

# Balliol College

Annual Report and Financial Statements

Year ended 31 July 2012

Registered Charity No. 1144032



**Balliol College**  
**Annual Report and Financial Statements**  
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## Balliol 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 trustees under charity law. The members of the Governing Body who served in office as Governors during the year or subsequently are detailed below. The activities of the Governing Body are carried out through three committees and the membership of these committees during last year for each Fellow is also shown below. Most other committees in the College are sub-committees of either the Academic Committee or Executive Committee.

- (1) Tutorial Board
- (2) Academic Committee
- (3) Executive Committee

		(1)	(2)	(3)
Mr AWM Graham	Master – Retired 01/10/2011			
Sir Drummond Bone	Master – Appointed 01/10/2011	•	•	•
Dr LJ Abrams		•		
Dr W Barford		•		•
Prof JC Belich	Appointed 01/10/2011			
Prof JM Brown	Retired 30/09/2011			
Prof CP Buckley		•		
Mr RH Collier				•
Dr J Conlon	Resigned 31/12/2011			
Dr MH Conway		•		
Dr TM Douglas				
Revd HD Dupree		•		•
Prof WH Dutton				
Prof TAO Endicott				
Dr D Erdos				
Prof RW Field		•		•
Dr JA Forder		•	•	
Prof B Foster				
Dr A Gardner				•
Prof I Goldin				
Dr J Goudkamp	Appointed 01/11/2011	•		
Prof L Green				
Prof FC Hamby				
Dr KC Hannabuss		•		
Dr SK Hazareesingh		•		

**Balliol College****Governing Body, Officers and Advisers****Year ended 31 July 2012**

		(1)	(2)	(3)
Prof AJ Hurrell			•	
Dr AD Kelly		•		•
Dr JF Kershaw	Appointed 01/10/2011			
Dr J King	Resigned 31/08/2011			
Prof FC Kirwan		•	•	
Dr GI Lamond		•	•	
Ms J Longworth				
Dr DM Lucas		•		
Prof A Lukas		•	•	
Dr J Machielsen	Appointed 01/01/2012			
Dr O Magidor		•		
Dr S Marnette		•	•	
Prof TF Melham		•		•
Prof CZ Minkowski			•	
Dr JD Moss		•		
Prof TH Noe		•		•
Dr PCG Nye	Retired 30/09/2011			
Prof DC O'Brien		•	•	
Prof DM O'Hare		•	•	
Dr TGD Ord				
Dr S Paoli				
Dr SP Perry		•		
Dr A Pontzen	Appointed 01/10/2011			
Dr AJH Reichold		•		•
Ms J Roadknight		•		•
Prof LA Roper	Resigned 30/09/2011			
Dr AVC Schmidt	Retired 30/09/2011			
Dr SM Shimeld		•	•	
Dr SA Skinner		•		•
Dr ARG Swift		•		•
Prof R Thomas		•		
Dr SE Thomas				
Prof LN Trefethen				

**Balliol College****Governing Body, Officers and Advisers****Year ended 31 July 2012**

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		(1)	(2)	(3)
Dr NZ Trott		•	•	•
Prof P Tufano	Appointed 01/10/2011			
Prof DA Vines		•		
Dr LJ Walker	Appointed 01/10/2011	•		
Dr DMW Wallace		•		
Prof V Wallace				
Dr JH Warner	Appointed 01/11/2011			
Mr TH Wilson				
Prof M Zaccolo	Appointed 01/10/2011	•		
Ms LE Zanna	Resigned 30/09/2011			

**COLLEGE SENIOR STAFF**

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

Dr NZ Trott	<i>Academic Registrar and Senior Tutor</i>
Mr RH Collier	<i>Finance Bursar</i>
Ms J Roadknight	<i>Domestic Bursar</i>

## **Balliol College**

### **Governing Body, Officers and Advisers**

**Year ended 31 July 2012**

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#### **COLLEGE ADVISERS**

##### **Investment managers**

Oxford Investment Partners, Christ Church, Oxford, OX1 1DP

Partners Capital LLP, 5<sup>th</sup> Floor, 5 Young Street, London, W8 5EH

RCM (UK) Ltd, 155 Bishopsgate, London, EC2M 3AD

Schroder & Co Ltd, 100 Wood Street, London, EC2V 7ER

Morgan Stanley & Co, 25 Cabot Square, Canary Wharf, London, E14 4QA

Cordea Savills LLP, Lansdowne House, 57 Berkeley Square, London, W1J 6ER

Deutsche Private Wealth Management, Winchester House, 1 Great Winchester Street, London, EC2N 2DB

##### **Independent Auditors**

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, 9 Greyfriars Road, Reading, RG1 1JG

##### **Bankers**

The Co-operative Bank Plc, 13 New Road, Oxford, OX1 1LG

##### **Solicitors**

Withy King LLP, North Bailey House, New Inn Hall Street, Oxford, OX1 2EA

##### **Surveyors**

Savills plc, Wytham Court, 11 West Way, Botley, Oxford, OX2 0QL

##### **College address**

Balliol College, Broad Street, Oxford, OX1 3BJ

##### **Website**

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

# **Balliol 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 consolidated financial statements for the year.

#### **REFERENCE AND ADMINISTRATIVE INFORMATION**

The Master and Scholars of Balliol College in the University of Oxford, which is known as Balliol College, ("the College") are a charitable body corporate having that name. The College was founded in the 13<sup>th</sup> century and is registered with the Charities Commission (registered number 1144032).

Changes in the Charities Act 2006 meant that the colleges of the University of Oxford were no longer exempt charities (effective 1 June 2010) and had to register with the Charities Commission. Balliol College registered from 28 September 2011.

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 5.

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

##### **Governing documents**

The College is governed by its Statutes originally granted in 1282, and subsequently approved by the foundation deed of 1284. In their most recent version they stand as approved by Her Majesty in Council, 9 April 2008, in accordance with the 1923 Oxford and Cambridge Act. The process of registering as a charity revealed that the Statutes required a number of amendments, and work on this is well advanced.

##### **Governing Body**

The Governing Body is constituted and regulated in accordance with the College Statutes, which are as made from time to time by order of Her Majesty in Council in accordance with the Universities of Oxford and Cambridge Act 1923. The Governing Body holds to itself the responsibilities for the ongoing strategic direction of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Master and is advised by a range of committees. The College enjoys the unique privilege of electing its own Visitor, a post currently occupied by the Right Honourable Lord Reed, PC.

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

New Members of the Governing Body are recruited as Fellows (Trustees), and are inducted into the workings of the College according to the nature of their Fellowship and by attending Governing Body meetings. The duties and responsibilities of Trustees are explained fully to incumbent Fellows and form part of the induction process.

