

# Somerville College

Annual Report and Financial Statements

Year ended 31 July 2016

**SOMERVILLE COLLEGE**  
**Annual Report and Financial Statements**  
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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 who served in office as members of the Governing Body during the year or subsequently are detailed below.

		(1)	(2)	(3)	(4)	(5)
Dr Alice Prochaska, Principal		•	•	•	•	•
Professor Daniel Anthony		•		•		
Professor Guido Ascari				•	•	
Professor Jonathan Burton			•	•		
Professor Bhaskar Choubey				•		
Professor Dan Ciubotaru				•		
Professor Julie Dickson	On leave TT16			•		
Professor Beate Dignas	On leave HT and TT '15			•		
Mr Julian Duxfield			•			
Professor Manuele Gagnolati	Left 31/10/15			•		
Professor Hilary Greaves	On leave 2015-16			•		
Professor Christopher Hare		•		•		
Professor Michael Hayward		•		•		
Professor Matthew Higgins				•		
Professor Joanna Innes	On leave 2015-16			•		
Ms Sara Kalim					•	
Professor Simon Kemp		•		•		
Professor Aditi Lahiri				•		
Dr Anne Manuel		•		•	•	•
Professor Jonathan Marchini				•		•
Professor Lois McNay	On leave MT '14 and HT '15			•		
Professor Karen Nielsen	On leave HT and TT '15			•		
Professor Natalia Nowakowska				•		
Mr Andrew Parker		•	•	•	•	•
Professor Luke Pitcher	MT16 & HT16 only		•	•	•	
Professor Mason Porter	On leave HT16			•		
Professor Charlotte Potts	On leave MT15			•	•	

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		(1)	(2)	(3)	(4)	(5)
Professor Stephen Pulman				•		
Dr Stephen Rayner		•	•	•	•	•
Professor Stephen Roberts				•		•
Professor Alex Rogers			•	•		
Professor Steven Simon				•		•
Professor Charles Spence	On leave 2015-16			•		
Professor Fiona Stafford	(1&2) for MT15 only On leave TT16	•	•	•		
Professor Richard Stone	On leave MT15 (1&2) for HT16 & TT16	•	•	•		
Professor Almut Suerbaum				•	•	
Professor Annie Sutherland				•		
Professor Rajesh Thakker				•		
Professor Benjamin J Thompson				•	•	
Professor Damian Tyler				•		
Professor Renier van der Hoorn				•		
Professor Roman Walczak	On leave HT16			•		
Professor Stephen Weatherill				•		
Professor Jennifer Welsh	On leave from 20 September 2013			•		
Professor Philip West	On leave HT16			•		
Professor Matthew Wood				•		

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

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

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**COLLEGE OFFICERS**

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

Principal	<i>Dr Alice Prochaska</i>
Senior Tutor	<i>Dr Stephen Rayner</i>
Treasurer (Finance & Estates Bursar)	<i>Mr Andrew Parker</i>
Domestic Bursar	<i>Mr Andrew Parker</i>
Development Director	<i>Ms Sara Kalim</i>
Librarian & Archivist & Head of IT	<i>Dr Anne Manuel</i>

**COLLEGE ADVISERS**

**Investment managers**

Newton Investment Management Ltd  
Oxford University Endowment Management

**Investment property advisers**

Cluttons

**Auditors**

Crowe Clark Whitehill LLP

**Bankers**

Barclays Bank Plc

**Solicitors**

Penningtons LLP

**College address**

Woodstock Road Oxford OX2 6HD

**Website**

*www.some.ox.ac.uk*

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The Members of the Governing Body present their Annual Report for the year ended 31 July 2016 under the Charities Act 2011 together with the audited financial statements for the year.

**REFERENCE AND ADMINISTRATIVE INFORMATION**

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

The College registered with the Charities Commission on 22<sup>nd</sup> December 2010 (registered number 1139440). The names of all members of the Governing Body at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the College, are given on pages 2 to 3.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing documents**

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

**Governing Body**

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, who is the Chancellor of the University of Oxford. The Governing Body is self-appointing, and has such powers as are conferred on it by its Charter and, subject thereto and to the Statutes, has the entire direction and management of the affairs of the College.

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

The Governing Body determines the on-going strategic direction of the College and regulates the administration and the management of its finances and assets. It meets regularly under the chairmanship of the Principal and is advised by nine committees.

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

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

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

### **Remuneration of Members of the Governing Body and Senior College Staff**

Members of the Governing Body who are primarily Fellows are teaching and research employees of the College [or University] and receive no remuneration or benefits from their trusteeship of the College. Those trustees that are also employed officers of the College either have their remuneration set by the College's Remuneration Committee (The Principal, The Treasurer, The Development Director) or in line with the College's established paygrade system (The Senior Tutor, The Librarian). The majority of members of Remuneration Committee are either Professorial Fellows not in receipt of remuneration from the College or independent external appointments. Where possible, remuneration is set in line with that awarded to the University's academic staff, or external market forces where appropriate.

College Officers, the key management team, are set out on page 4.

### **Organisational management**

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

- **Standing Committee**  
Responsibility for agreeing the agenda for meetings of Governing Body; developing academic and other strategies for the College, and monitoring decision-making, and developments that bear on these strategies; considering academic appointments and bids for association with University posts; considering requests for buy-outs and leave, with particular attention to their impact on teaching resources; receiving the reports of ad hoc working groups; discussing items which by reason of their complexity and difficulty are beyond the remit of other committees, or which need further attention beyond that given to them in a specialised committee, e.g. Buildings Committee, Finance Committee; giving close consideration to policy issues within the wider University, and external bodies, in preparation for consultation with the Governing Body.
- **Finance Committee**  
Responsibility for advising the Governing Body on all matters of financial policy and practice, and in particular on the financial implications of any proposals under consideration; presenting annual statements of accounts for the preceding year; approval of budgets and review of management accounts for each period; authorising exceptional expenditure from revenue and making recommendations in respect of capital expenditure; reviewing the college's investments and properties and income drawdown from investments; annual review of all charges made by the College; review of policy and administration relating to conferences, and approval of levels of charges; review of salaries for all College employees and others paid by the College as advised by the Remuneration Committee; considering other financial issues, as appropriate. Finance Committee also has responsibility for equality and diversity issues.
- **Education Committee**  
Responsibility for general policies and planning on teaching and learning; the progress, industry and conduct of undergraduates and graduates; the awarding of scholarships, exhibitions and prizes from the appropriate funds, and carrying out an annual review of award holders; examination results; the awarding of course and travel grants from the appropriate funds; the initiation of the College's academic disciplinary procedures in cases of students who fail to meet the standard of application and attendance expected by his or her Tutor; review and report to the Governing Body on the progress and welfare of student members and make recommendations to the Governing Body for the award of College scholarships, exhibitions and prizes.
- **Development Committee**  
Responsibility for recommendations on development and fundraising strategy and activities, liaison with the Development Board, which consists of external members.
- **IT Committee**  
Responsibility for developing recommendations on IT strategy, service levels and IT projects and provision of guidance and assistance to the IT function within the College.

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

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

**Group structure and relationships**

The College administers many special trusts, as detailed in Notes 16 to 17 to the financial statements.

The College also has one wholly owned non-charitable subsidiary: Somerville College Trading Limited, whose annual profits are donated to the College under the Gift Aid Scheme. The trading activities of Somerville College Trading Limited primarily comprise revenue from letting of the College facilities when not in use by the College. The subsidiary's aims, objectives and achievements are covered in the relevant sections of this report. In 2014.15 the College set up the Margaret Thatcher Scholarship Trust, which is a company limited by guarantee. The Trust has one member, Somerville College.

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.

**OBJECTIVES AND ACTIVITIES**

**Charitable Objects and Aims**

The College's Objects are:

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

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

The College's aims for the public benefit are:

- i. To advance education, learning and research, in particular by providing, in conjunction with the University of Oxford, an education for approximately 390 undergraduate and 161 graduate students. This education is recognised internationally as being of the very highest standard and develops students academically, personally and socially, preparing them to play a full and effective role in society. In particular, the College provides:
  - teaching facilities and individual or small-group teaching, together with academic, pastoral and administrative support;
  - IT and other administrative support and welfare services, including the availability of the Junior Deans and the Chapel Director to assist every member of the College of every religious belief and none; and
  - social, cultural, musical, recreational and sporting facilities to enable students to realise as much as possible of their academic and personal potential whilst studying at the College.
- ii. To advance research by providing:
  - official Fellowships, Career Development Fellowships, and Junior and Senior Research Fellowships to outstanding academics, to enable them to develop their research work and disseminate their research in the public domain; and

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- facilities and grants to assist with the pursuit of research, including grants for attendance at national and international academic conferences and assistance with the costs of research trips and research materials.

