

Somerville College

Annual Report and Financial Statements

Year ended 31 July 2018

SOMERVILLE COLLEGE
Annual Report and Financial Statements
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SOMERVILLE COLLEGE
Governing Body, Officers and Advisers
Year ended 31 July 2018

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)
Baroness Janet Royall, Principal		•	•	•	•	•
Professor Daniel Anthony	On leave HT18 & TT18			•		
Professor Guido Ascari				•		
Professor Jonathan Burton	Dean			•		
Professor Bhaskar Choubey	On leave HT18 & TT18			•		
Professor Dan Ciubotaru				•		
Professor Julie Dickson				•		
Professor Beate Dignas			•	•		
Mr Julian Duxfield			•			
Professor Christopher Hare	On leave HT18 & TT18			•		
Professor Michael Hayward				•		
Professor Joanna Innes				•		
Ms Sara Kalim					•	
Professor Simon Kemp				•		•
Professor Aditi Lahiri				•		
Professor Renaud Lambiotte				•		
Dr Anne Manuel		•		•	•	•
Professor Jonathan Marchini			•	•		
Professor Lois McNay				•		
Professor Mari Mikkola				•		
Professor Louise Mycock				•		
Professor Karen Nielsen	On leave MT17 & HT18			•		
Dr Natalia Nowakowska	On leave HT18 & TT18			•		
Mr Andrew Parker		•	•	•	•	•
Professor Luke Pitcher		•		•	•	
Professor Charlotte Potts		•		•	•	

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		(1)	(2)	(3)	(4)	(5)
Dr Stephen Rayner		•	•	•	•	•
Professor Stephen Roberts				•		•
Professor Alex Rogers	On leave HT18 & TT18		•	•		
Professor Elena Seiradake				•		
Professor Steven Simon						
Professor Francesca Southerden				•		
Professor Charles Spence				•	•	
Professor Fiona Stafford	On leave HT18			•		
Professor Richard Stone	Vice Principal	•	•	•		
Professor Almut Suerbaum	On leave HT18			•		
Professor Annie Sutherland				•		
Professor Rajesh Thakker				•		
Professor Benjamin J Thompson				•	•	
Dr. Damian Tyler		•		•		
Professor Renier van der Hoorn		•		•		
Professor Roman Walczak				•		
Professor Stephen Weatherill				•		
Professor Jennifer Welsh	On secondment to EUI			•		
Professor Philip West	On leave HT18			•		
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, HR & Equality 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>Baroness Janet Royall</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 U.K. LLP

Bankers

Barclays Bank Plc

Solicitors

Penningtons LLP

College address

Woodstock Road Oxford OX2 6HD

Website

www.some.ox.ac.uk

SOMERVILLE COLLEGE

Report of the Governing Body

Year ended 31 July 2018

The Members of the Governing Body present their Annual Report for the year ended 31 July 2018 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 22nd December 2010 (registered number 1139440). The names of all members of the Governing Body at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the College, are given on pages 2 to 4.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

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

Governing Body

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

The Governing Body appoints the Principal, Fellows, Senior Tutor, Tutors, Lecturers, Librarian, 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, HR & Equality 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, HR, 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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Report of the Governing Body

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The Governing Body is also supported by additional committees, including 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 17 to 18 to the financial statements.

The College also has two wholly owned non-charitable subsidiaries: Somerville College Trading Limited, and Somerville College Developments Limited both of whose 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. Somerville College Developments Limited is the vehicle through which the college undertakes major capital projects. The subsidiaries' aims, objectives and achievements are covered in the relevant sections of this report. The Margaret Thatcher Scholarship Trust, which is a company limited by guarantee is also part of the Group. 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.

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 operational and 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 teaching being damaged, which in turn 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.

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:

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

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

Activities and objectives of the College

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

In 2017.18, the College had 417 undergraduates and 210 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 2017.18, the number of awards made was 81; 36 of the awards were for £3k or

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more; and the average value of the awards was £2.6k, with a total of £214k 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 2017.18 for this purpose was £292k.

The College also makes awards for academic development and has various scholarships and prizes available to reward academic excellence. During 2017.18 the College awarded £52k 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 2017.18 the College awarded £16k in discretionary loans and grants and provided £20k 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.