##### **Organisational management**

The Governing Body understands the importance of being kept informed on current issues in the sector, and charity regulation and legislation form a regular part of Governing Body business. A new College office - the Fellow for Charity Matters - has been created to facilitate the flow of information in this area and a conflict of interests code has been agreed and now implemented. The members of the Governing Body meet nine times a year. The work of developing their policies and monitoring the implementation of these is carried out by three Committees:

- Tutorial Board is held nine times a year and all Tutorial Fellows are expected to attend. It deals with decisions about academic progress of individual students and has the power to decide many matters of academic policy, but for several years much of this work has been delegated to the Academic Committee.
- Academic Committee concentrates on academic policy and meets weekly during term. It has an approximately equal number of College Officers and non-officers as its membership. Full Academic Committee, which meets approximately once a term, includes student representation.
- Executive Committee deals primarily with the College's budget and its administration and meets weekly during term. It also has an approximately equal number of College Officers and non-officers as its membership and includes student representation.

Most other committees in College are sub-committees of either the Academic Committee or Executive Committee. There are however three important exceptions, and each of them report direct to meetings of the Governing Body (referred to as College Meeting within the College). The Financial Committee, on which two external members sit, deals with Fellows' salaries and academic related salaries. The Chapel and Patronage Committee oversees the College Chapel and the several ecclesiastical livings for which the College retains an historic responsibility. The Nominating Committee makes recommendations to College Meeting on who are to be College Officers and what membership of committees should be.



## **Balliol College**

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

**Year ended 31 July 2012**

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The day-to-day running of the College is overseen by the Master. Academic matters are delegated primarily to Dr N Trott (Academic Registrar and Senior Tutor) and administrative and financial matters to Mr R Collier (Finance Bursar) and Ms J Roadknight (Domestic Bursar).

#### **Group structure and relationships**

The College administers many special trusts and has one wholly owned non-charitable subsidiary, Balliol College Developments Ltd, which is a company providing conference and other event services on College premises whose annual profits are donated to the College under the Gift Aid Scheme.

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

#### **Risk management**

The College is engaged in risk assessment on an ongoing basis. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the relevant College Committee. Financial risks are assessed by the Executive Committee and investment risks are monitored by the Investment Committee. In addition, the Domestic Bursar and domestic staff heads meet regularly to review health and safety issues. Training courses and other forms of career development are available, when requested, to members of staff to enhance their skills in risk-related areas.

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

### **OBJECTIVES AND ACTIVITIES**

#### **Charitable Objects and Aims**

The College's Objects are to advance education, religion, learning and research, and to be a College within the University of Oxford.

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 guidance produced by the Charity Commission, in section 17 of the Charities Act 2011, and supplemental guidance produced by the Commission, in particular its public benefit guidance on advancement of education and on fee-charging.

The College's aims for the public benefit are:

To provide for members of the University of Oxford a college wherein they may participate in the educational facilities offered by, and study for degrees in, the University of Oxford.

To do all such other things as are incidental or conducive to advancing education, learning and research in Oxford or elsewhere.

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

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

The College exists to advance education at both undergraduate and graduate levels; to facilitate and to encourage scholarship and research at the very highest levels; to promote excellence in learning; to maintain a chapel and chaplaincy, and to serve as patron to its numerous livings.

#### **Public benefit**

The College remains committed to the aim of providing public benefit in accordance with its Objects, and has continued to conduct its affairs during the year to 31 July 2012 in furtherance of these aims.

**Education and Learning** The College draws on its endowments and other income to provide undergraduate education in a wide range of subjects, within the context of the University of Oxford, to students recruited to the College on the basis of their academic record and promise. Balliol employs Tutors and Lecturers to teach them; administrative and pastoral staff to support them; and offers an array of academic and other educational facilities, including a Library, musical and theatrical spaces, diverse sporting facilities, and multiple environments for recreation, reflection, self-improvement, and debate. To advance the education of its students the College offers a wide range of bursaries and scholarships, many established by endowment, and operates a generous programme of hardship grants, awarded on the basis of financial

## Balliol College

### Report of the Governing Body

Year ended 31 July 2012

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need by a Student Finance Committee. The oldest constituent college in the University of Oxford, Balliol occupies a beautiful and historic site in the middle of the city with buildings dating from the fifteenth century. The College is normally open daily to the public, with access to the grounds and (as practicable) to the main public spaces. A brief history to the College is available to visitors.

Numerous Balliol events are also open to the public, including services in Chapel, occasional lectures and talks, and, every Sunday evening during term a concert in the College Hall, continuing a tradition of Balliol concerts that began in 1885. Balliol has long sought to make a contribution to the wider educational world. It appoints (normally from among its Fellowship) a representative on the Court of the University of Bristol; Trustees to Blundell's School and to Ludlow College; Trustees to the Keith Rae Trust; Trustees to the Balliol Society (which supports the College's charitable activities); Trustees to the Balliol Educational Trust; and Trustees to the Chalet Trust.

**Research** The College materially supports the research of its academic staff by a programme of sabbatical leave from tutorial duties, and by making available reasonable funds to support academic pursuits, and to subsidise research and publication (Statutes VIII.5). At its annex in Holywell Manor, the College offers an academically stimulating home to a large and international community of graduate research students, admitted to their courses from a distinguished application by the University of Oxford. Graduate supervision is frequently undertaken by Fellows of the College. Holywell Manor offers a popular space for recreation, intellectual exchange, and debate.

The work of Balliol research students is additionally supported by a generous programme of graduate scholarships, many established by endowment, and the College makes numerous additional financial awards on the basis of need, administered by its Student Finance Committee. The College contributes to the research activity of the University by (for example) hosting the Oxford Internet Institute, and by administering the Numata Fund which supports Buddhist studies in Oxford.

The College has large and distinguished research collections under its curatorship, which it is pleased to make as fully available as possible. Its extensive collections of medieval and modern literary, political, and scientific papers are cared for in its specially constructed Historic Collections Centre at St Cross, Holywell. The Centre also houses the College's extensive Archives, a valuable source for historians of the nation as well as of Balliol and the University of Oxford. The College also cares for numerous paintings, especially portraits of former members; some pieces of silver, also mostly commemorative; and various objets d'art. The College has published several catalogues of its diverse holdings, in print and latterly on-line, and cataloguing continues. Bona fide researchers, including interested members of the public, are welcome to consult material in the College's care by appointment. The College has a liberal policy of lending items to exhibitions upon request.

Numerous scholarly projects have come to fruition with the College's ready collaboration, including (among others) editions of several medieval texts, editions of the poets Browning, Arnold, Clough, and Hopkins, and many other books and articles that demonstrate Balliol's ambitions to facilitate and extend scholarship and learning.

**Religion** The College maintains a Chaplaincy by Statute (VII.8), the Chaplain normally being a resident Fellow of the College. The Chapel offers services throughout the academic term which are open to the public. The College retains its position as Patron of twenty livings across England, a role which it assumes with proper diligence and care, keeping in close and supportive contact with its parishes, welcoming their representatives periodically to the College, and offering assistance in their activities as requested.