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

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

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

In 2015.16, the College had 390 undergraduates and 200 graduates and admitted students in the following subjects: Biochemistry; Biological Sciences; Chemistry; Classics (including Joint Schools); Classical Archaeology & Ancient History; Computer Science; Engineering; English (including Joint Schools); Experimental Psychology; History (including Joint Schools); Law; Mathematics; Medicine; Modern Languages (Including Joint Schools); Music, Philosophy, Politics & Economics; and Physics.

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

In order to assist undergraduates entitled to Student Support the College provides, through a scheme operated in common with the University and other Colleges, bursary support for those of limited financial means. For the academic year 2015.16, the number of awards made was 73; 31 of the awards were for £3,300 or more; and the average value of the awards was £2,768, with a total of £202k being disbursed in the year. The scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement.

To support the costs of graduate students the College provides substantial financial support. This includes scholarships to fund fees and living costs, 'top-up' funding to fill funding shortfalls in students' funding packages and a grant scheme to assist with the purchase of books and equipment, attendance at conferences and travel grants. The total amount expended by the College to graduate students in 2015.16 for this purpose was £220k.

The College also makes awards for academic development and has various scholarships and prizes available to reward academic excellence. During 2015.16 the College awarded £89k for this purpose.

In addition to its other programmes the College operates a hardship scheme for students in financial hardship and provides access to hardship schemes operated by the University. For the academic year 2015.16 the College awarded £27k in hardship loans and grants and provided £14k of free vacation residence.

A programme to encourage legacies to be made to the College is in place and annual fundraising campaigns include the provision of support for students suffering financial hardship.

#### **Public benefit**

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

The College admits as students those who have the highest potential to benefit from the education provided by the College and the University and recruits as academic staff those who are able to contribute most to the academic excellence of the College. In the case of both students and academic staff, recruitment is regardless of financial, social, religious or ethnic background, age or gender:

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

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

The College maintains an extensive library so providing a valuable resource for students and Fellows of the College. The College makes its library available to members of other Colleges and the University of Oxford more widely, external scholars and researchers, as well as local children from maintained and other schools as part of educational visits.

## **ACHIEVEMENTS AND PERFORMANCE**

The academic year 2015.16 has been another year of change and continued success for Somerville. This is the first year in which all undergraduates have been paying the higher tuition fees introduced in 2011. Student expectations continue to rise. Somerville continues to offer an exceptionally good experience to its students so satisfaction levels remain high. The number of applications to Oxford rose by 5% on the previous year, while the number of first choice applications to Somerville rose by 24%, continuing a trend that has continued now for a number of years. It is still too early to tell whether the removal of the Higher Education grant will adversely affect numbers of applications to Oxford from households with lower incomes in the future. Somerville continues to be very active in engaging in activities to encourage talented students from all backgrounds to apply to Oxford, and to reassure them of opportunities for financial support during their time here. Somerville won funding in 2014.15 from the Higher Education Funding Council for England (HEFCE) National Networks for Collaborative Outreach (NNCO) scheme as a partner institution of the Higher Horizons network. Higher Horizons provides information to schools in the north midlands area about a variety of HE options for students, ranging from modern vocational courses with non-traditional teaching methods to the traditional and highly rigorous academic disciplines offered at Oxford. The level of activity and the reach of the network have been very strong, with over 100,000 'hits' on the network website since its launch in September 2015. Early in 2016.17 we will hear whether the bid for funding from the successor funding scheme, the National Collaborative Outreach Project (NCOP) is successful. Early signs are promising.

All colleges subsidise the cost of teaching at Oxford and it will remain the case that only about half of the true costs are met from fees. The shortfall is covered by endowment income, income from conference and B&B business and donations and legacies. At Somerville almost 25% of our UK domiciled undergraduates receive additional financial assistance. In the 2015.16 admissions cycle, 52% of UK domiciled undergraduate applicants come from state schools, which is below the average for Oxford for the first time in many years, in spite of an active access programme which targets state schools. The focus of Somerville's access activities is on building and maintaining ongoing relationships with the schools in our assigned link regions. In addition, we have ongoing relationships with schools in the north midlands and the north-east as a result of the Senior Tutor's personal links with those areas.

Our Access Officer, Foteini Dimirouli, left the College to take up a research assistantship at Princeton towards the end of 2015.16 and Elsa Hammond, a PhD student enrolled at Bristol University and living in Oxford, started in the post shortly before the June Open Days. The transition between Access Officers was quite smooth and the level of access activity was not significantly adversely affected by the change.

Amongst our Access projects, we hosted the second 'Girls into Science' residential event for year 10 girls from non-selective state schools in our link regions. Feedback from this event was very positive, as it had been the previous year. Our Student Ambassadors set up a project of their own, and access roadshow in which they visited 11 schools in 3 days. In July, Somerville hosted its first access summer school for year 10 students recruited from non-selective state schools. Working in partnership with the people who run Oxford Summer Courses (who set up a charity called 'Universify' for the purpose), summer school students experienced a week of academic sessions and activities as well as social events and an information session on high-demand universities and Oxford in particular.

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The Oxford India Centre for Sustainable Development (OICSD) continues to develop and enhance its reputation as a forum for research focused on sustainable development in India, particularly of an interdisciplinary nature. Further successful fundraising meant that it was possible to recruit three new scholars to study postgraduate courses related to the Centre's interests to start in October 2016. All the scholars studying in 2015.16 were successful in their studies. Dr Alfred Gathorne-Hardy continues to drive the centre forward as Research Director, and we are grateful to many distinguished academics from various fields who have generously given their time and wisdom in continuing to help the development of the Centre. In particular, Professor Alex Rogers (Somerville's Tutorial Fellow in Zoology) took on the role of Director of the OICSD. Two highlights of the year were a very well-received conference hosted at Somerville and a very successful visit to Mumbai and Delhi by an OICSD delegation to promote academic collaboration and to raise funding for a scholarship in the name of pioneering Indian lawyer and Somerville graduate, Cornelia Sorabji. The Global Ocean Commission (GOC), established at Somerville in 2011.12, completed its programme of work in 2015.16, having produced a very influential report and engaged policy makers from across the world.

The Margaret Thatcher Scholarships Trust, established following the death of Baroness Thatcher in 2013, emerged from the 'silent phase' fundraising approach in 2015.16, having set up the decision making structures and appropriate vehicles for receiving donations. Some substantial donations have been received, including £3m from the Qatar Foundation for graduate scholarships which is enhanced by matched funding from the University. It is anticipated that the first awards will be made from the Trust in 2016.17.

The College continues to have a very diverse Fellowship which is active in teaching and research. There is insufficient room to summarise the research of all our Fellows but some highlights, in no particular order, are given here. Professor Hilary Greaves (Philosophy) and Professor Charlotte Potts (Classical Archaeology) received Oxford Teaching Excellence awards. Professor Raj Thakker (Medicine) was awarded the Dale medal by the Society for Endocrinology and the International Research Prize by the Austrian Society for Bone and Mineral Research. Professor Steve Roberts (Engineering) was appointed as Director of the Oxford-Man Institute of Quantitative Finance.

In 2015.16 Somerville hosted twenty one Junior Research Fellows, spanning an enormous range of academic disciplines, with high quality applicants and great competition for places. The presence of such a large, diverse and talented population of researchers contributes significantly to the Somerville College community and enables these early career researchers to build interdisciplinary links. Highlights of their work include: Dr David Bove being recommended to write up his DPhil Thesis work on Dante as a book in the prestigious OUP Monograph Series; Dr Vanessa Ferreira being awarded £240k by the British Heart Foundation to take on a postdoctoral researcher to help her investigate coronary artery disease; Dr Patrick Clibbens publishing an article on the Indian Emergency in the Times of India. The range of studies has been immense, with top rank quality being the only thing they all have in common.

Somerville Fellows also played a key role within the collegiate university through their role in the Divisions and Departments and also through their membership of several key committees and working groups. The Principal serves on the Steering Group of Conference of Colleges and continued as a Pro-Vice-Chancellor during 2015.16 and the Senior Tutor took up his position as Chair of the Senior Tutors' Committee in September 2015. College Officers play key roles on various Conference of Colleges committees, including the Admissions Executive, the committees of Estates Bursars, Domestic Bursars and College Librarians and many more.

Securing resource for the world-class education that Somerville provides our students, as well as for the generation of students to come after them, remains our highest priority. The current financial pressures on young people with regard to the higher education which will be vital in preparing them to make their way in the world today are well documented. Our wish is that no student with the academic ability to study at Somerville should be unable to take up a place due to financial pressures.