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.

The Trustees confirm that they have complied with the duty in Section 17 (5) of the Charities Act 2011 to have due regard to the guidance issued by the Charity Commission on public benefit. .

ACHIEVEMENTS AND PERFORMANCE

Academic

The academic year 2017.18 has been another year of change and continued success for Somerville. Somerville continues to offer an exceptionally good experience to its students so satisfaction levels remain high. The number of applications to Oxford rose by 4% on the previous year, the same percentage increase as the year before. The number of first choice applications to Somerville dropped from 380 in 2016.17 to 336

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in 2017.18. Whilst this is a trend we would like to reverse, the assignment of open applications to the College meant that Somerville selectors had 602 applications to choose from in 2017.18, compared to 576 in 2016.17. There has been no detectable impact on Oxford's application numbers from the reduction in the size of the relevant age cohort in the UK. Applications from the EU were at a similar level to the year before. This might be due to concerns about Brexit, since growth in previous years had been quite strong. 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 is a member of the National Collaborative Outreach Project (NCOP) called 'Higher Horizons +', or HH+. 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. Even if no Somerville staff are involved, Somerville is represented in all HH+ branded literature and presentations.

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 2017.18 admissions cycle, 63% of UK domiciled undergraduate applicants come from state schools, which is a little above the figure for the University. The final proportion of the accepted applications from UK applicants, as of August 2018, was 64%. The focus of Somerville's access activities is on building and maintaining ongoing relationships with the schools in our assigned link regions, in addition to the work with HH+.

Elsa Hammond continued to perform well as our Access Officer. In March, we recruited Jasper Minto-Taylor to a second access post, focusing on evaluation and logistical support. Jasper proved to be a good appointment and filled in well for Elsa when she had used up her hours for the year and dedicated time to completing her PhD thesis. Towards the end of the year, Jasper left us to take up a full-time post in the Music Faculty. Amongst our Access projects, we hosted the third University Education Summer School. Feedback from this event was very positive, as it had been the previous years. In 2018.19, the attendees at our first summer school will reach an age at which they would normally apply for university. This will provide an important test of the fulfilment of one of the main goals of the programme. Our Student Ambassadors undertook their third access roadshow, visiting schools in Somerville's two link regions in London. Following the model of the previous year, they undertook their initiative during the Easter vacation.

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. Vivek Nanda was appointed as Director of the Centre. Dr Radhika Khosla replaced Dr Alfred Gathorne-Hardy as Research Director. 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. Further successful fundraising meant that it was possible to recruit four new scholars to study postgraduate courses related to the Centre's interests to start in October 2018. All the scholars studying in 2017.18 were successful in their studies.

The Margaret Thatcher Scholarships Trust made further scholarship awards in 2017.18. An overseas scholarship was awarded prior to entry to Minh Le Quoc, an applicant from Vietnam. At the time of writing, the Home/EU scholarships for 2017.18 have yet to be awarded, due to an extended selection process. The Margaret Thatcher Development Programme ran for the second time in 2017.18. Open to all members of the College, the programme includes events focusing on academic and personal skills such as essay writing and time management, as well as career-oriented events such as CV writing and information about volunteering opportunities.

Somerville received a number of nominations in annual OUSU teaching awards but no wins this year. Vilma De Gasperin, Rachel Exley, Francesca Southerden, and Rachel Tanner were all nominated for awards.

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In 2017.18 Somerville hosted twenty Junior Research Fellows, spanning an enormous range of academic disciplines, with high quality applicants and great competition for places. The presence of such a large, diverse and talented population of researchers contributes significantly to the Somerville College community and enables these early career researchers to build interdisciplinary links. Highlights of their work include: A monograph on the link between shamanism and microbiology written by Victoria Maltby JRF Cesar E. Geraldo Herrera; Cayenna Ponchionne-Bailey arranging a visit to Oxford by an Afghan women's orchestra; the 'Young Researcher in Theoretical Physics' Prize awarded to Fernando de Juan by the Spanish Royal Society of Physics. The range of studies has been immense, with top rank quality being the only thing they all have in common.