### ACHIEVEMENTS AND PERFORMANCE

The year to 31 July 2012 saw into office both the new Master, Professor Sir Drummond Bone, and the new Visitor, the Right Honorable Lord (Robert) Reed. In the course of the year, the College elected to its Tutorial Fellowship Lisa Walker (Fixed-Term, Medical Sciences) and Manuela Zaccolo (Biomedical Sciences) and to its Professorial Fellowship James Belich (Beit Professor of Commonwealth & Imperial History) and Peter Tufano (Peter Moores Dean and Professor of Finance at Saïd Business School). Supernumerary Fellowship elections for 2011-12 were made for the George Eastman Visiting Professor Carl Wunsch (Oceanography), Winant Visiting Professor Michael Bailey (American government), and Oliver Smithies Visiting Fellows Luca Guidoni (Physics) and William Coleman (Economics). Elections were made to three-year Junior Research Fellowships of Andrew Pontzen (Astrophysics, Henry Skynner), Jane Kershaw (Archaeology), Jamie Warner (Materials), and Johannes Machielsen (History). In addition, the College hosted MIT Visitor Sandy Alexandre (English), Snell Visitor Ross Anderson (Law) and Oliver Smithies Lecturers Tom Campbell (Law), Ildar Garipzanov (History) and Yongding Yu (Economics).

Select honours and distinctions to Balliol Old Members: Lord Reed, Visitor, was appointed to the Supreme Court. Four Old Members were mentioned in the 2012 New Year's Honours List: Andrew Burnett (1970), Deputy Director of the British Museum, received a CBE for services to the British Museum and Numismatics; The Hon Dominic Asquith CMG (1975), formerly HM Ambassador, Egypt, received a KCMG; Graham Avery (1961), formerly Director of the European Commission, received a CMG for services to European affairs; John Barnard Bush OBE (1955), Lord-Lieutenant of

## Balliol College

### Report of the Governing Body

Year ended 31 July 2012

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Wiltshire, received a CVO. Four more Old Members were mentioned in the Queen's Birthday Honours List in June 2012: in the Diplomatic Service list, the Rt Hon Sir Henry Brooke (1957), awarded a CMG, as President of the Slynn Foundation, for services to justice reform in Albania, and John Ramsay (Ray) Bremner (1975), awarded an OBE, as Senior vice-president, North East Asia and chairman, Unilever Japan, for services to corporate social responsibility and to the community in Japan; Professor Peter Skegg (1969), Professor of Law, University of Otago, made a Companion of the New Zealand Order of Merit (CNZM) for services to medical law, and Nicholas Hope (1965), made a Member of the Order of Australia. A further four Old Members were elected Fellows of the Royal Society: Professor Alasdair Houston (1969), Professor Chandrashekhhar Khare (1989), Dr Julian Hart Lewis (1964) and Professor John McNamara (1968). Jeffrey Gettleman (1994) won a Pulitzer Prize for international reporting. Trevor Mundel (1987) was named president of the Gates Foundation's Global Health Programme. And Oxford's Wildlife conservation Research Unit (WildCRU), of which David Macdonald (1976) is the Director, was awarded The Queen's Anniversary Prize 2011.

Select honours and distinctions to current Balliol Fellows and tutors: Among the Fellows, Andrew Hurrell and Lyndal Roper were elected Fellows of the British Academy; and Timothy Wilson (Arts of the Renaissance), Dominic O'Brien and Robert Field (both Engineering Science), Rosalind Thomas (Greek History) and Ian Goldin (Globalisation and Development) were all awarded the title of Professor in the University's latest Recognition of Distinction exercise. Two Balliol Clinical Lecturers also recorded signal achievements: Robin Choudhury, recognised as Professor of Cardiovascular Medicine, and Martin Burton, appointed Director of the UK Cochrane Centre. Teaching awards were made to both Fellows and Lecturers: Adrian Kelly, Tutor in Ancient Greek, won the 'Most Acclaimed Lecturer in the Humanities' award in the first year of the Oxford Student Union Teaching Awards; and he also won an 'Excellence in Teaching Award' as voted for by the Balliol JCR. Sudhir Hazareesingh, Politics and International Relations, was short-listed for the OUSU 'Most Acclaimed Lecturer' category in the Social Sciences. Andre Lukas, Physics, was another recipient of a JCR Excellence in Teaching Award, as were two former Balliol graduates and sometime College Lecturers, *Dr Martin Galpin* (Chemistry) and *Dr Helen Scott* (Law). Adam Swift was appointed to a Chair in Political Theory at the University of Warwick, and resigned his Fellowship; and Tom Lambert, Departmental Lecturer in Early Medieval History, was appointed to a Bennett Boskey Career Development Fellowship at Exeter College, intended 'for an individual with outstanding academic potential at an early stage of their career'.

Select achievements of current Balliol students: *Frederick Wilmot-Smith*, 1st Year DPhil Law, was selected from over 100 applicants for an All Souls Prize Fellowship. Joshua Harvey (2008), 4<sup>th</sup> year Medic, won the Michael Pittilo Student Essay Award, a competition which is open to all healthcare students studying at undergraduate level or above. This year's theme was 'healthy ageing'. Ben Woolgar (2009), PPE, was victorious in the World Universities Debating Championships. A Balliol team beat Merton to win a place in the quarter-finals of University Challenge. Biologist Lucy King (2005) gained the UNEP/CMS Thesis Award on Migratory Species Conservation 2011. And in Varsity Judo, which saw Oxford overcome Cambridge, Balliol provided the captain for the men's team, Max Denning (2010) and a member of the women's team, Rebecca Bayliss (2009).

Achievements of Balliol institutions: The conversion of St Cross Church to the Balliol Historic Collections Centre won an Oxford Preservation Trust award plaque, and two awards from RIBA, while for the second time running, Balliol Day Nursery was judged to be Ofsted 'Outstanding' in all areas.

### FINANCIAL REVIEW

For the year ended 31 July 2012, the College reported its seventh successive surplus after a number of years of deficits. This was due to continuing successes of fundraising, the increase in conference and functions business and the constant management of cost-savings and economy measures.

The College continues to carry-out forward looking financial exercises in order to improve its ability to identify and budget for its key cost items in future years. Whilst this gives some confidence that positive financial outcomes can be maintained in the very near term, it also underlines the financial burdens that colleges like Balliol will face in the future. Maintaining Balliol's academic excellence and the tutorial system – with all its advantages – will remain costly. Allowing more of the endowment to be used for academic purposes and the provision of scholarship and bursaries remains a commitment. A number of costs which the College cannot control, such as energy, food and utility bills are growing at rates in excess of our growth in income. The continuing expenses of maintaining all of Balliol's buildings represent an ongoing draw that we must manage for the near and long term future. Most critically, the likelihood of significant reductions in Government financial support to UK universities requires the College to be very cautious about the future and to anticipate ever greater financial pressures.

### Reserves policy

The College's reserves policy is to maintain sufficient free reserves to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall and to allow the College to be managed efficiently and to provide a buffer that would ensure uninterrupted services.