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The year 2015-16 was another record year for philanthropic donations to the College with £6.1 million raised in legacies and cash gifts. This success was in a large part due to one of the College's two priority campaigns, the Margaret Thatcher Scholarships, which received a gift of £3 million from the Qatar Development Fund. The Trust is now in a position to launch the scholarship programme this year by awarding the first two Margaret Thatcher Scholarship undergraduate awards.

Somerville continues to focus on attracting top scholars from India, which has significantly raised the profile of the College as well as that of the Oxford India Centre for Sustainable Development. To date the College has secured funding for 10 scholarships, six of which are endowed. In early 2016, the Centre held its first global conference in partnership with the Tata Trusts, to identify critical problems in sustainable nutrition and to produce working groups to address these problems.

A third major campaign for Somerville to support women in science in the name of Dorothy Hodgkin entered its quiet phase with gifts and pledges from alumni totalling £100k. In addition to these capital projects, there have been some significant and generous legacies left to the College by alumni totalling over £1.9 million. The College's new legacy society, Somerville Will Power, helps celebrate and thank these important donors for their generous commitments.

The September 2015 Telethon saw the student callers raise over £300k in multi-year and single gifts to the unrestricted Annual Fund which remains a key priority area of College fundraising activity. The Matched Fund initiative was implemented for the third year, raising £68k for the Annual Fund and was used as an incentive to encourage new donors to make a regular gift. Somerville's crowdfunding platform, the first of its kind at Oxbridge, has an unbroken track record of successful student-led projects and high levels of current student and alumni engagement. These results have contributed to an overall total for the Annual Fund of half a million pounds.

Somerville has a regular programme of rich and diverse events, including an annual Supporters' Lunch, a Literary Lunch, a biennial Family Day, a Parents' Lunch, Gaudies, Reunions, and a successful series of lectures hosted by Somerville networking groups. Approximately 1,300 alumni and friends of the College have attended one of our 48 public and private events thus far this year and many more were included in private cultivation events.

Somerville's Development efforts are directed ultimately towards support for Somerville students now and in the future.

## **FINANCIAL REVIEW**

This was another strong year with generous legacies and donations, a healthy investment gain on our endowment and a significant one off revaluation of our college buildings. Setting aside the revaluation, net assets increased by £7.9m (10%) from £76.5m. Net asset value including the revaluation was £212.4m.

The most significant features of the year were;

- total legacies and donations of £6.1m, including £3.5m into our Margaret Thatcher Scholarship Trust endowment (£3m from Qatar and the second £0.5m of a £1m pledge from Wafic Said) and £1.2m from the estate of Catherine Hughes. This followed from the £5.5m in legacies and donations in 2014.15 and represents a very significant achievement.
- an investment gain of £3.9m on our endowment, helping to push our total endowment funds to £66.4m (up from £57.7m last year).
- the continuation of a concerted effort to ensure timely and appropriate use of our restricted funds, thereby helping to increase our free reserves (excluding MTST) to £1.0m, in line with our target, The £0.5m deficit on unrestricted funds reflected the additional depreciation following the buildings revaluation. The underlying operating unrestricted surplus was £0.5m.

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- building up a fund of £1.3m to help fund our five year capital expenditure plan,
- raising £20m via an unsecured private bond with M&G Investments at a fixed interest rate of 3.29% with £10m repayable in 32 years and £10m repayable in 35 years. The funds are to be used over the next five years to add 142 student bedrooms on our site or its immediate curtilage.
- taking advantage of a change in SORP to introduce a one off revaluation to show our college buildings (one site and off site) at an updated cost. The impact of this revaluation was to increase net assets by £127m. We have also changed the estimated useful economic life of our college buildings from 50 years to 100 years, and we will accordingly introduce an annual impairment review.

Overall in the year to July 2016, net incoming resources across all funds (including investment gains but excluding the revaluation gain) were £7.9m, which compares with £6.6m in the previous year.

Setting aside this year's asset revaluation, Somerville's net assets have increased by over 50%, from £56.6m to £85.5m, in the four years since July 2012.

#### **Reserves policy**

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

Rebuilding the free reserves after a period of sustained capital investment has been a priority over recent years. This year the College had free reserves of £1.0m, in line with its target, with an additional £0.4m of free reserves held in the Margaret Thatcher Scholarship Trust.

Designated funds at the year-end comprised £142m, being £140.7m set aside to cover net fixed assets, and £1.3m set aside to help fund our five year capital expenditure plan (2015 £0.7m).

Endowment funds totalled £66.4m and restricted funds £3.0m.

There are no uncertainties about the College as a going concern.

#### **Risk management**

The College is engaged in risk assessment on an on-going basis. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the Finance Committee, chaired by the Principal. Financial and investment risks are assessed and monitored by the Finance Committee. In addition, the Treasurer, and department 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.

The four principal risks identified in the College's risk register are;

- The potential impact of the UK leaving the European Union on students, academics and funding. The decision to leave the EU will have a significant adverse impact on research funding and on the college's ability to attract EU students and EU academics. The only mitigation available is to lobby government.
- The potential impact of the Teaching Excellence Framework on college funding and its academic reputation. The inappropriate application of the TEF may lead to the reputation of the college's

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teaching being damaged, which in turns may lead to reduced funding. Possible mitigation is to lobby government in the hope of influencing the application of the TEF.

- The escalating housing costs in Oxford acts a barrier to high calibre academics coming to college which in turn risks damaging academic achievement and reputation. Mitigations available are the joint equity scheme available to Fellows, the availability of some rental properties and paying housing allowance to Fellows.
- The impact of reduced government funding on teaching and research. Reduced government funding risks eroding the quality of teaching and research and risks damaging Oxford and Somerville's ability to compete internationally for the best academics and the best students. The best mitigation available to us is to lobby central government through the University.

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

The College's investment objectives are to balance current and future beneficiary needs by:

- maintaining (at least) the value of the investments in real terms;
- producing a consistent and sustainable amount to support expenditure; and
- delivering these objectives within acceptable levels of risk.

The investment strategy, policy and performance is monitored by the Finance Committee. At the year end, the College's long term investments, combining the securities, property and other investments, totalled £70.1m (excluding a short term bond deposit), up from £58.1m in 2015.

### **FUTURE PLANS**

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

- To balance more effectively the complementary but often contradictory demands of teaching and research so that Fellows' research time is better resourced, and Fellows have the space to deliver high quality teaching,
- To refocus resources on the Fellowship and to reposition it at the centre of the college so that it becomes the expression and embodiment of the college's commitment to academic excellence and ambition,
- To raise the academic profile of our undergraduate and graduate students and to strengthen, through evolution and reinforcement, the culture of academic excellence and high expectation, and
- To improve the support we offer to our graduate students.

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

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

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

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

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

**SOMERVILLE COLLEGE**  
**Report of the Governing Body**  
**Year ended 31 July 2016**

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- 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 26<sup>th</sup> October 2016 and signed on its behalf by:

A Prochaska  
Principal

## **SOMERVILLE COLLEGE**

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

We have audited the financial statements of Somerville College for the year ended 31 July 2016 which comprise the Statement of Accounting Policies, the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

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

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Governing Body to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 July 2016 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Governing Body is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Crowe Clark Whitehill LLP**

Statutory Auditor  
London

Date:

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

## **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 Statement of Cash Flows comprising the consolidation of the College and with its wholly owned subsidiary Somerville College Trading. The subsidiary has been consolidated from the date of their formation being the date from which the College has exercised control through voting rights in the subsidiary. No separate SOFA has been presented for the College alone as permitted by the Charity Commission on a concessionary basis for the filing of consolidated financial statements. A summary of the results and financial position of the charity and each of its material subsidiaries for the reporting year are in note 12.

## **2. Basis of accounting**

The College's individual and consolidated financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular 'FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

The College is a public benefit entity for the purposes of FRS 102 and a registered charity. The College has therefore also prepared its individual and consolidated financial statements in accordance with 'The Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102' (The Charities SORP (FRS 102)).

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but which has since been withdrawn

The College has adopted FRS 102 for the first time when preparing these financial statements. The transition date to FRS 102 was 1 August 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 July 2015. An explanation and reconciliation of how the transition to FRS 102 has affected the reported financial position and financial performance is provided in note 28.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the measurement of investments and certain financial assets and liabilities at fair value with movements in value reported within the Statement of Financial Activities (SOFA). The principal accounting policies adopted are set out below and have been applied consistently throughout the year.

## **3. Accounting judgements and estimation uncertainty**

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the Governing Body to have most significant effect on amounts recognised in the financial statements.

The Governing Body, in applying the accounting policies, have included an estimate for the College's share of the USS pension scheme liability, and an estimate of the useful economic life of its buildings - otherwise no judgements were required that have a significant effect on the amounts recognised in the financial statements.

