additions to) / withdrawals from term deposits             |       | (614)                  | 428                    |
|   |       | <u>(614)</u>           | <u>428</u>             |
| <b>Financing</b>  |       |                        |                        |
| New bank loans  |       | 2,860                  | 4,065                  |
|   |       | <u>2,860</u>           | <u>4,065</u>           |
| <b>Increase/(decrease) in cash in the year</b>                  |       | <u>1,025</u>           | <u>367</u>             |
| <b>Reconciliation of net cash flow to movement in net funds</b> |       |                        |                        |
| Increase/(decrease) in cash in the year                         |       | 1,025                  | 367                    |
| Transfers to/(from) term deposits and current investments       |       | 614                    | (428)                  |
| (Increase)/decrease in loan and lease finance                   |       | (2,860)                | (4,065)                |
| <b>Change in net funds</b>                                      |       | <u>(1,221)</u>         | <u>(4,126)</u>         |
| <b>Net funds at 1 August</b>                                    |       | 1,539                  | 5,665                  |
| <b>Net funds at 31 July</b>                                     |       | <u>318</u>             | <u>1,539</u>           |

**Somerville College**  
**Notes to the financial statements**  
**For the year ended 31 July 2012**

**1 INCOME FROM CHARITABLE ACTIVITIES**

|   | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowed<br>Funds<br>£'000 | 2012<br>Total<br>£'000 | 2011<br>Total<br>£'000 |
|---|--------------------------------|------------------------------|---------------------------|------------------------|------------------------|
| <b>Teaching, research and residential</b> |                                |                              |                           |                        |                        |
| Tuition fees - UK and EU students         | 1,126                          | 0                            | 0                         | 1,126                  | 1,186                  |
| Tuition fees - Overseas students          | 607                            | 0                            | 0                         | 607                    | 448                    |
| Other fees                                | 107                            | 0                            | 0                         | 107                    | 136                    |
| HEFCE support                             | 289                            | 0                            | 0                         | 289                    | 343                    |
| Other academic income                     | 513                            | 0                            | 0                         | 513                    | 318                    |
| College residential income                | 2,046                          | 0                            | 0                         | 2,046                  | 1,688                  |
|   | <u>4,688</u>                   | <u>0</u>                     | <u>0</u>                  | <u>4,688</u>           | <u>4,119</u>           |

The above analysis includes £1,529k received from Oxford University under the CFF Scheme, net of College fees received directly (2011 - £1,588k)

**2 TRADING INCOME**

|                                   | 2012<br>£'000 | 2011<br>£'000 |
|-----------------------------------|---------------|---------------|
| Subsidiary company trading income | 639           | 436           |
| Other trading income              | 298           | 364           |
|                                   | <u>937</u>    | <u>800</u>    |

**3 INVESTMENT INCOME**

|  | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowed<br>Funds<br>£'000 | 2012<br>Total<br>£'000 | 2011<br>Total<br>£'000 |
|--|--------------------------------|------------------------------|---------------------------|------------------------|------------------------|
| Commercial rent                          | 24                             | 36                           | 0                         | 60                     | 60                     |
| Other property income                    | 0                              | 0                            | 0                         | 0                      | 0                      |
| Equity dividends                         | 416                            | 631                          | 0                         | 1,047                  | 1,046                  |
| Income from fixed interest stocks        | 125                            | 191                          | 0                         | 316                    | 261                    |
| Interest on fixed term deposits and cash | 28                             | 42                           | 0                         | 70                     | 63                     |
| Other investment income                  | 12                             | 18                           | 0                         | 30                     | 0                      |
|  | <u>605</u>                     | <u>918</u>                   | <u>0</u>                  | <u>1,523</u>           | <u>1,430</u>           |

**4 BANK AND OTHER INTEREST INCOME**

|                | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowed<br>Funds<br>£'000 | 2012<br>Total<br>£'000 | 2011<br>Total<br>£'000 |
|----------------|--------------------------------|------------------------------|---------------------------|------------------------|------------------------|
| Bank interest  | 0                              | 0                            | 0                         | 0                      | 1                      |
| Other interest | 0                              | 3                            | 0                         | 3                      | 0                      |
|                | <u>0</u>                       | <u>3</u>                     | <u>0</u>                  | <u>3</u>               | <u>1</u>               |