**Balliol College**  
**Report of the Governing Body**  
**Year ended 31 July 2012**

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**Investment policy, objectives and performance**

The Investment Committee continues to review the strategy that the College put in place: generation of capital growth, risk reduction, diversification and the building of returns which reflect Balliol's financial requirements, and have seen a number of reasons to continue our existing strategies in 2012.

To meet these objectives the College's investments are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. Under the total return accounting basis, it is the Governing Body's policy to extract as income 4% of the value of the endowment. However to smooth and moderate the amounts withdrawn this 4% is calculated on the weighted and indexed average of the endowment over a four year period using the value as at the 31 March each year.

The College's invested assets generated a total gross return during the year to 31 July 2012 of 1% (2011: 8.5%). The greater part of the endowment is invested in well-diversified holdings in the capital markets; 54.8% is held with the Oxford Investment Partners which was created in 2006 as an investment office for a group of Oxford colleges seeking to achieve optimal risk-adjusted absolute returns from a diversified portfolio of assets, in addition 14.3% continues to be held in equity tracking funds with RCM and Morgan Stanley, 13.2% in a multi-asset class portfolio with Partners Capital, 7% invested in bond funds with Schroders, 6.2% in UK property by means of units in the Charities Property Fund, 3.0% in commodities with Deutsche Private Wealth and the remaining 1.5% is held in a range of smaller investments and cash.

Going forward, the Investments Committee will continue to monitor and review the portfolios, and will effect adjustments to it which best protect the College's financial position.

**FUTURE PLANS**

The core elements of the College's future plans are as follows;

- To continue its principal activity to provide, promote and engage in education, learning and research.
- To continue those activities which support the public benefit Objects.
- To improve the quality of all its provisions made by the College to its students, Fellows and others.
- To conduct development activities in order to secure the long-term future of the College.

**STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES**

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Governing Body on 3<sup>rd</sup> December 2012 and signed on its behalf by:

Sir Drummond Bone (The Master)

## **Balliol College**

### **Independent Auditors' Report to the Trustees of Balliol College**

We have audited the financial statements of Balliol 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. 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).

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Accounting and Reporting Responsibilities, the trustees are responsible for the preparation of financial statements which give a true and fair view.

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.

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 30 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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 group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Annual Report 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 parent charity's affairs as at 31 July 2012, and of the group's incoming resources and application of resources and cash flows, 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 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008.

#### **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 Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity 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.

PricewaterhouseCoopersLLP  
Chartered Accountants and Statutory Auditors

Reading

Date: ..... December 2012

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under Section 144(2) of the Charities Act 2011

**Balliol 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 Balliol College Developments Ltd.

**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"), as revised in May 2008, and applicable accounting standards in the United Kingdom. The financial statements are drawn up on a going concern basis under the historical cost basis of accounting as modified by the revaluation of other investments. The principal accounting policies, which have been consistently applied throughout the year, are set out below.

**3. Basis of consolidation**

The consolidated statement of financial activities, the consolidated balance sheet and the consolidated cash flow statement include the financial statements of the College and its subsidiary made up to 31 July 2012, using the equity method of accounting and uniform accounting policies. Intra group transactions are eliminated fully on consolidation.

**4. Investment in subsidiary undertakings**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the trustees when there has been an indication of potential impairment.

**5. 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, less any scholarships, bursaries or other allowances granted by the College, but including contributions received from restricted funds, are accounted for in the period in which the related service is provided.

**6. Incoming resources from donations and legacies**

Voluntary income is accounted for when the College has entitlement to the funds, the amount can be reliably quantified and there is reasonable certainty of its ultimate receipt.

Voluntary income received for the general purpose of the College is credited to unrestricted funds.

Voluntary income which is subject to specific wishes of the donor is credited to the relevant restricted fund or, where the donation, grant or legacy is required to be held as capital, to the endowment funds. Where voluntary income is received otherwise than in cash, it is valued at the market value of the underlying assets received at the date of receipt.

**7. 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.

**8. 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 subsidiary are excluded from trading income and expenditure.

**Balliol College**  
**Statement of Accounting Policies**  
**Year ended 31 July 2012**

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**9. Tangible fixed assets**

Major expenditure on the acquisition, construction or enhancement of land and buildings and expenditure on equipment costing more than £10,000 is capitalised and carried in the balance sheet at historical cost. The cost of tangible fixed assets is their purchase cost together with any incidental expenses of acquisition.

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.

**10. 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 land and buildings, including major extensions	50 years
Building improvements	10 - 30 years

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

**11. Investments**

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.

**12. 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.

**13. 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.

**14. Total Return investment accounting**

The College statutes authorise the College to adopt a 'total return' basis for the investment of its endowment. The College can invest its endowments without regard to the capital/income distinctions of trust law and with discretion to apply any part of the accumulated total return on the investment as income for spending each year.

**15. 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. 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

**Balliol College**  
**Statement of Accounting Policies**  
**Year ended 31 July 2012**

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capital. 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.

**16. Pension costs**

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



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

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from charitable activities</b>	1					
Teaching, research and residential		5,160	0	0	5,160	5,103
		<u>5,160</u>	<u>0</u>	<u>0</u>	<u>5,160</u>	<u>5,103</u>
<b>Incoming resources from generated funds</b>						
Legacies and donations		1,381	429	1,890	3,700	3,931
Trading income	2	1,327	0	0	1,327	1,025
Investment income	3	212	1	1,283	1,496	1,423
Bank and other interest income	4	57	30	9	96	114
		<u>2,977</u>	<u>460</u>	<u>3,182</u>	<u>6,619</u>	<u>6,493</u>
<b>Other incoming resources</b>		1	13	0	14	19
<b>Total Incoming Resources</b>		<u>8,138</u>	<u>473</u>	<u>3,182</u>	<u>11,793</u>	<u>11,615</u>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>	5					
Fundraising		97	420	0	517	549
Trading expenditure		823	0	0	823	753
		<u>920</u>	<u>420</u>	<u>0</u>	<u>1,340</u>	<u>1,302</u>
<b>Charitable activities</b>	5					
Teaching, research and residential		5,964	1,577	0	7,541	7,949
		<u>5,964</u>	<u>1,577</u>	<u>0</u>	<u>7,541</u>	<u>7,949</u>
<b>Governance costs</b>	8	71	0	0	71	49
<b>Total Resources Expended</b>		<u>6,955</u>	<u>1,997</u>	<u>0</u>	<u>8,952</u>	<u>9,300</u>
<b>Net incoming/(outgoing) resources before transfers</b>		1,183	(1,524)	3,182	2,841	2,315
Endowment return transfers	17	901	1,771	(2,672)	0	0
Other transfers between funds	17	849	88	(937)	0	0
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>		<u>2,933</u>	<u>335</u>	<u>(427)</u>	<u>2,841</u>	<u>2,315</u>
(Losses)/gains on investment assets		(207)	0	(670)	(877)	4,441
<b>Net movement in funds for the year</b>		<u>2,726</u>	<u>335</u>	<u>(1,097)</u>	<u>1,964</u>	<u>6,756</u>
Fund balances brought forward	17	16,182	4,297	63,587	84,066	77,310
<b>Funds carried forward at 31 July</b>	17	<u>18,908</u>	<u>4,632</u>	<u>62,490</u>	<u>86,030</u>	<u>84,066</u>

All gains and losses recognised in the year are included in the statement of financial activity. There is no difference between the net incoming resources before other recognised gains and losses above and their historical cost equivalent. All activities are continuing.