In the view of the Governing Body, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

## **4. Income recognition**

All income is recognised once the College has entitlement to the income, the economic benefit is probable and the amount can be reliably measured.

### **a. Income from fees, HEFCE support and other charges for services**

**SOMERVILLE COLLEGE**  
**Statement of Accounting Policies**  
**Year ended 31 July 2016**

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Fees receivable, less any scholarships, bursaries or other allowances granted from the College unrestricted funds, HEFCE support and charges for services and use of the premises are recognised in the period in which the related service is provided.

**b. Income from donations, grants and legacies**

Donations and grants that do not impose specific future performance-related or other specific conditions are recognised on the date on which the charity has entitlement to the resource, the amount can be reliably measured and the economic benefit to the College of the donation or grant is probable. Donations and grants subject to performance-related conditions are recognised as and when those conditions are met. Donations and grants subject to other specific conditions are recognised as those conditions are met or their fulfilment is wholly within the control of the College and it is probable that the specified conditions will be met.

Legacies are recognised following grant of probate and once the College has received sufficient information from the executor(s) of the deceased's estate to be satisfied that the gift can be reliably measured and that the economic benefit to the College is probable.

Donations, grants and legacies accruing for the general purposes of the College are credited to unrestricted funds.

Donations, grants and legacies which are subject to conditions as to their use imposed by the donor or set by the terms of an appeal are 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 in kind (as distinct from cash or other monetary assets), they are measured at the fair value of those assets.

**Investment income**

Interest on bank balances is accounted for on an accrual basis with interest recognised in the period to which the interest relates.

Income from fixed interest debt securities is recognised using the effective interest rate method.

Dividend income and similar distributions are recognised on the date the share interest becomes ex-dividend or when the right to the dividend can be established.

Income from investment properties is recognised in the period to which the rental income relates.

**5. Expenditure**

Expenditure is accounted for on an accruals basis. A liability and related expenditure is recognised when a legal or constructive obligation commits the College to expenditure that will probably require settlement, the amount of which can be reliably measured or estimated.

Grants awarded that are not performance-related are charged as an expense as soon as a legal or constructive obligation for their payment. Grants subject to performance-related conditions are expensed as the specified conditions of the grant are met.

All expenditure including support costs and governance costs are allocated or apportioned to the applicable expenditure categories in the Statement of Financial Activities (the SOFA).

Support costs which include governance costs (costs of complying with constitutional and statutory requirements) and other indirect costs are apportioned to expenditure categories *in the SOFA* 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.

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

**6. Leases**

Leases of assets that transfer substantially all the risks and rewards of ownership are classified as finance leases. The costs of the assets held under finance leases are included within fixed assets and depreciation is charged over the shorter of the lease term and the assets' useful lives. Assets are assessed for impairment at each reporting date. The corresponding capital obligations under these leases are shown as liabilities and recognised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Lease payments are apportioned between capital repayment and

**SOMERVILLE COLLEGE**  
**Statement of Accounting Policies**  
**Year ended 31 July 2016**

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finance charges in the SOFA so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged in the SOFA on a straight line basis over the relevant lease terms. Any lease incentives are recognised over the lease term on a straight line basis.

## **7. Tangible fixed assets**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Under FRS 102, the College has elected to use the fair value of certain freehold and leasehold properties as a 'deemed cost. The valuation was undertaken by [give details of valuation, including the basis]. The buildings will be subject to annual depreciation and no further revaluations will be necessary.

Expenditure on the acquisition or enhancement of land and on the acquisition, construction and enhancement of buildings which is directly attributable to bringing the asset to its working condition for its intended use and amounting to more than £5,000 together with expenditure on equipment costing more than £5,000 is capitalised.

Where a part of a building or equipment is replaced and the costs capitalised, the carrying value of those parts replaced is derecognised and expensed in the SOFA.

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

## **8. Depreciation**

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

Freehold properties, including major extensions	100 years
Leasehold properties	100 years or period of lease if shorter
Building improvements	10 - 30 years
Equipment	4 - 10 years

Freehold land is not depreciated. The cost of maintenance is charged in the SOFA in the period in which it is incurred.

At the end of each reporting period, the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or change in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

## **9. Investments**

Investment properties are initially recognised at their cost and subsequently measured at their fair value (market value) at each reporting date. Purchases and sales of investment properties are recognised on exchange of contracts.

Listed investments are initially measured at their cost and subsequently measured at their fair value at each reporting date. Fair value is based on their quoted price at the balance sheet date without deduction of the estimated future selling costs.

Investments such as hedge funds and private equity funds which have no readily identifiable market value are initially measured at their costs and subsequently measured at their fair value at each reporting date without deduction of the estimated future selling costs. Fair value is based on the most recent valuations available from their respective fund managers.

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the income or expenditure section of the SOFA as 'gains or losses on investments' and are allocated to the fund holding or disposing of the relevant investment.

**10. Other financial instruments**

**a. Cash and cash equivalents**

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

**b. Debtors and creditors**

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

**11. Stocks**

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

**12. Foreign currencies**

The functional and presentation currency of the College and its subsidiaries is the pound sterling.

**13. 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 standard 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 component of the endowment known as the unapplied total return that can be either be retained for investment or release to income at the discretion of the Governing Body.

**14. Fund accounting**

The total funds of the College and its subsidiaries are allocated to unrestricted, restricted or endowment funds based on the terms set by the donors or set by the terms of an appeal. 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 specified that the funds are to be used for particular purposes of the College. 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 or permitted the capital to be maintained and with the intention that the income will be used for specific purposes within the College's objects.

Permanent endowment funds arise where donors specify that the funds are to be retained as capital for the permanent benefit of the College. Any part of the total return arising from the capital that is allocated to income will be accounted for as unrestricted funds unless the donor has placed restrictions on 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.

**15. Pension costs**

The costs of retirement benefits provided to employees of the College through the Universities Superannuation Scheme multi-employer defined pension scheme is accounted for as if it was a defined contribution scheme as information is not available to use defined benefit accounting in accordance with the requirements of FRS 102. The College's contributions to this scheme are recognised as a liability and an expense in the period in which the salaries to which the contributions relate are payable.

**SOMERVILLE COLLEGE**  
**Statement of Accounting Policies**  
**Year ended 31 July 2016**

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In addition, a liability is recognised at the balance sheet date for the discounted value of the expected future contribution payments under the agreements with these multi-employer schemes to fund the past service deficits.

The College also operates a group personal pension plan. Contributions to this arrangement are charged to the SOFA in the period in which they are payable.

**Somerville College**  
**Consolidated Statement of Financial Activities**  
**For the year ended 31 July 2016**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2016 Total £'000	2015 Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Charitable activities:</b>	1					
Teaching, research and residential		6,119	-	-	6,119	6,116
<b>Other Trading Income</b>	3	1,010	-	-	1,010	998
<b>Donations and legacies</b>	2	801	53	5,275	6,129	5,479
<b>Investments</b>						
Investment income	4	876	1,484	-	2,360	2,013
Other income		30	-	-	30	38
<b>Total income</b>		<b>8,836</b>	<b>1,537</b>	<b>5,275</b>	<b>15,648</b>	14,644
<b>EXPENDITURE ON:</b>						
	5					
<b>Charitable activities:</b>						
Teaching, research and residential		8,867	1,719	-	10,586	10,501
<b>Raising funds:</b>						
Fundraising		595	12	179	786	729
Trading expenditure		138	-	-	138	151
Investment management costs		64	100	-	164	150
<b>Total Expenditure</b>		<b>9,664</b>	<b>1,831</b>	<b>179</b>	<b>11,674</b>	11,531
<b>Net Income/(Expenditure) before gains</b>		<b>(828)</b>	<b>(294)</b>	<b>5,096</b>	<b>3,974</b>	<b>3,113</b>
Net gains/(losses) on investments	10, 11	290	-	3,639	3,929	3,449
<b>Net Income/(Expenditure)</b>		<b>(538)</b>	<b>(294)</b>	<b>8,735</b>	<b>7,903</b>	<b>6,562</b>
<b>Transfers between funds</b>	16	-	-	-	-	-
<b>Net movement in funds for the year</b>		<b>(538)</b>	<b>(294)</b>	<b>8,735</b>	<b>7,903</b>	<b>6,562</b>
Fund balances brought forward	16	143,520	3,278	57,690	204,488	197,926
<b>Funds carried forward at 31 July</b>		<b>142,982</b>	<b>2,984</b>	<b>66,425</b>	<b>212,391</b>	204,488