**Somerville College**  
**Notes to the financial statements**  
**For the year ended 31 July 2012**

**5 ANALYSIS OF RESOURCES EXPENDED**

|   | Direct<br>staff costs<br>£'000 | Other<br>direct costs<br>£'000 | Support<br>costs<br>£'000 | 2012<br>Total<br>£'000 | 2011<br>Total<br>£'000 |
|---|--------------------------------|--------------------------------|---------------------------|------------------------|------------------------|
| <b>Costs of generating funds</b>              |                                |                                |                           |                        |                        |
| Fundraising                                   | 357                            | 93                             | 26                        | 477                    | 483                    |
| Trading expenditure                           | 1                              | 15                             | 25                        | 41                     | 27                     |
| Investment management costs                   | 3                              | 123                            | 12                        | 139                    | 149                    |
| <b>Total costs of generating funds</b>        | <b>361</b>                     | <b>232</b>                     | <b>64</b>                 | <b>656</b>             | <b>659</b>             |
| <b>Charitable expenditure</b>                 |                                |                                |                           |                        |                        |
| Teaching, research and residential            | 3,451                          | 2,552                          | 1,318                     | 7,322                  | 6,619                  |
| Deficit (Surplus) on disposal of fixed assets | 0                              | 0                              | (1,777)                   | (1,777)                | 0                      |
| <b>Total charitable expenditure</b>           | <b>3,451</b>                   | <b>2,552</b>                   | <b>(459)</b>              | <b>5,545</b>           | <b>6,619</b>           |
| <b>Governance costs</b>                       | <b>21</b>                      | <b>21</b>                      | <b>0</b>                  | <b>42</b>              | <b>45</b>              |
| <b>Total resources expended*</b>              | <b>3,833</b>                   | <b>2,805</b>                   | <b>(395)</b>              | <b>6,243</b>           | <b>7,323</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 College Contribution payable of £14k (2010 - £4k).

**6 SUPPORT COSTS**

|                               | Generating<br>Funds<br>£'000 | Teaching<br>Research and<br>Residential<br>£'000 | Public<br>Worship<br>£'000 | Heritage<br>£'000 | 2012<br>Total<br>£'000 | 2011<br>Total<br>£'000 |
|-------------------------------|------------------------------|--|----------------------------|-------------------|------------------------|------------------------|
| Financial and domestic admin  | 25                           | 321  | 0                          | 0                 | 346                    | 320                    |
| Human resources               | 0                            | 59   | 0                          | 0                 | 59                     | 40                     |
| IT                            | 0                            | 141  | 0                          | 0                 | 141                    | 117                    |
| Depreciation                  | 39                           | 647  | 0                          | 0                 | 686                    | 502                    |
| Loss/(profit) on fixed assets | 0                            | (1,777)  | 0                          | 0                 | (1,777)                | 0                      |
| Bank interest payable         | 0                            | 150  | 0                          | 0                 | 150                    | 21                     |
| Other finance charges         | 0                            | 0  | 0                          | 0                 | 0                      | 51                     |
|                               | <b>64</b>                    | <b>(459)</b>                                     | <b>0</b>                   | <b>0</b>          | <b>(395)</b>           | <b>1,051</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 the underlying utilisation of IT services. Interest and other finance charges are attributed according to the purpose of the related financing.

**7 GRANTS AND AWARDS**

|  | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | 2012<br>Total<br>£'000 | 2011<br>Total<br>£'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                              | 235                          | 235                    | 221                    |
| Bursaries and hardship awards  | 226                            | 0                            | 226                    | 223                    |
| Grants to other institutions   | 0                              | 0                            | 0                      | 0                      |
|  | <b>226</b>                     | <b>235</b>                   | <b>461</b>             | <b>444</b>             |

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



**Somerville College**  
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**8 GOVERNANCE COSTS**

|  | 2012<br>£'000 | 2011<br>£'000 |
|--|---------------|---------------|
| <b>Governance costs comprise:</b>              |               |               |
| Auditor's remuneration - audit services        | 21            | 17            |
| Auditor's remuneration - other services        | 0             | 0             |
| Legal and other fees on constitutional matters | 0             | 1             |
| Other governance costs                         | 21            | 27            |
|  | <u>42</u>     | <u>45</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**

|   | 2012<br>£'000 | 2011<br>£'000 |
|---|---------------|---------------|
| The aggregate payroll costs for the year were as follows. |               |               |
| Salaries and wages  | 3,475         | 3,276         |
| Social security costs                                     | 265           | 255           |
| Pension costs   | 384           | 399           |
| Other benefits  | 115           | 199           |
|   | <u>4,239</u>  | <u>4,129</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 | 24        | 18        |
| College residential  | 64        | 63        |
| Fundraising          | 5         | 4         |
| Support              | 1         | 1         |
| Total                | <u>94</u> | <u>86</u> |

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

|                             | 2012      | 2011      |
|-----------------------------|-----------|-----------|
| University Lecturers        | 17        | 19        |
| CUF Lecturers               | 12        | 12        |
| Other teaching and research | 3         | 3         |
| Other                       | 5         | 5         |
| Total                       | <u>37</u> | <u>39</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 employees (excluding the College Trustees) who during the year received gross pay and benefits (excluding employer NI and pension contributions) that were in excess of £60,000 (2011, nil).