The notes that follow form part of the financial statements.

**Balliol College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2012**  
**Registered Charity No. 1144032**

	Notes	2012 Group £'000	2011 Group £'000	2012 College £'000	2011 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	10	9,191	9,412	9,191	9,412
Securities and other investments	11	67,990	69,294	67,990	69,294
		<b>77,181</b>	<b>78,706</b>	<b>77,181</b>	<b>78,706</b>
<b>CURRENT ASSETS</b>					
Stocks		42	48	42	48
Debtors	14	1,316	1,433	1,450	1,433
Deposits and other short term investments	15	6,819	4,167	6,819	4,167
Cash at bank and in hand		1,582	699	1,399	699
		<b>9,759</b>	<b>6,347</b>	<b>9,710</b>	<b>6,347</b>
<b>CREDITORS: amounts falling due within one year</b>	16	<b>910</b>	<b>987</b>	<b>861</b>	<b>987</b>
<b>NET CURRENT ASSETS</b>		<b>8,849</b>	<b>5,360</b>	<b>8,849</b>	<b>5,360</b>
<b>NET ASSETS</b>		<b>86,030</b>	<b>84,066</b>	<b>86,030</b>	<b>84,066</b>
<b>FUNDS OF THE COLLEGE</b>	17				
Endowment funds		62,490	63,587	62,490	63,587
Restricted funds		4,632	4,297	4,632	4,297
Unrestricted funds					
General funds		18,908	16,182	18,908	16,182
<b>TOTAL FUNDS</b>		<b>86,030</b>	<b>84,066</b>	<b>86,030</b>	<b>84,066</b>

*The financial statements on pages 12 to 28 were approved and authorised for issue by the Governing Body of Balliol College*

*on: 3rd December 2012*

Trustee: Sir Drummond Bone

Trustee: Richard H Collier

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

	Notes	2012 Group £'000	2011 Group £'000
<b>Net cash (outflow) from operations</b>	23	<u>(284)</u>	<u>(2,653)</u>
<b>Returns on investments and servicing of finance</b>			
Income from investments		1,592	1,537
		<u>1,592</u>	<u>1,537</u>
<b>Capital expenditure and financial investment</b>			
New endowment capital received		1,890	2,412
Payments for tangible fixed assets		(90)	(162)
Proceeds from sales of tangible fixed assets		0	941
Payments for investments		(233)	(1,386)
Proceeds from sales of investments		660	141
		<u>2,227</u>	<u>1,946</u>
<b>Management of liquid resources</b>			
Net (additions to) term deposits		(2,652)	(1,551)
		<u>(2,652)</u>	<u>(1,551)</u>
<b>Increase/(decrease) in cash in the year</b>		<u>883</u>	<u>(721)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the year		883	(721)
Transfers to term deposits and current investments		2,652	1,551
<b>Change in net funds</b>		<u>3,535</u>	<u>830</u>
<b>Net funds at 1 August</b>		4,866	4,036
<b>Net funds at 31 July</b>	24	<u>8,401</u>	<u>4,866</u>

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

**1 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
<b>Teaching, research and residential</b>					
Tuition fees - UK and EU students	1,347	0	0	1,347	1,344
Tuition fees - Overseas students	705	0	0	705	674
Other HEFCE support	342	0	0	342	346
Other academic income	352	0	0	352	359
College residential income	2,414	0	0	2,414	2,380
	<u>5,160</u>	<u>0</u>	<u>0</u>	<u>5,160</u>	<u>5,103</u>

The above analysis includes £2,388k received from Oxford University under the Collegiate Funding Formula, net of College fees received directly (2011 - £2,334k).

**2 TRADING INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
Conference and function income	1,327	0	0	1,327	1,025
	<u>1,327</u>	<u>0</u>	<u>0</u>	<u>1,327</u>	<u>1,025</u>

**3 INVESTMENT INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
Other investment income	212	1	1,283	1,496	1,423
	<u>212</u>	<u>1</u>	<u>1,283</u>	<u>1,496</u>	<u>1,423</u>

**4 BANK AND OTHER INTEREST INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2012 Total £'000	2011 Total £'000
Bank interest	57	30	9	96	114
	<u>57</u>	<u>30</u>	<u>9</u>	<u>96</u>	<u>114</u>

**5 RESOURCES EXPENDED**

	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	2012 Total £'000	2011 Total £'000
<b>Costs of generating funds</b>					
Fundraising	355	134	28	517	549
Trading expenditure	645	174	4	823	753
<b>Total costs of generating funds</b>	<u>1,000</u>	<u>308</u>	<u>32</u>	<u>1,340</u>	<u>1,302</u>
<b>Charitable activities</b>					
Teaching, research and residential	<u>3,700</u>	<u>2,999</u>	<u>842</u>	<u>7,541</u>	<u>7,949</u>
<b>Governance costs</b>	<u>0</u>	<u>71</u>	<u>0</u>	<u>71</u>	<u>49</u>
<b>Total resources expended</b>	<u>4,700</u>	<u>3,378</u>	<u>874</u>	<u>8,952</u>	<u>9,300</u>

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 £94k (2011 - £94k).

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

**6 SUPPORT COSTS**

	Generating Funds £'000	Teaching Research & Residential £'000	2012 Total £'000	2011 Total £'000
Financial and domestic administration	32	385	417	425
Human resources	0	41	41	37
IT	0	105	105	100
Depreciation	0	311	311	333
(Profit) on fixed assets	0	0	0	(941)
	<u>32</u>	<u>842</u>	<u>874</u>	<u>(46)</u>

Finance and administration, human resources and IT 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.

**7 GRANTS AND AWARDS**

	Unrestricted Funds £'000	Restricted Funds £'000	2012 Total £'000	2011 Total £'000
During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:				
Scholarships, prizes and grants	116	397	513	457
Bursaries and hardship awards	273	168	441	541
	<u>389</u>	<u>565</u>	<u>954</u>	<u>998</u>

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

**8 GOVERNANCE COSTS**

	2012 £'000	2011 £'000
<b>Governance costs comprise:</b>		
Auditors' remuneration - audit services	37	31
Other governance costs	34	18
	<u>71</u>	<u>49</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.

