

# Lady Margaret Hall

Annual Report and Financial Statements

Year ended 31 July 2015

**LADY MARGARET HALL**  
**Annual Report and Financial Statements**  
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## LADY MARGARET HALL

### Governing Body, Officers and Advisers

Year ended 31 July 2015

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#### MEMBERS OF THE GOVERNING BODY

The Members of the Governing Body are the College's charity trustees under charity law. The members of the Governing Body, known as Fellows, who served in office as Trustees during the year, or subsequently, are detailed below.

During the year, the activities of the Governing Body were carried out through ten main committees. The membership of these committees for the academic year 1 October 2014 to 30 September 2015 is also shown below for each Fellow.

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

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Dr Frances Lannon, Principal	(retired 30 Sept 2015)	•	•	•	•		•	•	•	•	•
Mr Alan Rusbridger, Principal	(elected 1 Oct 2015)										
Dr Aziz Aboobaker											
Dr Robert Adlington											
Professor Nigel Arden											
Dr Helen Barr		•		•	•		•	•		•	•
Dr Jo Begbie				•							
Professor Brian Bell			•								
Dr Amin Benaissa											
Dr Philip Biggin				•							
Professor Alexandra Braun				•	•						
Professor Michael Broers											
Dr Dana Brown	(elected 1 Oct 2015)										
Dr Ann Childs											
Dr Xon de Ros											
Rev'd Dr Allan Doig				•				•		•	

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		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Professor Sionaidh Douglas-Scott	(resigned 30 Sept 2015)										•
Professor Antony Galione											
Professor Christine Gerrard									•	•	
Professor Vincent Gillespie											
Dr José Goicoechea											
Dr Christina Goldschmidt											
Dr Gianluca Gregori											
Professor Nicholas Hankins										•	
Professor Robin Harding	(elected 1 July 2015)										
Professor Li He		•									
Professor Todd Huffman		•									
Dr Marie-Chantal Killeen											
Dr Jochen Koenigsmann											
Professor Christina Kuhn											
Professor David Macdonald											
Dr Mary MacRobert											
Professor Michael Monoyios			•								
Professor Pawan Mudigonda	(elected 1 Sept 2015)										
Professor Anant Parekh	(resigned 30 June 2015)										
Professor Gillian Peele					•						
Dr Elizabeth Price											
Dr Sophie Ratcliffe											
Professor Hiram Samel											
Professor Dominic Scott	(elected 1 Sept 2015)										
Mr Richard Sommers		•	•	•	•		•	•		•	•
Dr Fiona Spensley		•		•			•	•			
Professor Robert Stevens											•
Dr James Studd											

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### Governing Body, Officers and Advisers

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Dr Grant Tapsell				•						
Professor Adrian Thomas	•							•		
Professor Alain Viala								•		
Mr Peter Watson	•			•						
Dr Jan Westerhoff										
Professor Susan Wollenberg			•							

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

### COLLEGE SENIOR STAFF

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

A Dr Frances Lannon (until 30 Sept 2015) Mr Alan Rusbridger (from 1 Oct 2015)	<i>Principal</i>
B Dr Helen Barr	<i>Vice-Principal</i>
C Mr Richard Sommers	<i>Treasurer</i>
D Dr Fiona Spensley	<i>Senior Tutor</i>
E Rev'd Dr Allan Doig	<i>Tutor for Graduates</i>
F Mr Bartholomew Ashton	<i>Domestic Bursar</i>
G Mr Peter Watson	<i>Development Director</i>

### COLLEGE ADVISERS

#### Auditor

Critchleys LLP  
Greyfriars Court  
Paradise Square  
Oxford  
OX1 1BE

#### Bankers

Barclays Bank plc  
54 Cornmarket Street  
Oxford  
OX1 3HB

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**Solicitors**

Mills & Reeve LLP  
Francis House  
112 Hills Road  
Cambridge  
CB2 1PH

**Surveyors**

Carter Jonas  
Anchor House  
269 Banbury Road  
Summertown  
Oxford  
OX2 7LL

**College address**

Norham Gardens  
Oxford  
OX2 6QA

**Website**

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

# LADY MARGARET HALL

## Report of the Governing Body

### Year ended 31 July 2015

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The Members of the Governing Body present their Annual Report for the year ended 31 July 2015 under the Charities Act 2011 together with the audited financial statements for the year.

#### REFERENCE AND ADMINISTRATIVE INFORMATION

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

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

The names of all Members of the Governing Body at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the College, are given on pages 2-5.

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### Governing documents

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

##### Governing Body

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

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

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

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

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

##### Organisational management

The members of the Governing Body meet at least 6 and up to 9 times a year. The work of developing their policies and monitoring the implementation of these is carried out by ten main Committees:

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

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

**Academic Policy Committee** – advises on:

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

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

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

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

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

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

**Buildings Committee** - advises on all matters concerning new buildings.

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

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

**Group structure and relationships**

The College also administers many special trusts, as detailed in Notes 18 and 19 to the financial statements.

The College also has three wholly owned non-charitable subsidiaries: LMH Hospitality Services Limited, Lady Margaret Hall Properties Limited and Lady Margaret Hall Trading Limited. LMH Hospitality Services Limited is the vehicle for trading activities of the College, Lady Margaret Hall Trading Limited is the vehicle for managing new capital building projects, and Lady Margaret Hall Properties Limited was the vehicle for managing the letting of rooms in the College's properties but has been dormant since 1 August 2010. The subsidiaries' aims, objectives and achievements are covered in the relevant sections of this report.

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

**Risk management**

The major risks to which the College is exposed, as identified by the Governing Body, have been reviewed and systems have been established to mitigate these risks.

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

It is recognised that systems can provide only reasonable but not absolute assurance that major risks have been managed.

**OBJECTIVES AND ACTIVITIES**

**Charitable Objects and Aims**

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

The Governing Body is mindful of the long-standing requirement to provide public benefit and of the disclosure requirements of the Charities Act 2011. In this connection the Governing Body has monitored closely the general and supplemental guidance produced by the Charity Commission, in particular its public benefit guidance on advancement of education and on fee-charging.

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

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

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**Activities of the College**

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

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

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

The College advances research through:

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

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

**Public benefit**

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

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

The College admits as students those who have the highest potential for benefiting from the education provided by the College and the University and recruits as academic staff those who are able to contribute

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most to the academic excellence of the College, regardless of their financial, social, religious or ethnic background:

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

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

**Students' fees, grants and outreach**

The College charges the following fees:

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

In order to assist undergraduates entitled to student support, the College provides, through a scheme operated in common with the University and other Colleges, bursary support for those of limited financial means. For the academic year 2014-15 the number of awards made was 98, out of a Home/EU undergraduate population of 351, with a total value of £276,000, of which £112,000 was provided by the College. The scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement.

The College also has various scholarships & prizes available to reward undergraduate academic excellence and provided £48,000 for this purpose in 2014-15.

To support the costs of graduate students, the College provides substantial financial assistance. This includes scholarships of £189,000 in the academic year 2014-15.

The College also makes awards for academic development and provided £23,000 in academic development grants, covering both graduates and undergraduates, in 2014-15.