**Somerville College**  
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**10 TANGIBLE FIXED ASSETS**

| Group                 | Leasehold<br>land and<br>buildings<br>£'000 | Freehold<br>land and<br>buildings<br>£'000 | Plant and<br>Machinery<br>£'000 | Fixtures,<br>Fittings and<br>Equipment<br>£'000 | Total<br>£'000 |
|-----------------------|---|--|---------------------------------|---|----------------|
| <b>Cost</b>           |   |  |                                 |   |                |
| At start of year      | 9,954                                       | 14,736                                     | 0                               | 1,369   | 26,059         |
| Additions             | 534   | 1,603                                      | 0                               | 248   | 2,385          |
| Disposals             | 0   | (1,622)                                    | 0                               | 0   | (1,622)        |
| <b>At end of year</b> | <b>10,488</b>                               | <b>14,717</b>                              | <b>0</b>                        | <b>1,617</b>                                    | <b>26,822</b>  |
| <b>Depreciation</b>   |   |  |                                 |   |                |
| At start of year      | 4   | 3,459                                      | 0                               | 1,005   | 4,468          |
| Charge for the year   | 174   | 367  | 0                               | 145   | 686            |
| On disposals          | 0   | (174)                                      | 0                               | 0   | (174)          |
| <b>At end of year</b> | <b>178</b>                                  | <b>3,652</b>                               | <b>0</b>                        | <b>1,150</b>                                    | <b>4,980</b>   |
| <b>Net book value</b> |   |  |                                 |   |                |
| <b>At end of year</b> | <b>10,310</b>                               | <b>11,065</b>                              | <b>0</b>                        | <b>467</b>                                      | <b>21,842</b>  |
| At start of year      | 9,950                                       | 11,277                                     | 0                               | 364   | 21,591         |
| <b>College</b>        |   |  |                                 |   |                |
|                       | Leasehold<br>land and<br>buildings<br>£'000 | Freehold<br>land and<br>buildings<br>£'000 | Plant and<br>Machinery<br>£'000 | Fixtures,<br>Fittings and<br>Equipment<br>£'000 | Total<br>£'000 |
| <b>Cost</b>           |   |  |                                 |   |                |
| At start of year      | 9,954                                       | 14,736                                     | 0                               | 1,369   | 26,059         |
| Additions             | 534   | 1,603                                      | 0                               | 248   | 2,385          |
| Disposals             | 0   | (1,622)                                    | 0                               | 0   | (1,622)        |
| <b>At end of year</b> | <b>10,488</b>                               | <b>14,717</b>                              | <b>0</b>                        | <b>1,617</b>                                    | <b>26,822</b>  |
| <b>Depreciation</b>   |   |  |                                 |   |                |
| At start of year      | 4   | 3,459                                      | 0                               | 1,005   | 4,468          |
| Charge for the year   | 174   | 367  | 0                               | 145   | 686            |
| On disposals          | 0   | (174)                                      | 0                               | 0   | (174)          |
| <b>At end of year</b> | <b>178</b>                                  | <b>3,652</b>                               | <b>0</b>                        | <b>1,150</b>                                    | <b>4,980</b>   |
| <b>Net book value</b> |   |  |                                 |   |                |
| <b>At end of year</b> | <b>10,310</b>                               | <b>11,065</b>                              | <b>0</b>                        | <b>467</b>                                      | <b>21,842</b>  |
| At start of year      | 9,950                                       | 11,277                                     | 0                               | 364   | 21,591         |

Capital work in progress of £9,854k shown in the accounts to July 2011 under freehold land and buildings has been reclassified as leasehold land and buildings under cost at start of the year.

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.

**Somerville College**  
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**11 PROPERTY INVESTMENTS**

| Group and College                      | Agricultural<br>£'000 | Commercial<br>£'000 | Other<br>£'000 | 2012<br>Total<br>£'000 | 2011<br>Total<br>£'000 |
|--|-----------------------|---------------------|----------------|------------------------|------------------------|
| Valuation at start of year             | 0                     | 665                 | 0              | 665                    | 665                    |
| Additions and improvements at cost     | 0                     | 0                   | 0              | 0                      | 0                      |
| Disposals net proceeds                 | 0                     | 0                   | 0              | 0                      | 0                      |
| Revaluation gains/(losses) in the year | 0                     | 0                   | 0              | 0                      | 0                      |
| <b>Valuation at end of year</b>        | <b>0</b>              | <b>665</b>          | <b>0</b>       | <b>665</b>             | <b>665</b>             |

A formal valuation of the commercial property was prepared by Mr Rupert Sheppard MRICS of Cluttons Styles & Whitlock as at 31 July 2012.

**12 SECURITIES AND OTHER INVESTMENTS**

|   | 2012<br>£'000 | 2011<br>£'000 |
|---|---------------|---------------|
| <b>Group investments</b>                    |               |               |
| Valuation at start of year                  | 35,433        | 32,289        |
| New money invested                          | 0             | 404           |
| Amounts withdrawn                           | (4)           | (321)         |
| Reinvested income                           | 0             | 0             |
| Investment management fees                  | (124)         | (123)         |
| (Decrease)/increase in value of investments | (587)         | 3,184         |
| <b>Group investments at end of year</b>     | <b>34,718</b> | <b>35,433</b> |
| Investment in subsidiaries                  | 0             | 0             |
| <b>College investments at end of year</b>   | <b>34,718</b> | <b>35,433</b> |

| Group investments comprise:       | Held outside<br>the UK<br>£'000 | Held in<br>the UK<br>£'000 | 2012<br>Total<br>£'000 | 2011<br>Total<br>£'000 |
|-----------------------------------|---------------------------------|----------------------------|------------------------|------------------------|
| Equity investments                | 7,046                           | 11,397                     | 18,443                 | 21,429                 |
| Global multi-asset funds          | 369                             | 4,672                      | 5,041                  | 5,136                  |
| Property funds                    | 0                               | 614                        | 614                    | 652                    |
| Fixed interest stocks             | 847                             | 5,516                      | 6,363                  | 5,540                  |
| Alternative and other investments | 1,398                           | 806                        | 2,204                  | 2,022                  |
| Fixed term deposits and cash      | 0                               | 2,053                      | 2,053                  | 654                    |
| <b>Total group investments</b>    | <b>9,660</b>                    | <b>25,058</b>              | <b>34,718</b>          | <b>35,433</b>          |