The College continues to have a 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. Elena Seiradake (Biochemistry) won a £1.8M grant from the Wellcome Trust to pursue her research into brain development. Fiona Stafford (English) delivered a new series of The Essay for Radio 3, on 'The Meaning of Beaches', as well as being awarded an honorary degree by the University of Leicester and being elected to Fellowship of the British Academy. Almut Suerbaum (German) was appointed Wolfgang Stammer Visiting Professor at the University of Fribourg in Switzerland. Damian Tyler (Medicine) was awarded full Professor title in this year's Recognition of Distinction exercise.

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 Senior Tutor completed his term as Chair of the Senior Tutors' Committee. College Officers play key roles on various Conference of Colleges committees, including the Admissions Executive, the committees of Estates Bursars, 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.

Fundraising

The year 2017.18 was a highly successful year for philanthropic donations to the College with over £4.4 million raised in legacies and cash gifts, including an unrestricted legacy from Hugh Martin Stewart for £2 million, £100k from a generous alumna to refurbish the college nursery and £200k donation to the Margaret Thatcher Scholarship Trust. We have also successfully closed the Law Appeal enabling the College to employ a much needed Stipendiary Lecturer.

The September 2017 Telethon saw the student callers raise over £200k 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 fourth year, raising £67,000 for the Annual Fund and was used as an incentive to encourage new donors to make a regular gift.

Somerville has a regular programme of rich and diverse events, including an annual Supporters' Lunch, a Literary Lunch, a Parents' Lunch, Gaudies, Reunions, and a successful series of lectures hosted by Somerville networking groups. Approximately 1,500 alumni and friends of the College have attended one of our 50 public and private events thus far this year and many more were included in private cultivation events. Two private cultivation events that stand out in the year were both held at the House of Lords:

- The Margaret Thatcher Scholarship Programme saw several former members of Margaret Thatcher's Cabinet gather to meet our current group of outstanding MTST scholars. We hope this will lead to further gifts towards the scholarships and programme.
- The Oxford India Centre for Sustainable Development held an India-UK celebration in the company of the Chancellor, Lord Patten, and the India High Commissioner. The purpose of the reception was to

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deepen our relationship with the key influencers and the High Net Worth Indian community travelling to London over the summer as well as non-resident Indians. Over 100 guests attended and both Lord Patten and His Excellency Mr YK Sinha spoke passionately about the importance of education and increasing the number of Indian students at Oxford

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

Somerville takes very seriously the relationships we have with our donors, and none of our activity should compromise their privacy, put anybody under undue pressure or be unreasonably persistent. Our fundraising activity does not include direct mail or street collecting and we do not send out any unsolicited communications. All communications sent to existing supporters include an opt out provision. We have not received any complaints about our fundraising activities during the period covered by this report.

FINANCIAL REVIEW

Summary

Overall in the year to July 2018, net incoming resources across all funds were £6.5m, which compared with £8.3m in the previous year.

Endowment funds increased by £7.2m (10%) to £80.6m in the year, boosted by legacies of £2.7m (of which the most significant was an accrued legacy of £2m from the estate of Hugh and Margaret Stewart) and 5% capital growth.

There was a deficit of £0.5m on unrestricted funds after a depreciation charge of £2m against designated funds.

Free reserves were £1.5m at the year end, with £3.5m set aside towards our five year capital expenditure plan.

By year end £4.5m had been invested in construction work in progress on the Catherine Hughes Building which will be completed in September 2019, providing an additional 68 en-suite undergraduate bedrooms.

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. Free reserves now stand at £1.5m (2017: £2m), representing just under two months of total College unrestricted expenditure. In addition MTST has free reserves of £0.8m (2017: £0.7m)

Designated funds at the year-end comprised £139.7m, being £136m (2016: £137.3m) set aside to cover net fixed assets, £3.5m (2017: £2m) set aside to help fund our five year capital expenditure plan and £0.3m to cover art restoration (2017; £0.3m)

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Investment policy, objectives and performance

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

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

The investment strategy, policy and performance is monitored by the Finance Committee. At the year end, the Group's long term investments, combining the securities, property and other investments, totalled £98m (excluding short term bond deposits), up from £88.9m in 2017.