In addition to its other programmes, the College operates a hardship scheme for all students in financial hardship and provided £16,000 under this heading in 2014-15. The College also provides access to hardship schemes operated by the University.

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

**ACHIEVEMENTS AND PERFORMANCE**

The College's achievements in 2014-15 towards its key goals were:

<b>Key Goals 2010-2015</b>	<b>Achievements 2014-2015</b>
Excellence in undergraduate and postgraduate education	<ul style="list-style-type: none"> <li>• 14 doctorates completed, and 9 Distinctions awarded to taught graduates.</li> <li>• Finals results 2015: 32 Firsts, 74 x 2.1, 7 x 2.2, 2 x 3. 92.17% achieved a 2.1 or better (target 95%).</li> <li>• Recruited 124 undergraduates, and 110 full-time &amp; 2 part-time graduates across all subjects.</li> <li>• Monitored subjects where numbers have been increased following the academic size and shape review.</li> <li>• Held Taster Days in Classics &amp; Ancient History, Humanities, PPE, and Law.</li> <li>• Completed implementation of the new vacation study weeks entitlement for undergraduates.</li> <li>• Promoted new and existing scholarships at LMH available from 2015-16 to potential graduate students.</li> <li>• Raised £409k in new gifts and pledges for student support.</li> <li>• Raised £170k for Frances Lannon Scholarship in History.</li> </ul>
Supporting innovative research throughout the LMH academic community	<ul style="list-style-type: none"> <li>• Appointed Tutors in Politics, in Ancient Philosophy, in Engineering, and in Psychology.</li> <li>• Appointed the first IKEA Research Fellow in International Relations (humanitarian programmes and human rights).</li> <li>• Implemented a Senior Research Lecturer scheme.</li> <li>• Reviewed provision of administrative support for Tutors.</li> <li>• Held the fourth annual LMH Research Fair.</li> <li>• Maintained the Junior Research Fellowship and Visiting Fellowship programmes.</li> <li>• Participated in cross-college scheme to promote Junior Research Fellowships in the Humanities and other disciplines.</li> </ul>
Completing the LMH site masterplan	<ul style="list-style-type: none"> <li>• Continued to work closely with the design team and building contractors to deliver the Clore Graduate Centre and the Donald Fothergill Building.</li> <li>• Raised £1.6m for Phase II.</li> </ul>

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<p>Developing all human resources, facilities and services</p>	<ul style="list-style-type: none"> <li>• Refurbished Kathleen Lea, and 3 Fyfield Road.</li> <li>• Reviewed use of the whole College site post completion of Phase II building works.</li> <li>• Agreed schedule for implementation of improvements to ICT wired and wireless network improvements.</li> <li>• Planned design of the major refurbishment works to the main Deneke kitchen.</li> <li>• Improved the facilities available in the teaching and meeting rooms.</li> <li>• Improved standards of facilities and decoration in communal areas of student residential accommodation.</li> <li>• Embedded Process Improvement techniques across all of our services.</li> <li>• Achieved Oxford Green Impact Silver award.</li> </ul>
<p>Developing all financial resources</p>	<ul style="list-style-type: none"> <li>• Achieved 2014-15 budget.</li> <li>• Achieved £1.49m turnover in conference and events income.</li> <li>• Developed 'product', and target marketing and communications to increase number of residential conferences.</li> <li>• Launched new website for conferences.</li> <li>• Continued to develop financial management skills for our budget holders.</li> <li>• Raised £1.7m in new gifts and pledges for all projects.</li> <li>• Raised £80k for the Politics Fellowship.</li> </ul>
<p>Supporting equality, diversity and fairness</p>	<ul style="list-style-type: none"> <li>• Continued to review and improve support for students from non-traditional and overseas backgrounds.</li> <li>• Promoted and supported Wellness Weeks, and other initiatives, e.g. mindfulness, across the College.</li> <li>• Held a 'World at LMH' weekend.</li> <li>• Nurtured art and cultural development across the whole College community.</li> <li>• Advertised the Oxford Bursary Scheme on the LMH website.</li> <li>• Continued to keep up to date with new regulations on visa applications to ensure the best overseas students are admitted.</li> </ul>
<p>Inspiring the LMH community worldwide</p>	<ul style="list-style-type: none"> <li>• Talks given by students at Advisory Council meetings, the Gaudy, and other alumni events.</li> <li>• Continued to develop an extended programme of alumni anniversary events.</li> <li>• Held a subject reunion in History.</li> <li>• Held two donor events.</li> <li>• Held alumni reunions in Vienna, New York, Washington, and San Francisco.</li> <li>• Continued leavers' fundraising initiatives via the JCR and the MCR.</li> </ul>

## **FINANCIAL REVIEW**

The financial results for 2014-15 show a net movement in funds of £5.672m increasing the Funds of the College to £57.948m.

Total Incoming Resources were £10.456m including donations of £2.755m and investment income of £0.876m. Incoming resources excluding these two items came to £6.825m, an increase of 2.8% on the previous year. Academic income and residential income from members was up 1.4% year-on-year, while a strong performance from conferences saw trading income grow 15%.

The resources expended in achieving this income of £6.825m were £8.514m, being Total Resources Expended of £8.630m less investment management expenses of £0.116m. These resources expended were 5.4% higher than the previous year's equivalent figure. Staff costs rose 5.8%, reflecting annual pay awards, increased pension contributions and additional teaching resources. Scholarships, prizes and grants awarded to students rose to £0.239m, up 20%, while bursaries and hardship awards increased to £0.145m, up 18%. Expenditure on maintaining the College's buildings saw the completion of improved services in the Kathleen Lea building, a major refurbishment of one of our Fyfield Road houses and extensive improvements to our wired and wireless networks.

The incoming resources of £6.825m less the resources expended of £8.514m gives an "operating deficit" of £1.689m. The College covers this deficit in three ways: (1) using donations to Unrestricted Funds of £0.297m; (2) drawing on Endowment Funds and designated capital funds within Unrestricted Funds under a sustainable spending rule for £1.301m; and (3) drawing on Restricted Funds, where both income and capital are available for spending, for £0.346m.

After these draw downs, the deficit is converted to a surplus of £0.255m, which represents 3.7% of the incoming resources of £6.825m. The College considers that this level of surplus each year provides adequate funds to cover its plans for capital expenditure on maintaining the College's buildings and ICT infrastructure over the medium term.

This surplus is struck after a depreciation charge of £0.673m. Adding back this non-cash item gives an "operating cash flow" of £0.928m, which was adequate to cover loan repayments of £0.3m and net capital expenditure on existing infrastructure of £0.593m during the year. Capital expenditure of £4.479m on the final phase of the master plan, which will see the construction of the Clore Graduate Centre and the Donald Fothergill building as well as a new front entrance and front quad, was funded separately.

In 2014-2015 the "total return" achieved on investments was £4.606m, net of investment expenses of £0.116m, which was more than sufficient to cover the amounts withdrawn of £1.301m.