**Somerville College**  
**Notes to the financial statements**  
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**13 SUBSIDIARY UNDERTAKINGS**

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

The results of the subsidiary and its assets and liabilities at the year end were as follows.

|                                    | 2012     | 2011     |
|------------------------------------|----------|----------|
|                                    | £'000    | £'000    |
| Turnover                           | 639      | 436      |
| Expenditure                        | (600)    | (422)    |
| Donation to College under gift aid | (39)     | (14)     |
| Result for the year                | <u>0</u> | <u>0</u> |
| Total assets                       | 295      | 475      |
| Total liabilities                  | (295)    | (475)    |
| Net funds at the end of year       | <u>0</u> | <u>0</u> |

**14 DEBTORS**

|  | 2012<br>Group<br>£'000 | 2011<br>Group<br>£'000 | 2012<br>College<br>£'000 | 2011<br>College<br>£'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| <b>Amounts falling due within one year:</b>          |                        |                        |                          |                          |
| Trade debtors  | 234                    | 251                    | 105                      | 80                       |
| Amounts owed by College members                      | 29                     | 8                      | 29                       | 8                        |
| Amounts owed by Group undertakings                   | 0                      | 0                      | 191                      | 331                      |
| Prepayments and accrued income                       | 126                    | 203                    | 123                      | 203                      |
| Other Debtors  | 327                    | 353                    | 327                      | 353                      |
| <b>Amounts falling due after more than one year:</b> |                        |                        |                          |                          |
| Loans  | 100                    | 100                    | 100                      | 100                      |
|  | <u>816</u>             | <u>915</u>             | <u>875</u>               | <u>1,075</u>             |

**15 CREDITORS: falling due within one year**

|                                 | 2012<br>Group<br>£'000 | 2011<br>Group<br>£'000 | 2012<br>College<br>£'000 | 2011<br>College<br>£'000 |
|---------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Trade creditors                 | 257                    | 382                    | 208                      | 298                      |
| Amounts owed to College Members | 0                      | 59                     | 0                        | 59                       |
| Taxation and social security    | 169                    | 177                    | 131                      | 119                      |
| College contribution            | 4                      | 13                     | 4                        | 14                       |
| Accruals and deferred income    | 1,036                  | 4,768                  | 1,018                    | 4,765                    |
| Other creditors                 | 277                    | 231                    | 275                      | 231                      |
|                                 | <u>1,743</u>           | <u>5,630</u>           | <u>1,636</u>             | <u>5,486</u>             |

**Somerville College**  
**Notes to the financial statements**  
**For the year ended 31 July 2012**

**16 CREDITORS: falling due after more than one year**

|            | 2012<br>Group<br>£'000 | 2011<br>Group<br>£'000 | 2012<br>College<br>£'000 | 2011<br>College<br>£'000 |
|------------|------------------------|------------------------|--------------------------|--------------------------|
| Bank loans | 6,925                  | 4,065                  | 6,925                    | 4,065                    |
|            | <u>6,925</u>           | <u>4,065</u>           | <u>6,925</u>             | <u>4,065</u>             |

The bank loan is an unsecured 30 year term facility, with variable interest at 1% above LIBOR plus mandatory cost.