**Somerville College**  
**Consolidated and College Balance Sheets**  
**As at 31 July 2016**

	Notes	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
<b>FIXED ASSETS</b>					
Tangible assets	9	151,300	152,517	151,300	152,517
Property investments	10	600	580	600	580
Other Investments	11	75,102	58,121	68,532	57,318
<b>Total Fixed Assets</b>		<b>227,002</b>	211,218	<b>220,432</b>	210,415
<b>CURRENT ASSETS</b>					
Stocks		26	22	26	22
Debtors	13	1,688	1,241	2,133	1,606
Investments		10,484	1,153	10,484	1,153
Cash at bank and in hand		5,632	2,695	4,676	137
<b>Total Current Assets</b>		<b>17,830</b>	5,111	<b>17,319</b>	2,918
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	14	2,071	1,485	1,767	1,362
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>15,759</b>	3,626	<b>15,552</b>	1,556
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>242,761</b>	214,844	<b>235,984</b>	211,971
<b>CREDITORS: falling due after more than one year</b>	15	<b>30,000</b>	10,000	<b>30,000</b>	10,000
<b>NET ASSETS/(LIABILITIES) BEFORE PENSION ASSET OR LIABILITY</b>		<b>212,761</b>	204,844	<b>205,984</b>	201,971
Defined benefit pension scheme liability	20	370	356	370	356
<b>TOTAL NET ASSETS/(LIABILITIES)</b>		<b>212,391</b>	204,488	<b>205,614</b>	201,615
<b>FUNDS OF THE COLLEGE</b>					
<b>Endowment funds</b>		<b>66,425</b>	57,690	<b>59,855</b>	54,817
<b>Restricted funds</b>		<b>2,984</b>	3,278	<b>2,984</b>	3,278
<b>Unrestricted funds</b>					
Designated funds		141,953	143,216	141,953	143,216
General funds		1,399	660	1,192	660
Pension reserve	20	(370)	(356)	(370)	(356)
		<b>212,391</b>	204,488	<b>205,614</b>	201,615

The financial statements were approved and authorised for issue by the Governing Body of Somerville College on 26 October 2016

Trustee:

Trustee:

**Somerville College**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 July 2016**

	Notes	2016 £'000	2015 £'000
<b>Net cash provided by (used in) operating activities</b>	22	<b>18,855</b>	<b>(563)</b>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		2,360	1,812
Proceeds from the sale of property, plant and equipment		411	205
Purchase of property, plant and equipment		(1,123)	(1,516)
Purchase of investments		(13,072)	(3,942)
<b>Net cash provided by (used in) investing activities</b>		<b>(11,424)</b>	<b>(3,441)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(452)	(268)
Net (additions to)/withdrawals from term deposits		(9,331)	519
Receipt of endowment		5,275	3,252
<b>Net cash provided by (used in) financing activities</b>		<b>(4,508)</b>	<b>3,503</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>2,923</b>	<b>(501)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>2,695</b>	<b>1,431</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	23	<b>5,632</b>	<b>2,695</b>

**Somerville College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

**1 INCOME FROM CHARITABLE ACTIVITIES**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Teaching, Research and Residential</b>		
Unrestricted funds		
Tuition fees - UK and EU students	1,510	1,521
Tuition fees - Overseas students	896	746
Other HEFCE support	179	258
Other academic income	991	1,117
College residential income	2,543	2,474
	<u>6,119</u>	<u>6,116</u>
<b>Total Teaching, Research and Residential</b>	<u>6,119</u>	<u>6,116</u>
<b>Total income from charitable activities</b>	<u>6,119</u>	<u>6,116</u>

The above analysis includes £1,817k received from Oxford University from publicly accountable funds under the CFF Scheme (2015: £1,867k).

Under the terms of the undergraduate student support package offered by Oxford University to students from lower income households, the college share of the fees waived amounted to £33k (2015: £41k). These are not included in the fee income reported above.

**2 DONATIONS AND LEGACIES**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Donations and Legacies</b>		
Unrestricted funds	801	601
Restricted funds	53	453
Endowed funds	5,275	4,425
	<u>6,129</u>	<u>5,479</u>

**3 INCOME FROM OTHER TRADING ACTIVITIES**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Subsidiary company trading income	687	698
Other trading income	323	300
	<u>1,010</u>	<u>998</u>

**4 INVESTMENT INCOME**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<i>Unrestricted funds</i>		
Commercial rent	13	9
Equity dividends	595	485
Income from fixed interest stocks	79	66
Interest on fixed term deposits and cash	3	5
Other investment income	140	81
Bank interest	46	2
Other interest	-	-
	<u>876</u>	<u>648</u>
<i>Restricted funds</i>		
Commercial rent	27	18
Equity dividends	1,102	1,024
Income from fixed interest stocks	161	139
Interest on fixed term deposits and cash	6	10
Other investment income	184	170
Other interest	4	4
	<u>1,484</u>	<u>1,365</u>
<b>Total Investment income</b>	<u>2,360</u>	<u>2,013</u>

**Somerville College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

**5 ANALYSIS OF EXPENDITURE**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Charitable expenditure</b>		
Direct staff costs allocated to:		
Teaching, research and residential	4,206	4,314
Other direct costs allocated to:		
Teaching, research and residential	3,423	3,199
Support and governance costs allocated to:		
Teaching, research and residential	2,957	2,988
<b>Total charitable expenditure</b>	<u>10,586</u>	<u>10,501</u>
<b>Expenditure on raising funds</b>		
Direct staff costs allocated to:		
Fundraising	424	396
Other direct costs allocated to:		
Fundraising	323	294
Trading expenditure	43	57
Investment management costs	148	134
Support and governance costs allocated to:		
Fundraising	39	39
Trading expenditure	95	94
Investment management costs	16	16
<b>Total expenditure on raising funds</b>	<u>1,088</u>	<u>1,030</u>
<b>Total expenditure</b>	<u>11,674</u>	<u>11,531</u>

The 2015 resources expended of £11,531k represented £9,691k from unrestricted funds, £1,643k from restricted funds and £197k from endowed funds.

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. Contributions are calculated annually in accordance with regulations made by the Council of the University of Oxford.

The teaching and research costs include College Contribution payable of £10k (2015 - £17k).

**Somerville College**  
**Notes to the financial statements**  
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**6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS**

	Generating Funds £'000	Teaching and Research £'000	Public Worship £'000	Heritage £'000	2016 Total £'000
Financial administration	32	369	-	-	401
Human resources	-	85	-	-	85
IT	-	163	-	-	163
Depreciation	116	1,887	-	-	2,003
Loss/(profit) on fixed assets	-	(74)	-	-	(74)
Bank interest payable	-	452	-	-	452
Other finance charges	-	14	-	-	14
Governance costs	2	66	-	-	68
	<b>150</b>	<b>2,962</b>	<b>-</b>	<b>-</b>	<b>3,112</b>

	Generating Funds £'000	Teaching and Research £'000	Public Worship £'000	Heritage £'000	2015 Total £'000
Financial administration	32	376	-	-	408
Human resources	-	72	-	-	72
IT	-	156	-	-	156
Depreciation	115	1,872	-	-	1,987
Loss/(profit) on fixed assets	-	(51)	-	-	(51)
Bank interest payable	-	433	-	-	433
Other finance charges	-	155	-	-	155
Governance costs	2	123	-	-	125
	<b>149</b>	<b>3,136</b>	<b>-</b>	<b>-</b>	<b>3,285</b>

Financial and domestic administration, IT and human resources costs are attributed according to the estimated staff time spent on each activity. Depreciation costs and profit or loss on disposal of fixed assets are attributed according to the use made of the underlying assets. Interest and other finance charges are attributed according to the purpose of the related financing. Governance costs are allocated to teaching and research costs

	2016 £'000	2015 £'000
<b>Governance costs comprise:</b>		
Auditor's remuneration - audit services	20	20
Other governance costs	48	105
	<b>68</b>	<b>125</b>

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.

**Somerville College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

<b>7 GRANTS AND AWARDS</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:		
<b>Unrestricted funds</b>		
Grants to individuals:		
Scholarships, prizes and grants	-	-
Bursaries and hardship awards	-	-
Grants to other institutions	-	-
<b>Total unrestricted</b>	<b>-</b>	<b>-</b>
<b>Restricted funds</b>		
Grants to individuals:		
Scholarships, prizes and grants	<b>429</b>	394
Bursaries and hardship awards	<b>98</b>	100
Grants to other institutions	-	-
<b>Total restricted</b>	<b>527</b>	<b>494</b>
<b>Total grants and awards</b>	<b>527</b>	<b>494</b>

The figure included above represents the cost to the College of the Oxford Bursary scheme. Students of this college received £0k (2015: £0k). Some of those students also received fee waivers amounting to £33k (2015: £41k).