The net movement in funds of £5.672m comprises the surplus of £0.255m, the "total return" on investments of £4.606m, new donations received for Endowment Funds of £0.359m and for Restricted Funds of £2.099m, less amounts withdrawn from Endowments of £1.301m and from Restricted funds of £0.346m.

### **Reserves policy**

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

At the year end, general Unrestricted Funds showed a negative balance of £0.302m. This was temporary because the College chose to use its general funds to pay for the work-in-progress on the new buildings, pending drawing down on the loan facility in place since June 2014, in order to minimise interest costs. Since the year end, £2m has been drawn down on the loan facility, replenishing general funds to a level which represents around two months of expenditure. The College considers this an acceptable position, both because its revenue streams are highly unlikely to experience a sudden shortfall, and also because the College would be able to remove the "capital funds" designation from part of its Unrestricted Funds, thereby freeing such funds to cover any shortfall.

### **Investment policy, objectives and performance**

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

Investments are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return. In line with this approach, the College

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

The investment strategy, policy and performance are monitored by the Investment Committee. At the year end, the College's long term securities investments totalled £36,212m and the College also held property investments of £2.405m. The total securities investment return was 12.2% in the year to 30 June 2015; better than the relevant benchmark return of 7.9% and the target total return of 4.9%.

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

The equivalent of 3.7% of the opening value of the investments was extracted as income on the total return basis in the year. The Governing Body will keep the level of income withdrawn under review to balance the needs and interests of current and future beneficiaries of the College's activities.

**FUTURE PLANS**

Specific objectives have been agreed for the academic year 2015-2016:

Key Goals	Objectives 2015-2016
Excellence in undergraduate and postgraduate education	<ul style="list-style-type: none"> <li>• Maintain recruitment targets of 125 undergraduate students, 100 graduate students, and 25 visiting students for the year.</li> <li>• Redesign College website, and launch an up-to-date outward facing digital presence.</li> <li>• Establish LMH as a first-choice College for prospective applicants.</li> <li>• Review outreach activities and the specification and remit of the Outreach Officer post.</li> <li>• Review external communications with potential applicants.</li> <li>• Encourage greater integration of JCR and MCR, particularly in creating teaching and mentoring opportunities.</li> <li>• Set up discussion groups with Tutors about academic incentives, and motivating students on course. Share ideas and practices.</li> <li>• Improve marketing of the Visiting Student programme, recruitment strategy, and range of courses offered.</li> </ul>
Supporting innovative research throughout the LMH academic community	<ul style="list-style-type: none"> <li>• Recruit new Tutors in Medicine, in Law, and in Music.</li> <li>• Review and develop administrative support for Fellows.</li> <li>• Extend the annual LMH Research Fair into a wider event.</li> <li>• Increase visibility of academic publications, both physically and through a virtual library.</li> <li>• Encourage external speakers within constraints of events timetable, and build on existing events where possible.</li> </ul>
Completing the LMH site masterplan	<ul style="list-style-type: none"> <li>• Complete the Clore Graduate Centre and the Donald Fothergill building.</li> <li>• Plan opening ceremony for Michaelmas term</li> </ul>

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	<p>2016.</p> <ul style="list-style-type: none"> <li>• Restore and create new gardens and landscape around the new buildings.</li> <li>• Raise £305k in new gifts and pledges to reach target of £8m for Phase II.</li> </ul>
<p>Developing all human resources, facilities and services</p>	<ul style="list-style-type: none"> <li>• Plan use of Porters' Lodge to publicise and to develop academic, cultural, intellectual, and sporting endeavour.</li> <li>• Embed an awareness of 'green' issues among all members of the community, and aim to achieve Oxford Green Impact Gold award.</li> <li>• Develop an accommodation strategy, to recognise additional facilities made available by Phase II construction.</li> <li>• Complete ICT network infrastructure improvements.</li> <li>• Deliver main Deneke kitchen refurbishment.</li> <li>• Decorate Pipe Partridge and Wordsworth.</li> <li>• Review the 'once every 10 years' refurbishment principle for different areas of the College.</li> <li>• Embed use of key performance indicators in setting targets across all of our services.</li> <li>• Develop and implement a People Development Plan.</li> <li>• Achieve Investors in People re-accreditation.</li> </ul>
<p>Developing all financial resources</p>	<ul style="list-style-type: none"> <li>• Achieve 2015-16 budget or better.</li> <li>• Implement marketing and business plan for conferences and events, and deliver £1.6m income.</li> <li>• Develop new overall fundraising priorities and strategy.</li> <li>• Raise £2m in cash for all projects.</li> <li>• Raise £220k in new gifts and pledges to reach target of £600k for the Politics Fellowship.</li> <li>• Raise £500k in cash from Annual Fund sources.</li> </ul>

**LADY MARGARET HALL**  
**Report of the Governing Body**  
**Year ended 31 July 2015**

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<p>Supporting equality, diversity and fairness</p>	<ul style="list-style-type: none"> <li>• Hold more equality and diversity events, including 'World at LMH'.</li> <li>• Consider establishing a budget for student grants for cultural activities, and encourage a seed-fund.</li> <li>• Consider conversion of current MCR into a café for all.</li> <li>• Continue to promote information for both welfare and grants, and review priorities for awarding grants.</li> <li>• Initiate planning to mark 40 years of going mixed (1979-2019), and link to student recruitment, access, diversity, and integration.</li> <li>• Continue to develop study skills support, particularly for non-traditional and overseas students.</li> <li>• Raise £150k in new endowment for undergraduate bursaries.</li> <li>• Raise £150k in new gifts and pledges, and in cash received for graduate scholarships.</li> </ul>
<p>Inspiring the LMH community worldwide</p>	<ul style="list-style-type: none"> <li>• Continue extended alumni programme of events, including anniversaries, subject reunions, and donor events.</li> <li>• Build year group activity with LMHA through recruitment of matric year reps for reporting alumni activity.</li> <li>• Continue to build communications with social networks.</li> </ul>

## **STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES**

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

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

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

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

The Governing Body is responsible for keeping proper accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the College and ensuring their proper application under charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Governing Body on 2 December 2015 and signed on its behalf by:

Mr. Alan Rusbridger  
Principal

## **LADY MARGARET HALL**

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

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

We have audited the financial statements of Lady Margaret Hall for the year ended 31 July 2015 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 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Governing Body in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and its Governing Body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Governing Body and auditor**

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. We read all the information in the Report of the Governing Body to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us during the course of performing our audit. 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 2015 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

## **LADY MARGARET HALL**

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

- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Critchleys LLP**  
Statutory Auditor  
Oxford

Date

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

**LADY MARGARET HALL**  
**Statement of Accounting Policies**  
**Year ended 31 July 2015**

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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 with its wholly owned subsidiaries LMH Hospitality Services Limited, Lady Margaret Hall Trading Limited and Lady Margaret Hall Properties Limited. No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the subsidiaries as included in the consolidated income, expenditure and results of the College are disclosed in note 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, including contributions received from restricted funds, are accounted for in the period in which the related service is provided.

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

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

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

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

**5. Investment income**

Interest on bank balances and fixed interest securities is accounted for in the period to which the interest relates.