**17 FUNDS OF THE COLLEGE MOVEMENTS**

|                                     | At 1 August<br>2011<br>£'000 | Incoming<br>resources<br>£'000 | Resources<br>expended<br>£'000 | Transfers<br>£'000 | Gains/<br>(losses)<br>£'000 | At 31 July<br>2012<br>£'000 |
|-------------------------------------|------------------------------|--------------------------------|--------------------------------|--------------------|-----------------------------|-----------------------------|
| <b>Endowment Funds - Permanent</b>  |                              |                                |                                |                    |                             |                             |
| <b>1. Fellowship funding:</b>       |                              |                                |                                |                    |                             |                             |
| Fellowship Endowment Fund           | 1,179                        | 319                            |                                |                    | (15)                        | 1,483                       |
| Other funds less than £500,000      | 715                          |                                |                                |                    | (10)                        | 705                         |
| <b>2. Academic awards:</b>          |                              |                                |                                |                    |                             |                             |
| Funds less than £500,000            | 812                          | 30                             |                                |                    | (11)                        | 831                         |
| <b>3. Student support:</b>          |                              |                                |                                |                    |                             |                             |
| Funds less than £500,000            | 451                          |                                |                                |                    | (7)                         | 444                         |
| <b>4. Other funds:</b>              |                              |                                |                                |                    |                             |                             |
| College Capital Fund                | 1,739                        |                                |                                |                    | (23)                        | 1,716                       |
| <b>Total endowment permanent</b>    | <u>4,896</u>                 | <u>349</u>                     | <u>0</u>                       | <u>0</u>           | <u>(66)</u>                 | <u>5,179</u>                |
| <b>Endowment Funds - Expendable</b> |                              |                                |                                |                    |                             |                             |
| <b>1. Fellowship funding:</b>       |                              |                                |                                |                    |                             |                             |
| Centenary Appeal Fund               | 543                          |                                |                                |                    | (7)                         | 536                         |
| E.P.A.Cephalosporin Fund            | 728                          |                                |                                |                    | (10)                        | 718                         |
| A & W Cobbe Fund Fund               | 2,773                        |                                |                                |                    | (37)                        | 2,736                       |
| L.Labowsky Fund 1992                | 610                          |                                |                                |                    | (9)                         | 601                         |
| Mitchell Fund                       | 1,857                        |                                |                                |                    | (25)                        | 1,832                       |
| Carlisle & C.A.Lee Fund             | 601                          |                                |                                |                    | (9)                         | 592                         |
| Ernest Cook Fund                    | 679                          |                                |                                |                    | (9)                         | 670                         |
| Mary Ewart Trust Fund               | 817                          |                                |                                |                    | (11)                        | 806                         |
| Rose Graham Fund                    | 1,162                        |                                |                                |                    | (16)                        | 1,146                       |
| Daphne Osborne Fund                 | 4,289                        |                                |                                |                    | (58)                        | 4,231                       |
| C. & D. Roaf Fund                   | 923                          |                                |                                |                    | (12)                        | 911                         |
| Mary Snow Fellowship Fund           | 1,134                        |                                |                                |                    | (15)                        | 1,119                       |
| Mary Somerville Research Fund       | 738                          |                                |                                |                    | (10)                        | 728                         |
| Margaret Thatcher Fund              | 835                          | 5                              |                                |                    | (12)                        | 828                         |
| K & L Woolley Fund Fund             | 672                          |                                |                                |                    | (9)                         | 663                         |
| Wolfson Fund                        | 510                          |                                |                                |                    | (7)                         | 503                         |
|                                     | <u>18,871</u>                | <u>5</u>                       | <u>0</u>                       | <u>0</u>           | <u>(256)</u>                | <u>18,620</u>               |
| Other funds less than £500,000      | 3,878                        | 2                              |                                |                    | (51)                        | 3,829                       |
|                                     | <u>22,749</u>                | <u>7</u>                       | <u>0</u>                       | <u>0</u>           | <u>(307)</u>                | <u>22,449</u>               |
| <b>2. Academic awards:</b>          |                              |                                |                                |                    |                             |                             |
| Janet Watson Fund                   | 601                          |                                |                                |                    | (8)                         | 593                         |
| Other funds less than £500,000      | 2,807                        |                                |                                | 102                | (39)                        | 2,870                       |
|                                     | <u>3,408</u>                 | <u>0</u>                       | <u>0</u>                       | <u>102</u>         | <u>(47)</u>                 | <u>3,463</u>                |
| <b>3. Student Support:</b>          |                              |                                |                                |                    |                             |                             |
| Bursary Fund                        | 1,098                        | 210                            |                                | 91                 | (15)                        | 1,384                       |
| Dame Emily Penrose Fund             | 572                          |                                |                                |                    | (8)                         | 564                         |
| Other funds less than £500,000      | 2,019                        | 2                              |                                | (235)              | (24)                        | 1,762                       |
|                                     | <u>3,689</u>                 | <u>212</u>                     | <u>0</u>                       | <u>(144)</u>       | <u>(47)</u>                 | <u>3,710</u>                |

**Somerville College**  
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**17 FUNDS OF THE COLLEGE MOVEMENTS cont.**

|  | At 1 August<br>2011<br>£'000 | Incoming<br>resources<br>£'000 | Resources<br>expended<br>£'000 | Transfers<br>£'000 | Gains/<br>(losses)<br>£'000 | At 31 July<br>2012<br>£'000 |
|--|------------------------------|--------------------------------|--------------------------------|--------------------|-----------------------------|-----------------------------|
| <b>Endowment Funds - Expendable</b>      |                              |                                |                                |                    |                             |                             |
| <b>4. Other funds:</b>                   |                              |                                |                                |                    |                             |                             |
| General Endowment Fund                   | 2,287                        | 4                              |                                |                    | (34)                        | 2,257                       |
| Carys Bannister Fund                     | 0                            | 620                            |                                | 235                | (3)                         | 852                         |
| C A Lee Fund                             | 526                          |                                |                                |                    | (7)                         | 519                         |
| Other funds less than £500,000           | 1,701                        |                                |                                |                    | (20)                        | 1,681                       |
| Less transfer to FA designated           | 0                            |                                |                                |                    |                             | 0                           |
|  | <u>4,514</u>                 | <u>624</u>                     | <u>0</u>                       | <u>235</u>         | <u>(64)</u>                 | <u>5,309</u>                |
| <b>Total endowment funds, expendable</b> | <u>34,360</u>                | <u>843</u>                     | <u>0</u>                       | <u>193</u>         | <u>(465)</u>                | <u>34,931</u>               |
| <b>Total Endowment Funds</b>             | <u>39,255</u>                | <u>1,192</u>                   | <u>0</u>                       | <u>193</u>         | <u>(530)</u>                | <u>40,110</u>               |
| <b>Restricted Funds</b>                  |                              |                                |                                |                    |                             |                             |
| Endowment income                         | 2,174                        | 928                            | (869)                          | (1)                | (29)                        | 2,203                       |
| ROQ Building project appeal              | 1,720                        | 88                             |                                | (1,808)            |                             | 0                           |
| Other restricted funds                   | 358                          | 108                            | (34)                           | (193)              |                             | 239                         |
|  |                              |                                |                                |                    |                             | 0                           |
| <b>Total Restricted Funds</b>            | <u>4,250</u>                 | <u>1,126</u>                   | <u>(903)</u>                   | <u>(2,002)</u>     | <u>(29)</u>                 | <u>2,442</u>                |
| <b>Unrestricted Funds</b>                |                              |                                |                                |                    |                             |                             |
| General funds:                           |                              |                                |                                |                    |                             |                             |
| Unrestricted                             | 9,768                        | 6,612                          | (5,340)                        | 1                  | (11)                        | 11,030                      |
| Designated Funds                         | 1,259                        |                                |                                |                    | (17)                        | 1,242                       |
| Fixed asset designated funds             |                              |                                |                                | 1,808              |                             | 1,808                       |
| <b>Total Unrestricted Funds</b>          | <u>11,027</u>                | <u>6,612</u>                   | <u>(5,340)</u>                 | <u>1,809</u>       | <u>(28)</u>                 | <u>14,080</u>               |
| <b>Total Funds</b>                       | <u>54,532</u>                | <u>8,930</u>                   | <u>(6,243)</u>                 | <u>0</u>           | <u>(587)</u>                | <u>56,632</u>               |