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

**Somerville College**  
**Notes to the financial statements**  
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**8 STAFF COSTS**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
The aggregate staff costs for the year were as follows.		
Salaries and wages	<b>4,139</b>	4,314
Social security costs	<b>328</b>	331
Pension costs:		
Defined benefit schemes	<b>289</b>	432
Defined contribution schemes	<b>257</b>	230
Other benefits	<b>150</b>	71
	<b>5,163</b>	5,378

	<b>2016</b>	2015
The average number of employees of the College, excluding Trustees, on a full time equivalent basis was as follows.		
Tuition and research	<b>51</b>	50
College residential	<b>114</b>	115
Fundraising	<b>8</b>	9
Support	<b>1</b>	1
Total	<b>174</b>	175

The average number of employed College Trustees during the year was as follows.		
University Lecturers	<b>18</b>	18
CUF Lecturers	<b>15</b>	15
Other	<b>5</b>	5
Total	<b>38</b>	38

Redundancy payments are accounted for in the period in which the employee was informed of the decision. Where redundancy costs are uncertain, the figure in the accounts represents a best estimate. These costs will be met through unrestricted funds.

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:

£70,001-£80,000	<b>1</b>	1
£80,001-£90,000	<b>1</b>	1
£110,001-£120,000	<b>-</b>	1

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

In defined benefits schemes	<b>54</b>	57
In defined contribution schemes	<b>100</b>	113

The College contributions to defined contribution pension schemes totalled	<b>257</b>	230
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**Somerville College**  
**Notes to the financial statements**  
**For the year ended 31 July 2016**

**9 TANGIBLE FIXED ASSETS**

Group	Leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>					
At start of year	13,476	142,414	-	2,240	158,130
Additions	-	968	-	155	1,123
Disposals	-	(366)	-	-	(366)
<b>At end of year</b>	<b>13,476</b>	<b>143,016</b>	<b>-</b>	<b>2,395</b>	<b>158,887</b>
<b>Depreciation and impairment</b>					
At start of year	142	3,755	-	1,716	5,613
Depreciation charge for the year	135	1,640	-	235	2,010
Depreciation on disposals	-	(36)	-	-	(36)
<b>At end of year</b>	<b>277</b>	<b>5,359</b>	<b>-</b>	<b>1,951</b>	<b>7,587</b>
<b>Net book value</b>					
<b>At end of year</b>	<b>13,199</b>	<b>137,657</b>	<b>-</b>	<b>444</b>	<b>151,300</b>
At start of year	13,334	138,659	-	524	152,517

The above includes:

£0k (2015:£0k) of plant and machinery held under finance leases.

£0k (2015:£0k) of fixtures, fittings and equipment held under finance leases.

College	Leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>					
At start of year	13,476	142,414	-	2,240	158,130
Additions	-	968	-	155	1,123
Disposals	-	(366)	-	-	(366)
<b>At end of year</b>	<b>13,476</b>	<b>143,016</b>	<b>-</b>	<b>2,395</b>	<b>158,887</b>
<b>Depreciation and impairment</b>					
At start of year	142	3,755	-	1,716	5,613
Charge for the year	135	1,640	-	235	2,010
On disposals	-	(36)	-	-	(36)
<b>At end of year</b>	<b>277</b>	<b>5,359</b>	<b>-</b>	<b>1,951</b>	<b>7,587</b>
<b>Net book value</b>					
<b>At end of year</b>	<b>13,199</b>	<b>137,657</b>	<b>-</b>	<b>444</b>	<b>151,300</b>
At start of year	13,334	138,659	-	524	152,517

The above includes:

£0k (2015:£0k) of plant and machinery held under finance leases.

£0k (2015:£0k) of fixtures and fittings held under finance leases.

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

**Somerville College**  
**Notes to the financial statements**  
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**10 PROPERTY INVESTMENTS**

Group	Agricultural	Commercial	Other	2016	2015
	£'000	£'000	£'000	Total £'000	Total £'000
Valuation at start of year	-	580	-	580	580
Revaluation gains/(losses) in the year	-	20	-	20	-
<b>Valuation at end of year</b>	<b>-</b>	<b>600</b>	<b>-</b>	<b>600</b>	<b>580</b>

  

College	Agricultural	Commercial	Other	2016	2015
	£'000	£'000	£'000	Total £'000	Total £'000
Valuation at start of year	-	580	-	580	580
Revaluation gains/(losses) in the year	-	20	-	20	-
<b>Valuation at end of year</b>	<b>-</b>	<b>600</b>	<b>-</b>	<b>600</b>	<b>580</b>

A formal valuation of the commercial property was prepared by Mr Craig Middleton MRICS of Cluttons LLP as at 31 July 2014. This valuation was updated to 31 July 2016 by Mr Craig Middleton MRICS of Cluttons LLP.

**11 OTHER INVESTMENTS**

All investments are held at fair value.

	2016	2015
	£'000	£'000
<b>Group investments</b>		
Valuation at start of year	58,121	49,882
New money invested	13,218	4,921
Investment management fees	(146)	(131)
(Decrease)/increase in value of investments	3,909	3,449
<b>Group investments at end of year</b>	<b>75,102</b>	<b>58,121</b>
Investment in subsidiaries	(6,570)	(803)
<b>College investments at end of year</b>	<b>68,532</b>	<b>57,318</b>

Group investments comprise:	Held outside	Held in	2016	Held outside	Held in	2015
	the UK £'000	the UK £'000	Total £'000	the UK £'000	the UK £'000	Total £'000
Equity investments	12,371	15,379	27,750	11,289	13,193	24,482
Global multi-asset funds	-	-	-	1,536	-	1,536
Property funds	-	425	425	-	413	413
Fixed interest stocks	1,197	5,418	6,615	2,161	3,690	5,851
Alternative and other investments	26,930	12,620	39,550	16,620	8,333	24,953
Fixed term deposits and cash	-	762	762	-	886	886
<b>Total group investments</b>	<b>40,498</b>	<b>34,604</b>	<b>75,102</b>	<b>31,606</b>	<b>26,515</b>	<b>58,121</b>

**Somerville College**  
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**12 PARENT AND SUBSIDIARY UNDERTAKINGS**

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

The results and their assets and liabilities of the parent and subsidiaries at the year end were as follows.

	Parent College	SCTL	MTST
	£'000	£'000	£'000
Income	11,329	687	3,632
Expenditure	(10,987)	(625)	-
Donation to College under gift aid	-	(62)	-
Result for the year	<u>342</u>	<u>-</u>	<u>3,632</u>
Total assets	237,751	1,090	6,772
Total liabilities	(32,137)	(1,090)	-
Net funds at the end of year	<u>205,614</u>	<u>-</u>	<u>6,772</u>

During the year a management charge of £69k (2015: £70k) was paid by Somerville College Trading Ltd to the College. At the year end, a balance of £786k (2015: £528k) was owed by Somerville College Trading Ltd to the College, and a balance of £3k (2015: £3k) was owed by the College to the Margaret Thatcher Scholarship Trust.

**13 DEBTORS**

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	407	312	75	152
Amounts owed by College members	71	123	71	123
Amounts owed by Group undertakings	-	-	783	525
Prepayments and accrued income	296	278	294	278
Other debtors	814	428	810	428
<b>Amounts falling due after more than one year:</b>				
Loans	100	100	100	100
	<u>1,688</u>	<u>1,241</u>	<u>2,133</u>	<u>1,606</u>

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

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
Trade creditors	570	387	328	313
Taxation and social security	173	192	127	148
Accruals and deferred income	436	350	420	344
Other creditors	892	556	892	557
	<u>2,071</u>	<u>1,485</u>	<u>1,767</u>	<u>1,362</u>

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

	2016 Group £'000	2015 Group £'000	2016 College £'000	2015 College £'000
Bank loans	10,000	10,000	10,000	10,000
Other creditors	20,000	-	20,000	-
	<u>30,000</u>	<u>10,000</u>	<u>30,000</u>	<u>10,000</u>

The bank loan consists of a £8M loan fixed for a 10 year period, plus a £2M loan with variable interest at 1% above LIBOR plus mandatory cost.

The total £10M loan is repayable in 30 years.