Dividend income and similar distributions are accounted for in the period in which they become receivable.

**6. Expenditure**

Expenditure is accounted for on an accruals basis. Indirect expenditure is apportioned to expenditure categories based on the estimated amount attributable to that activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

Grants awarded are expensed as soon as they become legal or operational commitments.

Governance costs comprise the costs of complying with constitutional and statutory requirements.

Intra-group sales and charges between the College and its subsidiaries are excluded from trading income and expenditure.

**7. Tangible fixed assets**

Expenditure on the acquisition, construction or enhancement of land and buildings, and on equipment, costing more than £5,000, is capitalised and carried in the balance sheet at historical cost.

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

**LADY MARGARET HALL**  
**Statement of Accounting Policies**  
**Year ended 31 July 2015**

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**8. Depreciation**

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

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

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

**9. Investments**

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

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

**10. Stocks**

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

**11. Foreign currencies**

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

**12. Total Return investment accounting**

The College Statutes authorise the College to adopt a 'total return' basis for the investment of its permanent endowment. The College can invest its permanent endowments without regard to the capital/income distinctions of trust law and with discretion to apply any part of the accumulated total return on the investment as income for spending each year. Until this power is exercised, the total return is accumulated as a capital supplement to the preserved ('frozen') value of the permanent endowment.

The Governing Body has decided that it is in the best interests of the College to account for its invested expendable endowment capital in the same way, though there is no legal restriction on the power to spend such capital.

For the carrying value of the preserved (frozen) permanent capital, the Governors have taken its open market value as at 31 July 2003, together with the original gift value of all subsequent endowments received.

**13. Fund accounting**

The total funds of the College and its subsidiaries are allocated to unrestricted, restricted or endowment funds based on the origins of the funds and the terms set by the donors. Endowment funds are further sub-divided into permanent and expendable.

Unrestricted funds can be used in furtherance of the objects of the College at the discretion of the Governing Body. The Governing Body may decide that part of the unrestricted funds shall be used in future for a specific purpose and this will be accounted for by transfers to appropriate designated funds.

Restricted funds comprise gifts, legacies and grants where the donors have earmarked funds for specific purposes. They consist of *either* gifts where the donor has specified that both the capital and any income arising must be used for the purposes given *or* the income on gifts where the donor has required that the capital be maintained and the income used for specific purposes.

Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the College. Any income arising from the capital will be accounted for as

**LADY MARGARET HALL**  
**Statement of Accounting Policies**  
**Year ended 31 July 2015**

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unrestricted funds unless the donor has restricted the use of that income, in which case it will be accounted for as a restricted fund.

Expendable endowment funds are similar to permanent endowment in that they have been given, or the College has determined based on the circumstances that they have been given, for the long term benefit of the College. However, the Governing Body may at their discretion determine to spend all or part of the capital.

**14. Pension costs**

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

Lady Margaret Hall  
Consolidated Statement of Financial Activities  
For the period to 31 July 2015

		Unrestricted Funds	Restricted Funds	Endowed Funds	July 2015 Total	July 2014 Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>						
<b>Resources from charitable activities</b>						
1	Teaching, research and residential	5,882	0	0	5,882	5,802
<b>Resources from generated funds</b>						
	Legacies and donations	297	2,099	359	2,755	2,653
2	Trading income	928	0	0	928	810
3	Investment income	146	0	730	876	592
4	Bank and other interest	8	0	0	8	14
		<u>1,379</u>	<u>2,099</u>	<u>1,089</u>	<u>4,567</u>	<u>4,069</u>
<b>Other incoming resources</b>						
		7	0	0	7	15
<b>Total Incoming Resources</b>						
		<u>7,268</u>	<u>2,099</u>	<u>1,089</u>	<u>10,456</u>	<u>9,886</u>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>						
5	Fundraising	450	0	0	450	465
	Trading expenditure	487	0	0	487	443
	Investment management costs	19	0	97	116	108
		<u>956</u>	<u>0</u>	<u>97</u>	<u>1,053</u>	<u>1,016</u>
<b>Charitable activities</b>						
5	Teaching, research and residential	6,552	1,004	0	7,556	7,145
<b>Governance costs</b>						
8		21	0	0	21	21
<b>Total Resources Expended</b>						
		<u>7,529</u>	<u>1,004</u>	<u>97</u>	<u>8,630</u>	<u>8,182</u>
<b>Net incoming/(outgoing) resources before transfers</b>						
		(261)	1,095	992	1,826	1,704
<b>Transfers between funds</b>						
18	Total return transfer	432	610	(1,042)	0	0
18	Other transfers	2,348	(2,310)	(38)	0	0
<b>Net incoming/(outgoing) resources before other gains and losses</b>						
		<u>2,519</u>	<u>(605)</u>	<u>(88)</u>	<u>1,826</u>	<u>1,704</u>
<b>Investment gains/(losses)</b>						
		631	0	3,215	3,846	1,877
<b>Net movement in funds for the year</b>						
		<u>3,150</u>	<u>(605)</u>	<u>3,127</u>	<u>5,672</u>	<u>3,581</u>
<b>Fund balances brought forward</b>						
18		21,373	1,339	29,564	52,276	48,695
<b>Funds carried forward at 31 July 2015</b>						
18		<u>24,523</u>	<u>734</u>	<u>32,691</u>	<u>57,948</u>	<u>52,276</u>

Lady Margaret Hall  
Consolidated and College Balance Sheets  
As at 31 July 2015

	Notes	July 2015 Group £'000	July 2014 Group £'000	July 2015 College £'000	July 2014 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	10	24,211	19,812	24,211	19,812
Property investments	11	2,405	2,275	2,405	2,275
Securities and other investments	12	36,212	32,684	36,216	32,688
		<b>62,828</b>	54,771	<b>62,832</b>	54,775
<b>CURRENT ASSETS</b>					
Stocks		179	160	179	160
Debtors	15	1,245	916	1,027	681
Deposits and other short term investments		1,158	703	1,157	703
Cash at bank and in hand		909	2,777	778	2,738
		<b>3,491</b>	4,556	<b>3,141</b>	4,282
<b>CREDITORS: falling due within one year</b>	16	<b>4,246</b>	1,626	<b>3,898</b>	1,354
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(755)</b>	2,930	<b>(757)</b>	2,928
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>62,073</b>	57,701	<b>62,075</b>	57,703
<b>CREDITORS: falling due after more than one year</b>	17	<b>4,125</b>	5,425	<b>4,125</b>	5,425
<b>Provisions for liabilities and charges</b>		<b>0</b>	0	<b>0</b>	<b>0</b>
<b>NET ASSETS</b>		<b>57,948</b>	52,276	<b>57,950</b>	52,278
<b>FUNDS OF THE COLLEGE</b>					
<b>Endowment funds</b>		<b>32,691</b>	29,564	<b>32,691</b>	29,564
<b>Restricted funds</b>		<b>734</b>	1,339	<b>734</b>	1,339
<b>Unrestricted funds</b>					
Designated funds		24,825	19,688	24,825	19,688
General funds		(302)	1,685	(300)	1,687
		<b>57,948</b>	52,276	<b>57,950</b>	52,278