**18 FUNDS OF THE COLLEGE DETAILS**

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

**Endowment Funds - Permanent:**

Fellowship Endowment Fund A fund established for the purpose of building up a general endowment of official stipends.

**Endowment Funds - Expendable:**

Carys Bannister Fund Established from a bequest, used to fund medicine.

Centenary Appeal Fund An appeal established to mark the College's centenary, income currently used towards Tutorial Fellowship funding.

E.P.A.Cephalosporin Established by gifts from the E.P.A.Cephalosporin fund to recognise Dorothy Hodgkin's association with the College, and used to fund Tutorial fellowship costs in medical, biological or chemical sciences.

A & W Cobbe Fund Established from a bequest, used to fund tutorial costs in mathematics.

L.Labowsky Fund Established from a bequest, used to fund a fellowship in English language & literature.

Mitchell Fund A gift and subsequent legacy, the income to be used towards the stipend of a Tutorial Fellow in English, and thereafter for general purposes.

Carlisle & C.A.Lee Fund A fund established from several bequests, income from which funds the cost of special leave by Tutorial Fellows.

Ernest Cook Fund Established by benefaction to endow a research fellowship in environmental studies.

Mary Ewart Trust Fund A fund used to provide scholarships and travelling grants and to fund the stipend of a research fellowship

Rose Graham Fund Established from a bequest, used to fund a fellowship in European or English History prior to 1700.

Daphne Osborne Fund Established from a bequest, used to fund a fellowship in Physical and/or Biological Sciences

C. & D. Roaf Fund Gifts used to support the study and teaching of Modern Languages

Mary Snow Fellowship A gift used to contribute towards the stipend of a Tutorial Fellow in the Biological Sciences

Mary Somerville Res. Fund A fund established from donations to cover the stipend of a Research Fellowship.

Margaret Thatcher Established to fund the teaching of Chemistry and Law

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**18 FUNDS OF THE COLLEGE DETAILS cont.**

|                                |  |
|--------------------------------|--|
| K & L Woolley Fund             | Established by a bequest, used to provide a Scholarship or Fellowship in near, Middle-East Mediterranean or Far East Archaeology   |
| Wolfson Fund                   | A gift from the Wolfson Foundation used to endow a tutorial fellowship in the Natural Sciences.  |
| <b>Restricted Funds:</b>       |  |
| 1. Permanent endowment income  | Income generated from permanent endowment funds, available for current and future costs as restricted by the underlying endowment fund.  |
| 2. Expendable endowment income | Income generated from expendable endowment funds, available for current and future costs as restricted by the underlying endowment fund.   |
| 3. ROQ Building project appeal | Gifts and legacies received in connection with the College Appeal, for use in contributing towards the costs of new accommodation buildings on the Radcliffe Observatory Quarter |
| <b>Designated Funds</b>        |  |
| Designated Other               | Unrestricted Funds allocated by the Fellows for current and future costs of related to particular 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. Inter-fund transfers represent the reallocation of building appeal funds upon completion of the building (£1,808k), the relocation of legacy payments received in the previous accounting year to a new trust fund (re. Carys Bannister, £235k) and other inter-fund allocations of revenue in accordance with the by-laws of the College.

**19 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|                                  | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowment<br>Funds<br>£'000 | Total<br>£'000 |
|----------------------------------|--------------------------------|------------------------------|-----------------------------|----------------|
| Tangible fixed assets            | 21,842                         | 0                            | 0                           | 21,842         |
| Property investments             | 0                              | 0                            | 665                         | 665            |
| Securities and other investments | 1,242                          | 0                            | 33,476                      | 34,718         |
| Endowment investment in College  | (1,549)                        | 0                            | 1,549                       | 0              |
| Net current assets               | (530)                          | 2,442                        | 4,420                       | 6,332          |
| Long-term bank loan              | (6,925)                        | 0                            | 0                           | (6,925)        |
|                                  | 14,080                         | 2,442                        | 40,110                      | 56,632         |

**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 appropriate, these salaries are paid on external scales and are often joint arrangements with the University of Oxford. Other salaries are set after consideration by the Remuneration Committee.