During the year a £20M private bond placement was secured with Prudential M&G, £10M for 32 years and £10M for 35 years at an interest rate of 3.29%

Somerville College  
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16 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2015 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2016 £'000
<b>Endowment Funds - Permanent</b>						
<b>1. Fellowship funding:</b>						
Fellowship Endowment Fund	3,297	46			210	3,553
Indira Gandhi Fund	2,750				175	2,925
Catherine Hughes Fund	0	1,216				1,216
P. Norman Fellowship Fund	1,529				97	1,626
Other funds less than £500,000	1,535				98	1,633
<b>2. Academic awards:</b>						
Funds less than £500,000	1,068				68	1,136
<b>3. Student support:</b>						
Funds less than £500,000	558	200			35	793
<b>4. Other funds:</b>						
College Capital Fund	2,087				133	2,220
<b>Total endowment permanent</b>	<b>12,824</b>	<b>1,462</b>	<b>0</b>	<b>0</b>	<b>815</b>	<b>15,101</b>
<b>Endowment Funds - Expensible</b>						
<b>1. Fellowship funding:</b>						
Centenary Appeal Fund	653				41	694
E.P.A.Cephalosporin Fund	849				54	903
A & W Cobbe Fund Fund	3,098				197	3,295
L.Labowsky Fund 1992	610				39	649
Mitchell Fund	2,140				136	2,276
Carlisle & C.A.Lee Fund	723				46	769
Ernest Cook Fund	816				52	868
Mary Ewart Trust Fund	982				62	1,044
Rose Graham Fund	1,397				89	1,486
Daphne Osborne Fund	5,159				328	5,487
C. & D. Roaf Fund	1,110				71	1,181
Mary Snow Fellowship Fund	1,364				87	1,451
Mary Somerville Research Fund	888				56	944
Margaret Thatcher Fund	711	1	(179)		45	578
K & L Woolley Fund Fund	808				51	859
Wolfson Fund	614				39	653
	21,922	1	(179)	0	1,393	23,137
Other funds less than £500,000	4,393	0			279	4,672
	26,315	1	(179)	0	1,672	27,809
<b>2. Academic awards:</b>						
Janet Watson Fund	723				46	769
Other funds less than £500,000	3,644	0			232	3,876
	4,367	0	0	0	278	4,645
<b>3. Student Support:</b>						
Bursary Fund	2,087	264			133	2,484
Dame Emily Penrose Fund	688				44	732
Other funds less than £500,000	2,457	0			156	2,613
	5,232	264	0	0	332	5,828
<b>4. Other funds:</b>						
General Endowment Fund	1,399	3			89	1,491
Loan Repayment Fund	1,125	42			55	1,222
Carys Bannister Fund	1,039				66	1,105
C A Lee Fund	510				32	542
Other funds less than £500,000	2,006			0	127	2,133
	6,079	45	0	0	370	6,494
<b>Total endowment funds, expensible</b>	<b>41,993</b>	<b>310</b>	<b>(179)</b>	<b>0</b>	<b>2,652</b>	<b>44,776</b>
<b>Total Endowment Funds - College</b>	<b>54,817</b>	<b>1,750</b>	<b>(179)</b>	<b>-</b>	<b>3,467</b>	<b>59,855</b>
Endowment funds held by subsidiaries	2,873	3,525			172	6,570
<b>Total Endowment Funds - Group</b>	<b>57,690</b>	<b>5,275</b>	<b>(179)</b>	<b>-</b>	<b>3,639</b>	<b>66,425</b>

**Somerville College**  
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**16 ANALYSIS OF MOVEMENTS ON FUNDS cont.**

	At 1 August 2015 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2016 £'000
<b>Restricted Funds</b>						
Endowment income	2,739	1,638	(1,786)	0	171	<b>2,762</b>
Other restricted funds	539	0	0	0	0	<b>539</b>
<b>Total Restricted Funds - College</b>	<b>3,278</b>	<b>1,537</b>	<b>(1,831)</b>	<b>-</b>	<b>-</b>	<b>2,984</b>
Restricted funds held by subsidiaries	-	-	-	-	-	-
<b>Total Restricted Funds - Group</b>	<b>3,278</b>	<b>1,537</b>	<b>(1,831)</b>	<b>-</b>	<b>-</b>	<b>2,984</b>
<b>Unrestricted Funds</b>						
General funds	660	8,836	(9,664)	1,277	290	<b>1,399</b>
Designated funds	700			582		<b>1,282</b>
Fixed Asset designated funds	142,516			(1,845)		<b>140,671</b>
Pension reserve	(356)		-	(14)		<b>(370)</b>
<b>Total Unrestricted Funds - College</b>	<b>143,520</b>	<b>8,836</b>	<b>(9,664)</b>	<b>-</b>	<b>290</b>	<b>142,982</b>
Unrestricted funds held by subsidiaries	-	-	-	-	-	-
<b>Total Unrestricted Funds - Group</b>	<b>143,520</b>	<b>8,836</b>	<b>(9,664)</b>	<b>-</b>	<b>290</b>	<b>142,982</b>
<b>Total Funds</b>	<b>204,488</b>	<b>15,648</b>	<b>(11,674)</b>	<b>-</b>	<b>3,929</b>	<b>212,391</b>

**17 FUNDS OF THE COLLEGE DETAILS**

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

**Endowment Funds - Permanent:**

Fellowship Endowment Fund

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

Indira Gandhi Fund

A joint initiative between the University, the College and the Government of India, to provide graduate scholarships for students from India to study in Oxford on programmes relating to sustainable development.

**Endowment Funds - Expendable:**

Carys Bannister Fund

Established from a bequest, used to fund medicine.

Centenary Appeal Fund

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

E.P.A.Cephalosporin

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

A & W Cobbe Fund

Established from a bequest, used to fund tutorial costs in mathematics.

L.Labowsky Fund

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

Mitchell Fund

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

Carlisle & C.A.Lee Fund

A fund established from several bequests, income from which funds the cost of special leave by Tutorial Fellows.

Ernest Cook Fund

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

Mary Ewart Trust Fund

A fund used to provide scholarships and travelling grants and to fund the stipend of a research fellowship

Rose Graham Fund

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

Daphne Osborne Fund

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

C. & D. Roaf Fund

Gifts used to support the study and teaching of Modern Languages

Mary Snow Fellowship

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

Mary Somerville Res. Fund

A fund established from donations to cover the stipend of a Research Fellowship.

Margaret Thatcher

Established to fund the teaching of Chemistry and Law

K & L Woolley Fund

Established by a bequest, used to provide a Scholarship or Fellowship in near, Middle-East Mediterranean or Far East Archaeology

Wolfson Fund

A gift from the Wolfson Foundation used to endow a tutorial fellowship in the Natural Sciences.

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

**Restricted Funds:**

- |                                |  |
|--------------------------------|--|
| 1. Permanent endowment income  | Income generated from permanent endowment funds, available for current and future costs as restricted by the underlying endowment fund.  |
| 2. Expendable endowment income | Income generated from expendable endowment funds, available for current and future costs as restricted by the underlying endowment fund.   |
| 3. ROQ Building project appeal | Gifts and legacies received in connection with the College Appeal, for use in contributing towards the costs of new accommodation buildings on the Radcliffe Observatory Quarter |

**Designated Funds**

Designated Other  
 Unrestricted Funds allocated by the Fellows for current and future costs of related to particular purposes.  
 Designated funds at the year-end comprised £15.3m, being £14.5m set aside to cover net fixed assets, £0.7m set aside to help fund future capital expenditure (to be used in the first instance to cover any fall in conference income during the construction phase) and £0.05m to cover the cost of the new website completed late in 2014.15.

Fixed Asset Fund  
 A New fund to reflect those funds invested in the College's fixed assets.

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.

**18 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>2016 Total £'000</b>
Tangible fixed assets	-	151,300	-	-	<b>151,300</b>
Property investments	-	-	600	-	<b>600</b>
Other investments	2,568	6,109	-	66,425	<b>75,102</b>
Net current assets	(1,169)	14,544	2,384	-	<b>15,759</b>
Long term liabilities	-	(30,370)	-	-	<b>(30,370)</b>
	<u>-</u>	<u>142,982</u>	<u>2,984</u>	<u>66,425</u>	<u><b>212,391</b></u>

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	<b>2015 Total £'000</b>
Tangible fixed assets	-	152,517	-	-	<b>152,517</b>
Property investments	-	-	580	-	<b>580</b>
Other investments	1,801	700	-	55,620	<b>58,121</b>
Net current assets	(1,141)	(1)	2,698	2,070	<b>3,626</b>
Long term liabilities	-	(10,000)	-	-	<b>(10,000)</b>
	<u>660</u>	<u>143,216</u>	<u>3,278</u>	<u>57,690</u>	<u><b>204,844</b></u>

**19 TRUSTEES' REMUNERATION**

The Fellows who are the Trustees of the College for the purposes of charity law receive no remuneration for acting as charity trustees but are paid by either or both of the University and the College for the academic services they provide to the College.

Trustees of the college fall into the following categories:

- Head of House
- Professorial Fellow
- Official Fellow
- Fellow by Special Election

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. These salaries are paid on external academic and academic-related scales and often are joint arrangements with the University of Oxford.

All Official Fellows are eligible for a Housing Allowance, which is disclosed within the salary figures below. Seven trustees live in accommodation owned by the college and pay market rent on a monthly basis.