**Lady Margaret Hall**  
**Consolidated Cash Flow Statement**  
**For the period to 31 July 2015**

	Notes	July 2015 Group £'000	July 2014 Group £'000
<b>Net cash inflow/(outflow) from operations</b>	24	<u>2,574</u>	<u>1,294</u>
<b>Returns on investments and servicing of finance</b>			
Income from investments		884	606
Finance costs paid		(117)	(114)
		<u>767</u>	<u>492</u>
<b>Capital expenditure and financial investment</b>			
New endowment capital received		436	374
Payments for tangible fixed assets		(5,078)	(2,350)
Proceeds from sales of tangible fixed assets		0	348
Payments for investments		(2,493)	(1,655)
Proceeds from sales of investments		2,681	1,976
		<u>(4,454)</u>	<u>(1,307)</u>
<b>Management of liquid resources</b>			
Net (additions to) / withdrawals from term deposits		(455)	(255)
Net (purchase) / sale of current asset investments		0	0
		<u>(455)</u>	<u>(255)</u>
<b>Financing</b>			
New bank loans		0	0
Bank loans repaid		(300)	(300)
		<u>(300)</u>	<u>(300)</u>
<b>Increase/(decrease) in cash in the period</b>		<u>(1,868)</u>	<u>(76)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the year		(1,868)	(76)
Transfers to/(from) term deposits and current investments		455	255
(Increase)/decrease in loan and lease finance		300	300
<b>Change in net funds</b>		<u>(1,113)</u>	<u>479</u>
<b>Net funds at 1 August 2014</b>		<u>(2,245)</u>	<u>(2,724)</u>
<b>Net funds at 31 July 2015</b>	25	<u>(3,358)</u>	<u>(2,245)</u>

**Lady Margaret Hall**  
**Notes to the financial statements**  
**For the period to 31 July 2015**

**1 INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	July 2015 Total £'000	July 2014 Total £'000
<b>Teaching, research and residential</b>					
Tuition fees - UK and EU students	1,765	0	0	1,765	1,815
Tuition fees - Overseas students	668	0	0	668	653
Other fees	308	0	0	308	328
Other HEFCE support	156	0	0	156	119
Other academic income	176	0	0	176	140
College residential income	2,809	0	0	2,809	2,747
	<u>5,882</u>	<u>0</u>	<u>0</u>	<u>5,882</u>	<u>5,802</u>

The above analysis includes £2,588k received from the University of Oxford under the College Funding Formula, net of College fees received directly (July 2014: £1,932k).

Under the terms of the undergraduate student support package offered by Oxford University to students from lower income households, the college share of fees waived amounted to £43k (July 2014: £34k). These are not included in the fee income reported above.

**2 TRADING INCOME**

	July 2015 £'000	July 2014 £'000
Subsidiary company trading income	928	810
Other trading income	0	0
	<u>928</u>	<u>810</u>

**3 INVESTMENT INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	July 2015 Total £'000	July 2014 Total £'000
Equity dividends	146	0	730	876	231
Income from fixed interest stocks	0	0	0	0	0
Interest on fixed term deposits and cash	0	0	0	0	0
Other investment income	0	0	0	0	361
	<u>146</u>	<u>0</u>	<u>730</u>	<u>876</u>	<u>592</u>

**4 BANK AND OTHER INTEREST INCOME**

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	July 2015 Total £'000	July 2014 Total £'000
Bank interest	8	0	0	8	13
Other interest	0	0	0	0	1
	<u>8</u>	<u>0</u>	<u>0</u>	<u>8</u>	<u>14</u>

**5 ANALYSIS OF RESOURCES EXPENDED**

	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	July 2015 Total £'000	July 2014 Total £'000
<b>Costs of generating funds</b>					
Fundraising	255	192	3	450	465
Trading expenditure	0	300	187	487	443
Investment management costs	0	116	0	116	108
<b>Total costs of generating funds</b>	<u>255</u>	<u>608</u>	<u>190</u>	<u>1,053</u>	<u>1,016</u>
<b>Charitable expenditure</b>					
Teaching, research and residential	4,019	2,200	1,337	7,556	7,145
<b>Total charitable expenditure</b>	<u>4,019</u>	<u>2,200</u>	<u>1,337</u>	<u>7,556</u>	<u>7,145</u>
<b>Governance costs</b>	<u>0</u>	<u>21</u>	<u>0</u>	<u>21</u>	<u>21</u>
<b>Total resources expended</b>	<u>4,274</u>	<u>2,829</u>	<u>1,527</u>	<u>8,630</u>	<u>8,182</u>

**Lady Margaret Hall**  
**Notes to the financial statements**  
**For the period to 31 July 2015**

The College is liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The Contribution Fund is used to make grants and loans to colleges on the basis of need. Contribution is calculated annually in accordance with regulations made by the Council. The teaching, research and residential costs include College Contribution payable of £6k (July 2014: £3k).

**6 SUPPORT COSTS**

	Teaching		July 2015 Total £'000	July 2014 Total £'000
	Generating Funds £'000	Research & Residential £'000		
Financial and domestic admin	97	292	389	359
Human resources	0	135	135	96
ICT	0	207	207	191
Depreciation	89	584	673	694
Loss/(profit) on fixed assets	0	6	6	(83)
Bank interest payable	4	113	117	114
Other finance charges	0	0	0	0
	<u>190</u>	<u>1,337</u>	<u>1,527</u>	<u>1,371</u>

Finance and administration and human resources costs are attributed according to the estimated staff time spent on each activity. Depreciation costs are attributed according to the estimated use made of the underlying assets. IT costs are attributed according to estimated usage of the IT resource. Interest and other finance charges are attributed according to the purpose of the related financing.

**7 GRANTS AND AWARDS**

During the year the College funded research awards and bursaries to students as follows:	Unrestricted	Endowment & Restricted	July 2015	July 2014
	Funds £'000	Funds £'000	Total £'000	Total £'000
Scholarships, prizes and grants	0	239	239	199
Bursaries and hardship awards	0	145	145	123
	<u>0</u>	<u>384</u>	<u>384</u>	<u>322</u>

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

The figure included above represents the cost to the college of the Oxford Bursaries scheme. Students of this college received £275k in bursaries in 14/15(13/14: £227k), and £112k in fee waivers(13/14£103k). See Note 1 re Fee Waivers.

**8 GOVERNANCE COSTS**

	July 2015 £'000	July 2014 £'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	21	21
Auditor's remuneration - other services	0	0
Legal and other fees on constitutional matters	0	0
	<u>21</u>	<u>21</u>

Charitable expenditure includes non-governance auditors' remuneration for other services amounting to £0k (2014: £0k).