Trustees of the college fall into the following categories:

- The Principal
- Administrative Fellows
- Tutorial Fellows
- Professorial Fellows
- Additional Fellows

Six trustees (the Principal, the Treasurer, the Domestic Bursar, the Development Director, the Librarian and the Senior Tutor) work full time on management and fundraising.

Employed trustees, are eligible for college housing schemes. Four trustees live in houses owned by the college and have a deduction from salary as 'rent'. Others may be eligible for a housing allowance which is disclosed within the salary figures below. Eight trustees live in houses owned jointly with the college. Two such houses were bought during the year, with one being sold.

**Somerville College**  
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**20 TRUSTEES' REMUNERATION cont.**

Some trustees receive additional allowances for additional work carried out as part time college officers, such as the Dean, the Dean of Degrees and the Archivist. These amounts are included within the remuneration figures below. The total remuneration and taxable benefits as shown below is £1,259,002 (2010-11 £1,271,203). The total of pension contributions is £199,734 (2010-11 £207,339).

**Remuneration paid to trustees**

| Range           | 2011-2012                    |   | 2010-2011                    |   |
|-----------------|------------------------------|---|------------------------------|---|
|                 | Number of trustees / fellows | Gross remuneration, taxable benefits and pension contributions<br>£ | Number of trustees / fellows | Gross remuneration, taxable benefits and pension contributions<br>£ |
| £1,000-£1999    | 1                            | 1,515   |                              |   |
| £7,000-£7,999   |                              |   | 1                            | 7,584   |
| £9,000-£9,999   | 2                            | 18,475  |                              |   |
| £10,000-£10,999 | 1                            | 10,774  |                              |   |
| £11,000-£11,999 | 1                            | 11,458  |                              |   |
| £13,000-£13,999 | 1                            | 13,608  |                              |   |
| £14,000-£14,999 | 1                            | 14,876  |                              |   |
| £15,000-£15,999 |                              |   | 2                            | 31,443  |
| £17,000-£17,999 |                              |   | 4                            | 70,449  |
| £18,000-£18,999 | 3                            | 56,526  | 3                            | 55,794  |
| £19,000-£19,999 | 9                            | 173,828   | 10                           | 190,789   |
| £30,000-£31,999 |                              |   | 1                            | 31,108  |
| £37,000-£37,999 |                              |   | 2                            | 75,158  |
| £39,000-£39,999 |                              |   | 1                            | 39,927  |
| £41,000-£41,999 |                              |   | 1                            | 41,055  |
| £42,000-£42,999 | 1                            | 42,161  |                              |   |
| £44,000-£44,999 |                              |   | 1                            | 44,357  |
| £45,000-£45,999 |                              |   | 1                            | 45,989  |
| £46,000-£46,999 | 2                            | 92,825  |                              |   |
| £47,000-£47,999 | 1                            | 47,584  | 1                            | 47,798  |
| £48,000-£48,999 | 5                            | 243,339   | 5                            | 242,645   |
| £49,000-£49,999 | 2                            | 98,759  |                              |   |
| £50,000-£50,999 |                              |   | 1                            | 50,993  |
| £51,000-£51,999 | 1                            | 51,212  |                              |   |
| £54,000-£54,999 |                              |   | 1                            | 54,120  |
| £57,000-£57,999 | 1                            | 57,249  |                              |   |
| £58,000-£58,999 | 1                            | 58,932  |                              |   |
| £59,000-£59,999 |                              |   | 1                            | 59,142  |
| £65,000-£65,999 | 1                            | 60,860  |                              |   |
| £65,000-£65,999 |                              |   | 1                            | 65,380  |
| £71,000-£71,999 |                              |   | 1                            | 71,505  |
| £73,000-£73,999 | 2                            | 147,165   |                              |   |
| £74,000-£74,999 |                              |   | 1                            | 74,953  |
| £75,000-£75,999 | 1                            | 75,405  |                              |   |
| £88,000-£88,999 | 1                            | 88,869  | 1                            | 88,327  |
| £90,000-£90,999 |                              |   | 1                            | 90,026  |
| £93,000-£93,999 | 1                            | 93,316  |                              |   |
| £97,000-£97,999 |                              |   | 1                            | 97,309  |

5 trustees are not employees of the College and do not receive 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.



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**21 PENSION SCHEMES**

**1. Schemes in operation**

The College participates in two pension schemes on behalf of its staff:

- (i) The Universities Superannuation Scheme ("the USS"), a contributory defined benefit scheme and
- (ii) A group personal pension scheme operated by Friends Provident Life and Pensions Limited.

The USS is a contributory defined benefit scheme (i.e. it provides benefits based on length of service and final pensionable salary) and is contracted out from the State Second Pension Scheme. The assets of USS are held in separate trustee-administered funds. The USS scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, as required by the accounting standard FRS17 "Retirement Benefits", the College accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme 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.