The College has a Remuneration Committee which makes recommendations to Governing Body on pay and benefits which are outside of external scales.

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**19 TRUSTEES' REMUNERATION cont.**  
**Remuneration paid to trustees**

Range	2016		2015	
	Number of Trustees/Fellows	Gross remuneration, taxable benefits and pension contributions £	Number of Trustees/Fellows	Gross remuneration, taxable benefits and pension contributions £
£0-£1,000				
£3,000-£3,999			2	6,588
£4,000-£4,999				
£5,000-£5,999	1	5,021		
£8,000-£8,999	1	8,489		
£9,000-£9,999				
£10,000-£10,999	2	21,305	4	41,319
£11,000-£11,999	3	34,278	2	22,420
£12,000-£12,999				
£14,000-£14,999	1	14,776		
£15,000-£15,999			1	15,755
£17,000-£17,999	1	17,044	1	17,892
£18,000-£18,999	1	18,554		
£19,000-£19,999	1	19,775	10	198,578
£20,000-£21,999	8	163,040		
£22,000-£22,999				
£23,000-£23,999			1	23,601
£24,000-£24,999	1	24,610		
£38,000-£38,999				
£40,000-£40,999			1	40,367
£42,000-£42,999	1	42,238		
£44,000-£44,999			1	44,738
£46,000-£46,999	1	46,642		
£47,000-£47,999				
£48,000-£48,999	1	48,507		
£49,000-£49,999				
£50,000-£50,999			11	557,160
£51,000-£51,999	10	515,551		
£63,000-£63,999				
£64,000-£64,999				
£67,000-£67,999			1	67,250
£69,000-£69,999	2	139,504		
£70,000-£70,999			1	70,801
£71,000-£71,999				
£80,000-£80,999			1	80,240
£91,000-£91,999	1	91,543		
£106,000-£106,999				
£108,000-£108,999			2	216,317
£110,000-£110,999	1	110,755		
£115,000-£115,999	1	115,254		
<b>Total</b>	<b>38</b>	<b>1,436,886</b>	<b>39</b>	<b>1,403,026</b>

6 trustees are not employees of the college and do not receive remuneration.

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

**Other transactions with trustees**

Fellows also receive reimbursement of personal expenses necessarily incurred in connection with their services to the College as Trustees. During the year a total of £18k (2015 - £13k) was reimbursed to 19 (2015 - 31) of the Trustees for research.

See also note 30 Related Party Transactions

**Key management remuneration**

The total remuneration paid to key management was £457k (2015: £435k).

Key management are considered to be the College Officers as detailed in the Governing Body Report

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**20 PENSION SCHEMES**

**Schemes in operation**

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

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

The USS is a contributory defined benefit scheme (i.e. it provides benefits based on length of service and pensionable salary). The assets of USS are held in separate trustee-administered funds.

The USS scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, as required by FRS 102, the College accounts for the scheme as if it were a defined contribution scheme.

The USS scheme has put in place an agreement for additional contributions to fund the past service deficit. In accordance with the provisions of FRS 102 the College has recognised a liability for the future contributions that it estimates will be payable as a result of these deficit funding agreements.

Universities Superannuation Scheme

The pension charge for the year includes £289k (2015 - £432k) in relation to the USS. This represents contributions of £5k payable to the USS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates.

USS' actuarial valuation as at 31st 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 date using pensionable salary and pensionable service immediately prior to that date going forwards will be revalued in line with increases in official pensions (currently CPI): all members will accrue a pension of 1/75th and a cash lump sum of 3/75th of salary each year of service up to a salary threshold, initially £55,000 p.a with the threshold applying from 1 October 2016: 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% (8% employee, 12% employer) of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section from 1 October 2016 of which the first 1% of salary is to be matched by employer contributions. Further details about the changes may be reviewed on the USS' website, [www.uss.co.uk](http://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 with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of at least 2.1%pa of salaries. At 31 March 2016 USS reported that the funding deficit had increased to £10.0 bn (83% funded) from £8.2bn (86% funded) at 31 March 2015.

USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years. USS' actuary has assumed that the 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.

As noted above, 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 defined contribution (DC) benefits including employer matching contributions and certain investment management costs relating to the DC section.

A provision of £370k has been made at 31 July 2016 (2015 - £356k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the College will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

A copy of the full actuarial valuation report and other further details on the scheme are available on the USS website [www.uss.co.uk](http://www.uss.co.uk)

**Pension charge for the year**

The pension charge recorded by the College during the accounting period was equal to the contributions payable after allowance for the deficit recovery plan as follows:

	<b>2016</b>	2015
	<b>£k</b>	£k
University Superannuation Scheme	289	432
Friends Life NGGPS	257	230
	<u>546</u>	<u>662</u>

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**21 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.

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

	<b>2016</b>	2015
	<b>Group</b>	Group
	<b>£'000</b>	£'000
<b>Net income/(expenditure)</b>	3,974	3,699
Elimination of non-operating cash flows:		
Investment income	(2,360)	(1,812)
Endowment donations	(5,275)	(3,252)
Financing costs	452	268
Depreciation	2,010	856
(Surplus)/loss on sale of fixed assets	(74)	6
Decrease/(Increase) in stock	(4)	(1)
Decrease/(Increase) in debtors	(447)	(8)
(Decrease)/Increase in creditors	20,579	(319)
<b>Net cash provided by (used in) operating activities</b>	<b>18,855</b>	<b>(563)</b>

**23 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Cash at bank and in hand	<b>5,632</b>	2,695
<b>Total cash and cash equivalents</b>	<b>5,632</b>	2,695

**24 CAPITAL COMMITMENTS**

The College had contracted commitments at 31 July for future capital projects totalling £150k (2015 - £130k).

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**25 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 FRS 102

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 102, receive remuneration and facilities as employees of the College. Details of these payments and reimbursed expenses as trustees are disclosed separately in these financial statements.

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

	<b>2016</b>	2015
	<b>£'000</b>	£'000
B Thompson	<b>100,000</b>	100,000

Interest is charged on the above loan at 4% per annum. The loan is repayable within 8 years or on the departure of the trustee from the College if earlier.

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

	<b>2016</b>	2015
	<b>£'000</b>	£'000
F Stafford	<b>73</b>	75
P West	<b>120</b>	124
A Sutherland	<b>183</b>	187
M Hayward	<b>80</b>	82
M Higgins	<b>0</b>	150
A Manuel	<b>0</b>	183
C Hare	<b>181</b>	185
S Rayner	<b>185</b>	189
J Marchini	<b>185</b>	188
R Van der Hoorn	<b>99</b>	0

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

**26 CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 July 2016

**27 POST BALANCE SHEET EVENTS**

There are no post balance sheet events that require disclosure.

**Somerville College**  
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**28 TRANSITION TO FRS 102**

The College adopted FRS 102 at 31 July 2016. The date of transition is 1 August 2014. The net effect is set out below

<b>Effect on the SoFA</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowed Funds £'000</b>	<b>2015 Total £'000</b>
Net Income/(Expenditure) as previously stated	12	315	7,440	7,767
Pension deficit movement in the year	(155)			(155)
Depreciation adjustment in the year	(1,050)			(1,050)
Net Income/(Expenditure) as restated	<b>(1,193)</b>	<b>315</b>	<b>7,440</b>	<b>6,562</b>

	<b>As at 1 August 2014 £'000</b>	<b>As at 31 July 2015 £'000</b>
Net Funds (as previously stated)	<b>69,138</b>	<b>76,905</b>
<b>Unrestricted</b>	<b>15,924</b>	<b>15,936</b>
Recognition of pension deficit	(201)	(356)
Property Revaluation	129,056	129,056
Holiday Pay accrual	(67)	(67)
Depreciation adjustment		(1,049)
Total unrestricted	<b>144,712</b>	<b>143,520</b>
<b>Restricted</b>	<b>2,964</b>	<b>3,278</b>
Total restricted	<b>2,964</b>	<b>3,278</b>
<b>Endowed</b>	<b>50,250</b>	<b>57,690</b>
Total Endowed	<b>50,250</b>	<b>57,690</b>
Net Funds (as restated)	<b>197,926</b>	<b>204,488</b>

The most significant change is the recognition of a liability in respect of the deficit reduction arrangements for multi employer pension defined benefit pension schemes that are accounted for as defined contribution schemes.

FRS 102 explicitly requires accrued compensated absences to be accounted for. An accrual in respect of accrued holiday pay for non-academic staff has been recognised in the financial statements.

The College has decided to take advantage of transitional provisions within FRS 102 to elect to measure the fair value of certain items of freehold and leasehold property and for that fair value to be used as the deemed cost of the item going forward from the date of transition (1 August 2014). This has increased the value of the fixed assets and increased the annual depreciation charge.