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,
- To promote access and diversity across all areas of college activity and to continue to work to include the excluded, 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.

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STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

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

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

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

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

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

Approved by the Governing Body on 24th October 2018 and signed on its behalf by:

Baroness Jan Royall
Principal

SOMERVILLE COLLEGE

Independent Auditor's Report to the Members of the Governing Body of Somerville College

Opinion

We have audited the financial statements of Somerville College for the year ended 31 July 2018 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 July 2018 and of the group's incoming resources and application of resources, including its income and expenditure 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

SOMERVILLE COLLEGE

Independent Auditor's Report to the Members of the Governing Body of Somerville College

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; 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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Statutory Auditor

Reading

SOMERVILLE COLLEGE
Statement of Accounting Policies
Year ended 31 July 2018

1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Cash Flow Statement comprising the consolidation of the College and with its wholly owned subsidiary Somerville College Trading. No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the subsidiary as included the consolidated income, expenditure and results of the College are disclosed in note 13.

2. Basis of accounting

The financial statements have been prepared under the Charities Act 2011 and in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities issued in 2005 ("the Charities SORP") and applicable accounting standards. The financial statements are drawn up on the historical cost basis of accounting as modified by the revaluation of investment properties and other investments.

3. Incoming resources from fee income, HEFCE support and other charges for services

Fees receivable, HEFCE support and charges for services and use of the premises are accounted for in the period in which the related service is provided.

4. Incoming resources from donations and legacies

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

Voluntary income received without restriction as to utilization or for the general purpose of the College is credited to unrestricted funds.

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

5. Investment income

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

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

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

6. Expenditure

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

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

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

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

7. Leases

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

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

8. Tangible fixed assets

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

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

9. Depreciation

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

Freehold properties, including major extensions	100 years
Leasehold properties	100 years or period of lease if shorter
Building improvements	10 - 30 years
Equipment	3 - 10 years

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

10. Investments

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

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

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

11. Stocks

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

12. Foreign currencies

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

13. Fund accounting

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

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

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

Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the College. Any income arising from the capital will be accounted for as unrestricted funds unless the donor has placed restricted the use of that income, in which case it will be accounted for as a restricted fund.

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

14. Pension costs

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

Somerville College
Consolidated Statement of Financial Activities
For the year ended 31 July 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2018 Total £'000	2017 Total £'000
INCOME AND ENDOWMENTS FROM:						
Charitable activities:	1					
Teaching, research and residential		5,932	-	-	5,932	5,736
Other Trading Income	3	877	-	-	877	740
Donations and legacies	2	842	156	3,383	4,381	4,915
Investments						
Investment income	4	1,815	1,844	-	3,659	3,387
Other income		24	-	-	24	66
Total income		9,490	2,000	3,383	14,873	14,844
EXPENDITURE ON:						
	5					
Charitable activities:						
Teaching, research and residential		9,597	2,137	-	11,734	10,707
Raising funds:						
Fundraising		721	-	58	779	804
Trading expenditure		182	-	-	182	153
Investment management costs		83	120	-	203	210
Total Expenditure		10,583	2,257	58	12,898	11,874
Net Income/(Expenditure) before gains		(1,093)	(257)	3,325	1,975	2,970
Net gains/(losses) on investments	10, 11	615	-	3,856	4,471	5,339
Net Income/(Expenditure)		(478)	(257)	7,181	6,446	8,309
Transfers between funds	16	-	-	-	-	-
Net movement in funds for the year		(478)	(257)	7,181	6,446	8,309
Fund balances brought forward	16	142,096	2,975	73,434	218,505	210,196
Funds carried forward at 31 July		141,618	2,718	80,615	224,951	218,505