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**

The aggregate payroll costs for the year were as follows.	July 2015 £'000	July 2014 £'000
Salaries and wages	3,997	3,769
Social security costs	259	257
Pension costs	514	481
	<u>4,770</u>	<u>4,507</u>

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

	July 2015	July 2014
Tuition and research	24	16
College residential	50	52
Fundraising	4	4
Support	14	15
<b>Total</b>	<b>92</b>	<b>87</b>

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

	July 2015	July 2014
University Lecturers	22	22
CUF Lecturers	12	13
Other teaching and research	1	1
Other	5	5
<b>Total</b>	<b>40</b>	<b>41</b>

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

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

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

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

Group and College	Freehold land and buildings £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Total £'000
<b>Cost</b>				
At start of year	23,869	619	930	25,418
Additions	4,937	0	135	5,072
Disposals	0	0	0	0
<b>At end of year</b>	<b>28,806</b>	<b>619</b>	<b>1,065</b>	<b>30,490</b>
<b>Depreciation</b>				
At start of year	4,510	348	748	5,606
Charge for the year	569	55	49	673
On disposals	0	0	0	0
<b>At end of year</b>	<b>5,079</b>	<b>403</b>	<b>797</b>	<b>6,279</b>
<b>Net book value</b>				
<b>At end of period</b>	<b>23,727</b>	<b>216</b>	<b>268</b>	<b>24,211</b>
<b>At start of year</b>	<b>19,359</b>	<b>271</b>	<b>182</b>	<b>19,812</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 comprise listed buildings on the College site, together with their contents comprising works of art, ancient books and manuscripts and other treasured artefacts. Because of their age and, in many cases, unique nature, reliable historical cost information is not available for these assets and could not be obtained except at disproportionate expense. However, in the opinion of the Trustees the depreciated historical cost of these assets is now immaterial.

## 11 PROPERTY INVESTMENTS

Group and College	Agricultural £'000	Commercial £'000	Other £'000	July 2015	July 2014
				Total £'000	Total £'000
Valuation at start of year	0	0	2,275	2,275	1,650
Additions and improvements at cost	0	0	0	0	625
Disposals net proceeds	0	0	0	0	0
Revaluation gains/(losses) in the year	0	0	130	130	0
<b>Valuation at end of year</b>	<b>0</b>	<b>0</b>	<b>2,405</b>	<b>2,405</b>	<b>2,275</b>

The college holds two property investments. Since the year end one of the investments has been sold for its year end valuation of £755,000, the proceeds being received in September 2015. In the opinion of the Trustees, a formal year-end revaluation of the other property, valued at £1,650,000, is deemed unnecessary as it was valued formally at February 2013. An informal valuation was received in July 2015 which is higher than the formal valuation.

## 12 SECURITIES AND OTHER INVESTMENTS

	July 2015 £'000	July 2014 £'000
<b>Group investments</b>		
Valuation at start of year	32,684	31,128
New money invested	359	374
Amounts withdrawn	(1,301)	(1,180)
Reinvested income	876	591
Investment management fees	(112)	(108)
Increase/ (Decrease) in value of investments	3,706	1,879
<b>Group investments at end of year</b>	<b>36,212</b>	<b>32,684</b>
Investment in subsidiaries	4	4
<b>College investments at end of year</b>	<b>36,216</b>	<b>32,688</b>

Group investments comprise:	Held outside the UK £'000	Held in the UK £'000	July 2015 Total £'000	July 2014 Total £'000
	Equity investments	0	18,139	18,139
Global multi-asset funds	0	0	0	0
Property funds	0	6,205	6,205	5,732
Fixed interest stocks	0	0	0	0
Alternative and other investments	3,753	4,226	7,979	7,340
Fixed term deposits and cash	0	3,889	3,889	2,908
<b>Total group investments</b>	<b>3,753</b>	<b>32,459</b>	<b>36,212</b>	<b>32,684</b>

## 13 SUBSIDIARY UNDERTAKINGS

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

	LMH Hospitality Services £'000	LMH Trading £'000
Turnover	2,818	(4,309)
Expenditure	(2,426)	4,522
Donation to College under gift aid	(392)	(213)
Result for the year	0	0
Total assets	299	1,038
Total liabilities	(295)	(1,038)
Net funds at the end of year	4	0

#### 14 STATEMENT OF INVESTMENT TOTAL RETURN

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

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

**(a) Income on funds held for general purposes**

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

**(b) Income on funds held for specific purposes**

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

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

	Permanent Endowment £'000	Expendable Endowment £'000	Total £'000
<b>Investment total return</b>			
Income distributions	336	395	731
Capital gains/losses	1,459	1,758	3,217
Investment management costs	(44)	(53)	(97)
Total return for the year	1,751	2,100	3,851
Amount applied as income for spending	(448)	(642)	(1,090)
Net increase in Unapplied Total Return in the year	1,303		
Unapplied Total Return at start of year	3,521		
<b>Unapplied Total Return at end of year</b>	<b>4,824</b>		
<b>Preserved value of original permanent endowments</b>	<b>9,428</b>		

#### 15 DEBTORS

	July 2015 Group £'000	July 2014 Group £'000	July 2015 College £'000	July 2014 College £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	379	305	179	180
Amounts owed by College members	91	68	91	68
Amounts owed by Group undertakings	0	0	0	0
Loans repayable within one year	0	0	0	0
Prepayments and accrued income	576	430	558	320
Other debtors	199	113	199	113
<b>Amounts falling due after more than one year:</b>				
Loans	0	0	0	0
	<b>1,245</b>	<b>916</b>	<b>1,027</b>	<b>681</b>

Included within other debtors are legacies amounting to £50k (2014 £20k).

16 CREDITORS: falling due within one year

	July 2015	July 2014	July 2015	July 2014
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Bank overdrafts	0	0	0	0
Bank loans	1,300	300	1,300	300
Obligations under finance leases	0	0	0	0
Trade creditors	1,153	380	507	340
Amounts owed to College Members	0	0	0	0
Amounts owed to Group undertakings	0	0	677	155
Taxation and social security	0	59	189	127
College contribution	4	3	4	3
Accruals and deferred income	1,789	884	1,221	429
Other creditors	0	0	0	0
	<b>4,246</b>	<b>1,626</b>	<b>3,898</b>	<b>1,354</b>

17 CREDITORS: falling due after more than one year

	July 2015	July 2014	July 2015	July 2014
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Bank loans	4,125	5,425	4,125	5,425
Obligations under finance leases	0	0	0	0
Other creditors	0	0	0	0
	<b>4,125</b>	<b>5,425</b>	<b>4,125</b>	<b>5,425</b>

Details of the loans are as follows:

**Bank loans**

- (a) An unsecured new buildings bank loan originally for £6m is repayable at £300,000 per annum over 20 years from February 2010. The balance outstanding at the year-end is £4.425m of which £1.595m incurs interest at a fixed-rate of 3.7% per annum for the remainder of the loan term and £2.83m incurs interest at a floating rate of 0.85% per annum above bank base rate. Since the year end, the interest rate on the floating-rate portion of the loan has been fixed at 2.58% per annum for the remainder of the loan term.
- (b) A second unsecured loan of £1m was drawn down in June 2011. This is a bullet loan where the entire capital balance falls due in June 2016. Interest is currently charged at 1% above LIBOR.
- (c) A further new buildings bank loan facility of £6m was agreed in June 2014, for which nothing had been drawn down at 31/07/2015. This is a revolving loan available for drawdown for up to 2 years, converting to a term loan for a further maximum 10 years. £3m is repayable by final maturity, the balance being repayable in 40 quarterly instalments. The interest option is 1% above LIBOR.