**2. Actuarial valuations**

Qualified actuaries periodically value the USS. It is 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.

|  |            |        |
|--|------------|--------|
| Date of valuation:   | 31/03/2011 | note a |
| Date valuation results published:  | 15/06/2012 |        |
| Value of liabilities:  | £35,344m   |        |
| Value of assets:   | £32,434m   |        |
| Funding Surplus/(Deficit):   | (£2,910m)  | note b |
| Principal assumptions:   |            |        |
| 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)                              | -          |        |
| Rate of interest (periods after retirement)                              | -          |        |
| Rate of increase in salaries   | 4.4% pa    |        |
| Rate of increase in pensions   | 3.4% pa    | note c |
| Mortality assumptions:   |            |        |
| Assumed life expectancy at age 65 (males)                                | 23.7 yrs   |        |
| Assumed life expectancy at age 65 (females)                              | 25.6 yrs   |        |
| Funding Ratios:  |            |        |
| Technical Provisions basis:  | 92.0%      | note c |
| Statutory Pension Protection Fund basis:                                 | 93.0%      |        |
| "Buy-out" basis:   | 57.0%      |        |
| Estimated FRS17 basis  | 82.0%      |        |
| Recommended Employer's contribution rate (as % of pensionable salaries): | 16.0%      | note c |
| Effective date of next valuation:  | 31/03/2014 |        |

**Note 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](http://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.

**Note b.**

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.

**Note c.**

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.

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**21 PENSION SCHEMES Cont.**

**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  |
|----------------------------|---------------------------|-------------------------------|
|                            |                           | US\$                          |
| Valuation rate of interest | increase/decrease by 0.5% | decrease / increase by £3.2bn |
| Rate of pension increases  | increase/decrease by 0.5% | increase / decrease by £2.0bn |
| Rate of salary growth      | increase/decrease by 0.5% | increase / decrease by £1.2bn |
| Rate of mortality          | more prudent assumption   | increase by £0.8bn            |

**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:

|                                  | 2012       | 2011       |
|----------------------------------|------------|------------|
|                                  | £m         | £m         |
| University Superannuation Scheme | 243        | 267        |
| Friends Provident GPPS -         | 141        | 132        |
|                                  | <u>384</u> | <u>399</u> |

The College also made supplementation payments to one retired member of staff totalling £3k.

**22 TAXATION**

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

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

|  | 2012         | 2011         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| <b>Net incoming resources for the year</b>       | <b>2,687</b> | <b>1,131</b> |
| Elimination of non-operating cash flows:         |              |              |
| - Investment income                              | (1,526)      | (1,430)      |
| - Endowment donations                            | (1,192)      | (543)        |
| - Financing costs                                | 150          | 72           |
| Depreciation                                     | 686          | 502          |
| (Surplus)/loss on sale of fixed assets           | (1,777)      | 0            |
| Decrease/(Increase) in stock                     | 3            | (2)          |
| Decrease/(Increase) in debtors                   | 99           | (150)        |
| (Decrease)/Increase in creditors                 | 345          | (454)        |
| (Decrease)/Increase in provisions                | 0            | 0            |
| <b>Net cash inflow/(outflow) from operations</b> | <b>(525)</b> | <b>(874)</b> |

**Somerville College**  
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**24 ANALYSIS OF CHANGES IN NET FUNDS**

|   | 2011<br>£'000 | Cash flow<br>£'000 | 2012<br>£'000 |
|---|---------------|--------------------|---------------|
| Cash at bank and in hand                  | 570           | 1,025              | 1,595         |
| Bank overdrafts                           | 0             | 0                  | 0             |
|   | <u>570</u>    | <u>1,025</u>       | <u>1,595</u>  |
| Deposits and other short term investments | 5,034         | 614                | 5,648         |
| Bank loans due after one year             | (4,065)       | (2,860)            | (6,925)       |
|   | <u>1,539</u>  | <u>(1,221)</u>     | <u>318</u>    |

**25 CAPITAL COMMITMENTS**

The College had contracted commitments at 31 July for future capital projects totalling £991 thousand (2011 - £2.2 million).

**26 RELATED PARTY TRANSACTIONS**

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

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

The following trustee had loans outstanding from the College at the start and/or end of the year.

|            | 2012<br>£'000  | 2011<br>£'000  |
|------------|----------------|----------------|
| B Thompson | <u>100,000</u> | <u>100,000</u> |

Interest is charged on the above loans at 4% per annum. The loan is repayable within 12 years or on the departure of the trustee from the College if earlier.

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

|              | 2012<br>£'000 | 2011<br>£'000 |
|--------------|---------------|---------------|
| F Stafford   | 81            | 83            |
| P West       | 133           | 136           |
| A Sutherland | 199           | 128           |
| M Hayward    | 88            | 90            |
| A Rogers     | 193           | 197           |
| M Higgins    | 160           | 164           |
| A Manuel     | 195           | 199           |
| M Wood       | <u>198</u>    | <u>-</u>      |

All joint equity properties are subject to sale on the departure of the trustee from the College. The trustees pay rent to the College on the College owned share of the properties at the assessed current market rate.

**28 CONTINGENT LIABILITIES**

There were no contingent liabilities at 31st July 2012.

**29 POST BALANCE SHEET EVENTS**

There were no events subsequent to 31st July 2012 that materially affect the understanding of these accounts.