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

**9 STAFF COSTS**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
The aggregate payroll costs for the year were as follows.		
Salaries and wages	<b>4,329</b>	4,320
Social security costs	<b>292</b>	297
Pension costs	<b>538</b>	548
	<b>5,159</b>	5,165

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

	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
Tuition and research	<b>28</b>	18
College residential	<b>87</b>	84
Fundraising	<b>6</b>	6
Support	<b>9</b>	10
Total	<b>130</b>	118

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

University Lecturers	<b>15</b>	14
CUF Lecturers	<b>10</b>	11
Other teaching and research	<b>14</b>	13
Other	<b>3</b>	2
Total	<b>42</b>	40

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

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

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

In defined benefits schemes	<b>115</b>	125
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**Balliol College**  
**Notes to the financial statements**  
**For the year ended 31 July 2012**

**10 TANGIBLE FIXED ASSETS**

<b>Group and College</b>	<b>Freehold land and buildings £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At start of year	12,264	<b>12,264</b>
Additions	90	<b>90</b>
<b>At end of year</b>	<b>12,354</b>	<b>12,354</b>
<b>Accumulated Depreciation</b>		
At start of year	2,852	<b>2,852</b>
Charge for the year	311	<b>311</b>
<b>At end of year</b>	<b>3,163</b>	<b>3,163</b>
<b>Net book value</b>		
At end of year	<b>9,191</b>	<b>9,191</b>
At start of year	<b>9,412</b>	<b>9,412</b>

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 assets do not fall within the scope of FRS30 Heritage Assets and 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. Houses and flats belonging to the College are intrinsically linked to the College, so it is not considered appropriate to give a separate valuation of these properties.

**11 SECURITIES AND OTHER INVESTMENTS**

	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>Group investments</b>		
Valuation at start of year	<b>69,294</b>	63,609
New money invested	<b>953</b>	2,810
Amounts withdrawn	<b>(1,380)</b>	(1,566)
(Decrease)/Increase in value of investments	<b>(877)</b>	4,441
<b>Group investments at end of year</b>	<b>67,990</b>	69,294
Investment in subsidiary	<b>0</b>	0
<b>College investments at end of year</b>	<b>67,990</b>	69,294

<b>Group and College investments comprise:</b>	<b>Held outside the UK £'000</b>	<b>Held in the UK £'000</b>	<b>2012 Total £'000</b>	<b>2011 Total £'000</b>
Equity investments	24,220	1,069	<b>25,289</b>	25,786
Global multi-asset funds	1,491	1,379	<b>2,870</b>	2,717
Property funds	844	7,438	<b>8,282</b>	5,709
Fixed interest stocks	7,519	3,063	<b>10,582</b>	6,191
Alternative and other investments	13,315	5,586	<b>18,901</b>	26,444
Fixed term deposits and cash	113	1,953	<b>2,066</b>	2,447
<b>Total group investments</b>	<b>47,502</b>	<b>20,488</b>	<b>67,990</b>	69,294

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

**12 SUBSIDIARY UNDERTAKINGS**

The College holds 100% of the issued ordinary share capital in Balliol College Developments 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.

	£'000
Turnover	1,103
Expenditure	(976)
Donation to College under gift aid	(127)
Result for the year	<u>0</u>
Total assets	306
Total liabilities	(306)
Net funds at the end of year	<u>0</u>

**13 STATEMENT OF INVESTMENT TOTAL RETURN**

The College operates a Total Return policy to investments, with freedom to invest endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Each year 4% of the weighted and indexed average of the endowment investments over a four year period, using the value as at 31 March each year, is transferred to income. The overall movement in unapplied total return was as follows:

	Permanent Endowment £'000	Expendable Endowment £'000	Total £'000
<b>Investment total return</b>			
Income distributions	52	1,240	1,292
Investment losses	(26)	(644)	(670)
Total return before transfer to income	<u>26</u>	<u>596</u>	<u>622</u>
Transfer to income	<u>(52)</u>	<u>(2,620)</u>	<u>(2,672)</u>
Net (decrease) in Unapplied Total Return in the year	(26)		
Unapplied Total Return at start of year	1,279		
<b>Unapplied Total Return at end of year</b>	<u>1,253</u>		

**14 DEBTORS**

	2012 Group £'000	2011 Group £'000	2012 College £'000	2011 College £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	224	292	102	292
Amounts owed by College members	125	129	125	129
Amounts owed by Group undertakings	0	0	256	0
Prepayments and accrued income	967	1,012	967	1,012
	<u>1,316</u>	<u>1,433</u>	<u>1,450</u>	<u>1,433</u>

**15 DEPOSITS AND OTHER SHORT TERM INVESTMENTS**

The College has negotiated a number of fixed term cash deposits with its bank and these are deposited for various periods between one and twelve months



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

**16 CREDITORS: amounts falling due within one year**

	2012 Group £'000	2011 Group £'000	2012 College £'000	2011 College £'000
Trade creditors	269	204	220	204
Amounts owed to College Members	108	103	108	103
Taxation and social security	138	210	138	210
College contribution	188	172	188	172
Other creditors	140	189	140	189
Accruals and deferred income	67	109	67	109
	<b>910</b>	<b>987</b>	<b>861</b>	<b>987</b>

**17 FUNDS OF THE COLLEGE MOVEMENTS**

	At 1 August 2011 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Losses £'000	At 31 July 2012 £'000
<b>Endowment Funds - Permanent</b>						
War Memorial Fund 1920	1,327	52	0	(52)	(26)	1,301
<b>Endowment Funds - Expendable</b>						
General Fund	18,027	1,847	0	(1,926)	(39)	17,909
Endowment Fund 1904	1,833	73	0	(73)	(37)	1,796
700th Anniversary Fund	7,668	296	0	(296)	(152)	7,516
Dervorguilla Fund	3,592	142	0	(142)	(73)	3,519
Jowett Centenary Fund	1,697	69	0	(69)	(35)	1,662
Classics Fellowship Fund	2,024	72	0	(79)	(20)	1,997
Dyson Fellowship in Greek Culture	531	6	0	(20)	(6)	511
Foley-Bejar Scholarship Fund	1,425	17	0	(54)	(15)	1,373
JT Hamilton Legacy Fund	685	8	0	(26)	(7)	660
History Fellowships Fund	2,453	41	0	(94)	(26)	2,374
Jowett Fellowships Fund	679	8	0	(26)	(7)	654
Leveson Gower Bequest	534	7	0	(20)	(6)	515
Management Studies Fellowship Fund	769	9	0	(29)	(8)	741
Numata Fund for Buddhist Studies	2,243	28	0	(85)	(24)	2,162
Oxford Internet Institute Fund	2,934	36	0	(112)	(31)	2,827
James Beeland Rogers Jr Schol Fund	505	70	0	(19)	(4)	552
Roy Skinner Fund	853	11	0	(33)	(9)	822
Mr Snell's Trust	620	8	0	(24)	(7)	597
Alfred Douglas Stone Fund	548	7	0	(21)	(6)	528
War Memorial Appeal Fund 1947	711	9	0	(27)	(8)	685
Other student support funds	8,169	253	0	(254)	(87)	8,081
Other fellowship funds	2,728	73	0	(105)	(28)	2,668
Other purpose funds	1,032	40	0	(23)	(9)	1,040
<b>Total Endowment Funds</b>	<b>63,587</b>	<b>3,182</b>	<b>0</b>	<b>(3,609)</b>	<b>(670)</b>	<b>62,490</b>
<b>Restricted Funds</b>						
Appeals Funds	2,175	14	(631)	691	0	2,249
Trust Funds accumulated balances	2,447	124	(1,302)	1,168	0	2,437
Other operational funds	(325)	335	(64)	0	0	(54)
<b>Total Restricted Funds</b>	<b>4,297</b>	<b>473</b>	<b>(1,997)</b>	<b>1,859</b>	<b>0</b>	<b>4,632</b>
<b>Unrestricted Funds</b>						
General funds	6,267	8,138	(6,877)	959	(161)	8,326
Fixed asset designated fund	8,383	0	0	808	0	9,191
Designated maintenance funds	1,532	0	(78)	(17)	(46)	1,391
<b>Total Unrestricted Funds</b>	<b>16,182</b>	<b>8,138</b>	<b>(6,955)</b>	<b>1,750</b>	<b>(207)</b>	<b>18,908</b>
<b>Total Funds</b>	<b>84,066</b>	<b>11,793</b>	<b>(8,952)</b>	<b>0</b>	<b>(877)</b>	<b>86,030</b>