18 FUNDS OF THE COLLEGE MOVEMENTS

	At 1 August July 2014 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	July 2015 £'000
<b>Endowment Funds - Permanent</b>						
General purpose funds	4,954	129	(17)	(188)	562	5,440
Tutorial and research fellowship funds	5,813	155	(20)	(211)	659	6,396
Student support funds	1,843	48	(6)	(55)	209	2,039
Other purpose funds	257	7	(1)	(10)	29	282
<b>Endowment Funds - Expendable</b>						
General purpose funds	6,437	128	(18)	(244)	602	6,905
Tutorial and research fellowship funds	5,306	279	(18)	(248)	601	5,920
Student support funds	4,357	330	(15)	(107)	496	5,061
Other purpose funds	597	13	(2)	(17)	57	648
<b>Total Endowment Funds</b>	<b>29,564</b>	<b>1,089</b>	<b>(97)</b>	<b>(1,080)</b>	<b>3,215</b>	<b>32,691</b>
<b>Restricted Funds</b>						
Buildings funds	600	1,744	0	(2,347)	0	(3)
Tutorial and research fellowship funds	217	89	(92)	24	0	238
Student support funds	451	237	(233)	(35)	0	420
Other restricted funds	71	29	(21)	0	0	79
Transfers from specific purpose endowments for spending:						
<i>Applied total return</i>	0	0	(610)	610	0	0
<i>Other transfers</i>	0	0	(48)	48	0	0
<b>Total Restricted Funds</b>	<b>1,339</b>	<b>2,099</b>	<b>(1,004)</b>	<b>(1,700)</b>	<b>0</b>	<b>734</b>
<b>Unrestricted Funds</b>						
General	1,794	7,122	(7,510)	(1,708)	0	(302)
Fixed asset designated fund	13,981	0	0	4,699	0	18,680
Designated capital funds	5,572	146	(19)	(211)	631	6,119
Other designated funds	26	0	0	0	0	26
<b>Total Unrestricted Funds</b>	<b>21,373</b>	<b>7,268</b>	<b>(7,529)</b>	<b>2,780</b>	<b>631</b>	<b>24,523</b>
<b>Total Funds</b>	<b>52,276</b>	<b>10,456</b>	<b>(8,630)</b>	<b>0</b>	<b>3,846</b>	<b>57,948</b>

Within Unrestricted Funds, the Fixed Asset Designated Fund is set at a level equal to the book value of tangible fixed assets, excluding those tangible fixed assets relating to pictures donated to the College, valued at £105,000, which are covered by an expendable endowment, less the amount outstanding on the bank loans used to finance the increase in the tangible fixed assets relating to the College's new buildings and the work-in-progress on new buildings.

During the year, the College used its General Funds within Unrestricted Funds to finance the construction of the work-in-progress pending drawdown of the bank loan facility which has been in place since June 2014 (see Note 17 (c)), in order to minimise interest costs. Since the year end, £2m has been drawn down under the loan facility, which has the effect of reducing the fixed asset designated fund and increasing the General Funds by that amount.

## 19 FUNDS OF THE COLLEGE DETAILS

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

### Endowment Funds - Permanent:

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

### Endowment Funds - Expendable:

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

### Restricted Funds:

<i>Tutorial and research fellowship funds, student</i>	Funds where both income and capital can be used for named restricted purposes
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### Designated Funds

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

The General Unrestricted Funds represent accumulated income from the College's activities and other sources that are available for the general purposes of the College.

## 20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	24,095	0	116	24,211
Property investments	0	0	2,405	2,405
Securities and other investments	6,119	0	30,093	36,212
Net current assets/(liabilities)	(1,566)	734	77	(755)
Long term liabilities	(4,125)	0	0	(4,125)
	<u>24,523</u>	<u>734</u>	<u>32,691</u>	<u>57,948</u>

Included within the net current assets/(liabilities) are restricted funds legacy debtors amounting to £20k (2014 £20k) and endowment funds debtors amounting to £77k (2014 £72k).

## 21 TRUSTEES' REMUNERATION

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

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

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

Trustees of the college fall into the following categories:

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

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

Some trustees are eligible for college housing schemes. Eight trustees lived in college accommodation in the year. Others may be eligible for a housing allowance which is disclosed within the salary figures below. Details of trustees who live in houses owned jointly with the college are provided in note 28.

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

The total remuneration and benefits shown below is £1,373k (July 2013: £1,382k). The total of pension contributions is £178k (July 2013: £179k).

Remuneration paid to trustees

Range	July 2015		July 2014	
	Number of trustees	Gross remuneration, taxable benefits and pension contributions £	Number of trustees	Gross remuneration, taxable benefits and pension contributions £
£0 - £999	6	1,884	2	411
£1,000 - £1,999	1	1,613		
£2,000 - £2,999			2	5,256
£3,000 - £3,999	1	3,347	1	3,101
£5,000 - £5,999	2	11,088		
£8,000 - £8,999	1	8,459	1	8,331
£9,000 - £9,999			1	9,721
£10,000 - £10,999	1	10,212	2	21,982
£11,000 - £11,999	4	46,100	2	23,015
£15,000 - £15,999			3	46,234
£17,000 - £17,999	2	35,477	1	17,094
£18,000 - £18,999	2	37,581	1	18,283
£19,000 - £19,999	1	19,231	7	138,852
£20,000 - £20,999	8	162,002	5	102,831
£21,000 - £21,999	2	42,506		
£31,000 - £31,999			1	31,938
£33,000 - £33,999	1	33,460		
£34,000 - £34,999	1	34,039	1	34,237
£37,000 - £37,999	1	37,176		
£41,000 - £41,999			1	41,059
£42,000 - £42,999			1	42,087
£44,000 - £44,999	1	44,639		
£45,000 - £45,999			1	45,540
£48,000 - £48,999	2	96,892	1	48,170
£49,000 - £49,999			2	99,809
£50,000 - £50,999	2	101,799		
£52,000 - £52,999	1	52,123		
£53,000 - £53,999			1	53,178
£56,000 - £56,999			1	56,668
£57,000 - £57,999	1	57,802		
£59,000 - £59,999	1	59,771	1	59,705
£69,000 - £69,999			1	69,616
£70,000 - £70,999			2	140,952
£71,000 - £71,999	1	71,304		
£72,000 - £72,999	1	72,020		
£73,000 - £73,999			1	73,929
£75,000 - £75,999	1	75,407		
£78,000 - £78,999	1	78,519		
£81,000 - £81,999			1	81,200
£82,000 - £82,999	1	82,824		
£99,000 - £99,1000			1	99,760
£101,000-£101,999	1	101,755		

Two trustees are not employees of the College and do not receive remuneration. All trustees may eat at common table.

Trustee expenses

No fellow claimed any expenses for work as a trustee.