Somerville College
Consolidated and College Balance Sheets
As at 31 July 2018

	Notes	2018 Group £'000	2017 Group £'000	2018 College £'000	2017 College £'000
FIXED ASSETS					
Tangible assets	9	152,370	151,029	152,370	151,029
Property investments	10	9,391	9,356	9,391	9,356
Other Investments	11	88,640	81,359	79,514	74,161
Total Fixed Assets		250,401	241,744	241,275	234,546
CURRENT ASSETS					
Stocks		39	26	39	26
Debtors	13	3,750	3,179	3,690	3,080
Investments		5,690	7,794	5,690	7,794
Cash at bank and in hand		3,245	3,395	2,136	1,302
Total Current Assets		12,724	14,394	11,555	12,202
LIABILITIES					
Creditors: Amounts falling due within one year	14	1,998	1,436	1,522	1,207
NET CURRENT ASSETS/(LIABILITIES)		10,726	12,958	10,033	10,995
TOTAL ASSETS LESS CURRENT LIABILITIES		261,127	254,702	251,308	245,541
CREDITORS: falling due after more than one year	15	35,750	35,750	35,750	35,750
NET ASSETS/(LIABILITIES) BEFORE PENSION ASSET OR LIABILITY		225,377	218,952	215,558	209,791
Defined benefit pension scheme liability	20	426	447	426	447
TOTAL NET ASSETS/(LIABILITIES)		224,951	218,505	215,132	209,344
FUNDS OF THE COLLEGE					
Endowment funds		80,615	73,434	71,600	65,012
Restricted funds		2,718	2,975	2,718	2,975
Unrestricted funds					
Designated funds		139,740	139,804	139,740	139,804
General funds		2,304	2,739	1,500	2,000
Pension reserve	20	(426)	(447)	(426)	(447)
		224,951	218,505	215,132	209,344

The financial statements were approved and authorised for issue by the Governing Body of Somerville College on 24 October 2018

Trustee:

Trustee:

Somerville College
Consolidated Statement of Cash Flows
For the year ended 31 July 2018

	Notes	2018 £'000	2017 £'000
Net cash provided by (used in) operating activities	23	(2,362)	(2,813)
Cash flows from investing activities			
Dividends, interest and rents from investments		3,659	3,387
Proceeds from the sale of property, plant and equipment		205	186
Purchase of property, plant and equipment		(3,489)	(7,759)
Proceeds from sale of investments		-	-
Purchase of investments		(2,845)	(4,939)
Net cash provided by (used in) investing activities		(2,470)	(9,125)
Cash flows from financing activities			
Repayments of borrowing		-	-
Finance costs paid		(805)	(658)
Cash inflows from new borrowing		-	5,000
Net (additions to)/withdrawals from term deposits		2,104	2,690
Receipt of endowment		3,383	2,669
Net cash provided by (used in) financing activities		4,682	9,701
Change in cash and cash equivalents in the reporting period		(150)	(2,237)
Cash and cash equivalents at the beginning of the reporting period		3,395	5,632
Cash and cash equivalents at the end of the reporting period	24	3,245	3,395

Somerville College
Notes to the financial statements
For the year ended 31 July 2018

1 INCOME FROM CHARITABLE ACTIVITIES

	2018	2017
	£'000	£'000
Teaching, Research and Residential		
Unrestricted funds		
Tuition fees - UK and EU students	1,576	1,565
Tuition fees - Overseas students	1,028	878
Other HEFCE support	191	203
Other academic income	215	246
College residential income	2,922	2,844
	<u>5,932</u>	<u>5,736</u>
Total Teaching, Research and Residential	<u>5,932</u>	<u>5,736</u>
Total income from charitable activities	<u>5,932</u>	<u>5,736</u>

The above analysis includes £1928k received from Oxford University from publicly accountable funds under the CFF Scheme (2017: £1817k).

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 £7k (2017: £20k). These are not included in the fee income reported above.

2 DONATIONS AND LEGACIES

	2018	2017
	£'000	£'000
Donations and Legacies		
Unrestricted funds	842	2,085
Restricted funds	156	161
Endowed funds	3,383	2,669
	<u>4,381</u>	<u>4,915</u>

3 INCOME FROM OTHER TRADING ACTIVITIES

	2018	2017
	£'000	£'000
Subsidiary company trading income	859	721
Other trading income	18	19
	<u>877</u>	<u>740</u>