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**18 FUNDS OF THE COLLEGE DETAILS**

The following is a summary of the origins and purposes of each of the Funds. Only Funds which have a capital value in excess of £500,000 are separately identified

**Endowment Funds - Permanent:**

War Memorial Fund 1920

Capital balance of past donations to the War Memorial Fund 1920 where the related income, but not the original capital, can be used for the restricted purpose of the charity

**Endowment Funds - Expendable:**

General Fund

Capital balance of a consolidation of past gifts, donations and bequests where related income, or income and capital, can be used for the restricted purpose of the charity

Endowment Fund 1904

Capital balance of the endowment appeal of 1904

700th Anniversary Fund

Capital balance of the 1963 appeal to celebrate the 700th anniversary of the College

Dervorguilla Fund

Capital balance of gifts and donations to the 1980's Lady Dervorguilla Appeal

Jowett Centenary Fund

Capital balance of gifts and donations to the 1990's appeal to celebrate the Jowett centenary

Classics Fellowship Fund

As a result of an appeal to support College expenditure on classics fellowships

Dyson Fellowship in Greek Culture

Bequest in 1960 to support College expenditure on fellowships in greek culture

Foley-Bejar Scholarship Fund

Established in 2001 to support College expenditure on student financial aid

JT Hamilton Legacy Fund

Gift in 2004 to support College expenditure on student financial aid

History Fellowships Fund

As a result of an appeal to support College expenditure on history fellowships

Jowett Fellowships Fund

Established in 1907 to support College expenditure on fellowships

Leveson Gower Bequest

From a bequest in 1979 for the encouragement of Greek and Latin scholarship

Management Studies Fellowship Fund

From a gift in 1996 for the support of management studies in the College and University

Numata Fund for Buddhist Studies

Established in 1990 for the support of Buddhist studies in the College and University

Oxford Internet Institute Fund

From a gift in 2001 to support the Oxford Internet Institute which is located in the College

James Beeland Rogers Jr Schol Fund

Established in 1991 to support College expenditure on student financial aid

Roy Skinner Fund

From a gift in 2001 to support College expenditure on student financial aid

Mr Snell's Trust

Established in 1677 to foster the connection between Glasgow and College

Alfred Douglas Stone Fund

Established in 2004 to support College expenditure on student financial aid

War Memorial Appeal Fund 1947

As a result an appeal in 1947 in memory of Balliol men who died during the War to support College expenditure on scholarships and fellowships

Other student support funds

A consolidation of various funds established for the support of student financial aid

Other fellowship funds

A consolidation of various funds established for the support of fellowships

Other purpose funds

A consolidation of various funds established for the support of College expenditure on the library, sport and the general academic purposes at the College

**Restricted Funds:**

Appeals Funds

Accumulated reserves of the appeal funds for the Endowment, War Memorial 1920, 700th Anniversary, Dervorguilla and Jowett Appeal

Trust Funds accumulated balances

Accumulated cash balances of all the other Trust Funds held and administered by College

Other operational funds

Various cash balances held by College from restricted purpose gifts

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.

Transfers between Funds represent distribution of Endowment return to support resources expended in the Restricted and Unrestricted Funds, and as and when College make decisions, transfers are made for the re-allocation of unrestricted monies to Restricted or Endowment Funds.

**19 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	9,191	0	0	9,191
Securities and other investments	5,500	0	62,490	67,990
Net current assets	4,217	4,632	0	8,849
	<u>18,908</u>	<u>4,632</u>	<u>62,490</u>	<u>86,030</u>

**20 TRUSTEES' REMUNERATION**

**Trustee remuneration**

The trustees of the college comprise the Governing Body, primarily fellows who are teaching and research employees of the college and who sit on the governing body by virtue of their employment.

No trustee receives any remuneration for acting as a trustee. However, those trustees who are also employees of the college receive salaries for their work as employees. Where possible, these salaries are paid on external scales and often are joint arrangements with the University of Oxford.

The Financial Committee, on which two external members sit, deals with all matters relating to fellows and academic related salaries and benefits.

Trustees of the college fall into the following categories:

Professorial fellow, tutorial fellow, research fellow and supernumerary fellow.

There are also four trustees who work on management and fundraising, the Head of House, Senior Tutor/Academic Registrar and Development Director who all work full-time, and the Finance Bursar who is part-time.

Some trustees, particularly tutorial fellows, are eligible for college housing schemes. Sixteen trustees live in houses owned by the college. Others may be eligible for a housing allowance which is disclosed within the salary figures below.

Some trustees receive additional allowances for additional work carried out as part time college officers, eg Dean Vice-Master, Tutor for Admissions. These amounts are included within the remuneration figures below. The total remuneration, taxable benefits and pension contributions as shown below is £1,443,423 (2010-11 £1,509,908). The total of pension contributions is £175,824 (2010-11 £181,048).