## 22 PENSION SCHEMES

### 1. The pension schemes

The College participates in two principal pension schemes for its staff - the Universities Superannuation Scheme ('USS') and the University of Oxford Staff Pension Scheme ('OSPS'). Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and pensionable salary) and are contracted out from the State Second Pension Scheme. The assets of USS and OSPS are each held in separate trustee-administered funds. Both schemes are multi-employer schemes and the College is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS17 "Retirement Benefits", the College accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

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

However, in OSPS, the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer.

The College is also contributing to the Government NEST scheme for the benefit of certain staff who were ineligible to join USS or OSPS.

### 2. Actuarial valuations

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

	USS	OSPS
Date of valuation:	31/03/2014	31/03/2013
Date valuation results published:	15/06/2015	23/06/2014
Value of liabilities:	£46.9bn	£597m
Value of assets:	£41.6bn	£424m
Funding surplus / (deficit):	(£5.3bn) <sup>a</sup>	(£173m) <sup>c</sup>
Principal assumptions:		
Investment return	5.2% pa <sup>c</sup>	-
Rate of interest (periods up to retirement)	-	4.4% pa
Rate of interest (periods after retirement)	-	4.4% pa
Rate of increase in salaries	RPI+1%pa <sup>d</sup>	4.5% pa
Rate of increase in pensions	CPI pa <sup>d</sup>	4.4% pa
Mortality assumptions:		
Assumed life expectancy at age 65 (males)	24.2 yrs	22.5 yrs
Assumed life expectancy at age 65 (females)	26.3 yrs	25.2 yrs
Funding Ratios:		
Technical provisions basis:	89%	71%
Statutory Pension Protection Fund basis:	82%	69%
'Buy-out' basis:	54% <sup>e</sup>	44%
Estimated FRS17 basis	72% <sup>e</sup>	75%
Recommended employer's contribution rate (as % of pensionable salaries):	18% <sup>e</sup>	21.5%, increasing to 23.5% <sup>f</sup>
Effective date of next valuation:	31/03/2017	31/03/2016

- a. a. USS's actuarial valuation as at 31 March 2014 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 will be calculated as that that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members will accrued a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in respect of salary up to a salary threshold, initially £55,000 p.a.; member contributions will be 8% of salary; a defined contribution benefit for salary in excess of the salary threshold at the total level of 20% of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section of which the first 1% of salary is to be matched by the employer. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. For the period up to 1 April 2016 the employer deficit contribution will be 0.7% p.a. of salaries based on the assumptions made. After allowing for those changes, the actuary established a long term employer contribution rate of 18% pa of Salaries for the period from 1 April 2016 to 31 March 2031. On the assumptions made and once the salary threshold and defined contribution section are introduced this gives rise to deficit contributions of at least 2.1% pa of salaries.
- b. b. OSPS' actuarial valuation as at 31 March 2013 identified a required long-term employer contribution rate of 20.1% of total pensionable salaries, but also a funding deficit of £173m. The University of Oxford, on behalf of all the employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by raising the employer contribution rate in increments of 0.5% of pensionable salary to 23.5%, with this increase being implemented over the three years to 1 August 2017. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2026.
- c. c. USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years.
- d. d. USS' actuary has assumed that general pay growth will be CPI in year 1, CPI + 1% in year 2 and RPI + 1% pa thereafter. It is assumed that CPI is based on the RPI assumption (market derived price inflation of 3.6% pa less an inflation risk premium) less RPI/CPI gap of 0.8% pa.
- e. e. As noted above (note a) the USS employer contribution rate is 18% of salaries from 1 April 2016. Prior to that date it is 16% of salaries. The total employer contributions include provisions for the cost of future accrual of defined benefits (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards DC benefits including employer matching contributions and certain investment management costs relating to the DC section.
- f. f. As noted above (note b), the OSPS employer contribution rate required for future service benefits alone at the date of the valuation was 20.1% of total pensionable salaries. It was agreed that employers increase their contribution rate by 0.5% each year to 1 August 2017 to 23.5%.

### **3. Sensitivity of actuarial valuation assumptions**

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities	
		USS	OSPS
Valuation rate of interest	increase/decrease by 0.5%	decrease / increase by £0.8bn	decrease / increase by £63m
Rate of pension increases	increase/decrease by 0.5%	decrease / increase by £1.1bn	increase / decrease by £41m
Rate of salary growth	increase/decrease by 0.5%	increase / decrease by £0.8bn	increase / decrease by £13m
Rate of mortality	more prudent assumption (mortality at last valuation, rated down by a further year)	increase by £0.8bn	increase by £20m

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

<i>Scheme</i>	July 2015	July 2014
	£000	£000
Universities Superannuation Scheme	257	257
University of Oxford Staff Pension Scheme	254	222
Other Schemes	2	2
Total:	513	481

**23 TAXATION**

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

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

	July 2015 £'000	July 2014 £'000
<b>Net incoming resources for the year</b>	<b>1,826</b>	1,704
Elimination of non-operating cash flows:		
- Investment income	(884)	(606)
- Endowment donations	(359)	(915)
- Financing costs	117	114
Depreciation	673	694
(Surplus)/loss on sale of fixed assets	6	(83)
Decrease/(Increase) in stock	(19)	(37)
Decrease/(Increase) in debtors	(406)	35
(Decrease)/Increase in creditors	1,620	388
(Decrease)/Increase in provisions	0	0
<b>Net cash inflow/(outflow) from operations</b>	<b>2,574</b>	1,294

**25 ANALYSIS OF CHANGES IN NET FUNDS**

	July 2014 £'000	Cash flow £'000	July 2015 £'000
Cash at bank and in hand	2,777	(1,868)	909
Bank overdrafts	0	0	0
	2,777	(1,868)	909
Deposits and other short term investments	703	455	1,158
Bank loans due within one year	(300)	(1,000)	(1,300)
Bank loans due after one year	(5,425)	1,300	(4,125)
Finance lease obligations due within one year	0	0	0
Finance lease obligations due after one year	0	0	0
	(2,245)	(1,113)	(3,358)

**26 FINANCIAL COMMITMENTS**

At 31 July 2014 the College had no significant annual commitments under non-cancellable operating leases.

**27 CAPITAL COMMITMENTS**

The College had contracted commitments for existing capital projects relating to the construction of new buildings at 31 July 2015 of £5,100,000 (July 2014: £8,950,000).

These commitments will be met by a combination of the bank loan facility of £6m (see Note 17 (c)), donations pledged where the cash will be received after the year end and the sale proceeds of the investment property received in September 2015 (see Note 11).

**28 RELATED PARTY TRANSACTIONS**

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

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

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

Trustee	July 2015 £'000	July 2014 £'000
Dr A Aboobaker	182	187
Prof B Bell	179	178
Dr J Goicoechea	143	147
Dr N Hankins	116	120
Prof BT Huffman	121	125
	<b>741</b>	<b>757</b>

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

**29 CONTINGENT LIABILITIES**

There are no contingent liabilities which require disclosure.

**30 POST BALANCE SHEET EVENTS**

Since the year-end, an investment property has been sold for £755,000 (see Note 11) and £2m of the bank loan facility agreed in June 2014 has been drawn down (see Note 17 (c), Note 18 and Note 27).