**Remuneration paid to trustees**

Range	2011-2012		2010-2011	
	Number of trustees/ fellows	Gross remuneration, taxable benefits and pension contributions £	Number of trustees/ fellows	Gross remuneration, taxable benefits and pension contributions £
£1,000-£1,999	1	1,005	0	0
£2,000-£2,999	2	5,310	0	0
£4,000-£4,999	1	4,067	0	0
£5,000-£5,999	3	15,080	1	5,200
£6,000-£6,999	2	12,317	2	12,064
£7,000-£7,999	2	15,392	0	0
£9,000-£9,999	1	9,103	0	0
£11,000-£11,999	4	46,886	1	11,067
£12,000-£12,999	1	12,253	2	24,144
£13,000-£13,999	0	0	1	13,057
£15,000-£15,999	0	0	2	31,595
£16,000-£16,999	3	49,888	0	0
£17,000-£17,999	2	35,421	2	34,915
£18,000-£18,999	0	0	4	73,069
£19,000-£19,999	2	38,864	0	0
£24,000-£24,999	1	24,053	0	0
£25,000-£25,999	1	25,609	0	0
£26,000-£26,999	0	0	1	26,196
£27,000-£27,999	1	27,143	0	0
£28,000-£28,999	0	0	1	28,475
£31,000-£31,999	1	31,535	2	63,022
£40,000-£40,999	1	40,250	2	80,638
£41,000-£41,999	2	82,720	4	166,146
£43,000-£43,999	1	43,720	0	0
£44,000-£44,999	2	89,338	0	0
£46,000-£46,999	4	185,791	1	46,177
£47,000-£47,999	0	0	3	141,868
£48,000-£48,999	0	0	2	96,752
£54,000-£54,999	0	0	1	54,295
£56,000-£56,999	1	56,367	0	0
£57,000-£57,999	0	0	1	57,075
£62,000-£62,999	0	0	1	62,640
£63,000-£63,999	1	63,749	0	0

**Remuneration paid to trustees (continued)**

Range	2011-2012		2010-2011	
	Number of trustees/fellows	Gross remuneration, taxable benefits and pension contributions £	Number of trustees/fellows	Gross remuneration, taxable benefits and pension contributions £
£64,000-£64,999	0	0	1	64,952
£66,000-£66,999	1	66,794	1	66,620
£68,000-£68,999	1	68,276	0	0
£69,000-£69,999	1	69,819	1	69,645
£76,000-£76,999	1	76,730	1	76,020
£79,000-£79,999	1	79,153	0	0
£82,000-£82,999	1	82,694	0	0
£84,000-£84,999	1	84,096	0	0
£86,000-£86,999	0	0	1	86,975
£117,000-£117,999	0	0	1	117,301

22 trustees (2011: 17 trustees) are not employees of the college and do not receive remuneration.

All trustees, together with other senior employees, are eligible for private health insurance as part of their package of remuneration and all trustees may eat at common table, as can all other employees who are entitled to meals while working.

**Trustee expenses**

Four fellows were paid travel expenses for travel to trustee or other meetings (for example meetings in London in relation to college investments). The total cost of these expenses was £952 (2010-11 £560).

**21 PENSION SCHEMES**

The College participates in the Universities Superannuation Scheme ("the USS") and the University of Oxford Staff Pension Scheme ("the OSPS") on behalf of its staff. Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and final pensionable salary) and are contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds.

Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, as required by the accounting standard FRS17 "Retirement Benefits", the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

In the event of the withdrawal of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme. However, in OSPS, the amount of any pension funding shortfall in respect of any withdrawing employer will be charged to that employer.

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

USS: The latest actuarial valuation of the scheme was at 31 March 2011. It was assumed that salary increases would be 4.4% per annum and pensions would increase by 3.4% per annum for the three years to 31st March 2014, then 2.6% a year thereafter. In relation to past service liabilities it was assumed that the valuation rate of interest would be 6.1% per annum, and in relation to future service liabilities it was assumed that the valuation rate of interest would also be 6.1% per annum.

OSPS: The latest actuarial valuation of the scheme was at 31 March 2010. It was assumed that salary increases would be 4.7% per annum and pensions would increase by 3.7% per annum. It was assumed that the valuation rate of interest would be 7.0% per annum in relation to the period up to retirement and 5.0% per annum in relation to the period after retirement.

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**21 PENSION SCHEMES (continued)**

Results of the latest actuarial valuations of the two schemes are:

	USS	OSPS
Date of valuation	31/03/11	31/03/10
Value of liabilities	£35,344m	£394m
Value of assets	£32,434m	£312m
Funding Surplus/(Deficit)	(£2,910m)	(£82m)
Funding Ratios:		
Technical Provisions basis	92%	79%
Statutory Pension Protection Fund basis	93%	86%
"Buy-out" basis	57%	52%
Estimated FRS17 basis	82%	77%
Recommended Employer's contribution rate (as % of pensionable salaries)	16%	21.5%

**USS**

The USS actuarial valuation as at 31 March 2011 identified a funding deficit of £2,910m. The USS Joint Negotiating Committee has proposed, and USS has implemented with effect from 1 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 the 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 1 October 2009) until 31 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 31 March 2021. The pension charge recorded by the College during the accounting period was equal to the contributions payable of £226,238 (2011 : £218,960).

**OSPS**

The latest actuarial valuation of the OSPS was carried out at 31 March 2010 and identified a required long-term employer contribution rate of 18.2% of total pensionable salaries, but also a funding deficit of £82.4m. The University, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by continuing the employer contribution rate at the previously agreed rate of 21.5% of total pensionable salaries (this being the rate paid by the employer since 1 August 2008). The actuary has certified that the additional contribution should eliminate the deficit by 31 March 2027. In addition, the University has agreed to close the scheme to future final salary accrual, transferring all members onto a Career Revalued benefits structure with effect from 1 January 2013. Further details may be seen on the Schemes' website, [www.admin.ox.ac.uk/finance/pensions/osps/](http://www.admin.ox.ac.uk/finance/pensions/osps/). The pension charge recorded by the College during the accounting period was equal to the contributions payable of £312,109 (2011: £328,563).

**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 £'000	2011 £'000
<b>Net incoming resources for the year</b>	<b>2,841</b>	<b>2,316</b>
Elimination of non-operating cash flows:		
- Investment income	(1,592)	(1,537)
- Endowment donations	(1,890)	(2,412)
Depreciation	311	333
Profit on sale of fixed assets	0	(941)
Decrease/(increase) in stock	6	(7)
Decrease/(increase) in debtors	117	(444)
(Decrease)/increase in creditors	(77)	39
<b>Net cash (outflow) from operations</b>	<b>(284)</b>	<b>(2,653)</b>

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**24 ANALYSIS OF CHANGES IN NET FUNDS**

	2011 £'000	Cash flow £'000	2012 £'000
Cash at bank and in hand	699	883	1,582
Deposits and other short term investments	4,167	2,652	6,819
	<u>4,866</u>	<u>3,535</u>	<u>8,401</u>

**25 FINANCIAL COMMITMENTS**

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

**26 CAPITAL COMMITMENTS**

The College had no contracted commitments at 31 July for future capital projects.

**27 RELATED PARTY TRANSACTIONS**

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

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

At the balance sheet date Balliol College held a 13.5% (2011 : 13.5%) interest in Oxford Investment Partners Limited (OXIP) a fund management company. The Finance Bursar of Balliol College, who is a member of the Governing Body, was a non-executive director of that company. Balliol College also held an investment valued in its balance sheet at £37,264k (2011 : £37,455k) in a fund of funds managed by OXIP.