4 INVESTMENT INCOME

	2018	2017
	£'000	£'000
<i>Unrestricted funds</i>		
Commercial rent	631	439
Equity dividends	873	781
Income from fixed interest stocks	59	77
Interest on fixed term deposits and cash	2	-
Other investment income	248	210
Bank interest	2	64
Other interest	-	-
	<u>1,815</u>	<u>1,571</u>
<i>Restricted funds</i>		
Commercial rent	40	47
Equity dividends	1,451	1,394
Income from fixed interest stocks	121	159
Interest on fixed term deposits and cash	3	-
Other investment income	225	212
Other interest	4	4
	<u>1,844</u>	<u>1,816</u>
Total Investment income	<u>3,659</u>	<u>3,387</u>

Somerville College
Notes to the financial statements
For the year ended 31 July 2018

5 ANALYSIS OF EXPENDITURE

	2018	2017
	£'000	£'000
Charitable expenditure		
Direct staff costs allocated to:		
Teaching, research and residential	4,531	4,082
Other direct costs allocated to:		
Teaching, research and residential	3,810	3,420
Support and governance costs allocated to:		
Teaching, research and residential	3,393	3,205
Total charitable expenditure	<u>11,734</u>	<u>10,707</u>
Expenditure on raising funds		
Direct staff costs allocated to:		
Fundraising	510	500
Other direct costs allocated to:		
Fundraising	224	264
Trading expenditure	86	60
Investment management costs	185	195
Support and governance costs allocated to:		
Fundraising	45	40
Trading expenditure	96	93
Investment management costs	18	15
Total expenditure on raising funds	<u>1,164</u>	<u>1,167</u>
Total expenditure	<u>12,898</u>	<u>11,874</u>

The 2017 resources expended of £11,874k represented £9,767k from unrestricted funds, £1,986k from restricted funds and £121k 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 £21k (2017 - £18k).

Somerville College
Notes to the financial statements
For the year ended 31 July 2018

6 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Generating Funds £'000	Teaching and Research £'000	Public Worship £'000	Heritage £'000	2018 Total £'000
Financial administration	36	402	-	-	438
Human resources	-	84	-	-	84
IT	-	170	-	-	170
Depreciation	120	1,909	-	-	2,029
(Profit)/loss on fixed assets	-	(90)	-	-	(90)
Bank interest payable	-	805	-	-	805
Other finance charges	-	(22)	-	-	(22)
Governance costs	3	134	-	-	137
	159	3,392	-	-	3,551

	Generating Funds £'000	Teaching and Research £'000	Public Worship £'000	Heritage £'000	2017 Total £'000
Financial administration	30	361	-	-	391
Human resources	-	89	-	-	89
IT	-	167	-	-	167
Depreciation	116	1,880	-	-	1,996
(Profit)/loss on fixed assets	-	(114)	-	-	(114)
Bank interest payable	-	663	-	-	663
Other finance charges	-	77	-	-	77
Governance costs	2	81	-	-	83
	148	3,204	-	-	3,352

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

	2018 £'000	2017 £'000
Governance costs comprise:		
Auditor's remuneration - audit services	26	20
Other governance costs	111	63
	137	83

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 2018

7 GRANTS AND AWARDS	2018	2017
	£'000	£'000
During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:		
Unrestricted funds		
Grants to individuals:		
Scholarships, prizes and grants	-	-
Bursaries and hardship awards	-	2
Grants to other institutions	-	-
Total unrestricted	<u>-</u>	<u>2</u>
Restricted funds		
Grants to individuals:		
Scholarships, prizes and grants	621	491
Bursaries and hardship awards	99	98
Grants to other institutions	-	-
Total restricted	<u>720</u>	<u>589</u>
Total grants and awards	<u>720</u>	<u>591</u>

The figure included above represents the cost to the College of the Oxford Bursary scheme. Students of this college received £214k (2017: £217k). Some of those students also received fee waivers amounting to £7k (2017: £20k).

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

Somerville College
Notes to the financial statements
For the year ended 31 July 2018

8 STAFF COSTS

	2018	2017
	£'000	£'000
The aggregate staff costs for the year were as follows.		
Salaries and wages	4,430	4,045
Social security costs	352	328
Pension costs:		
Defined benefit schemes	233	348
Defined contribution schemes	281	259
Other benefits	294	199
	5,590	5,179

	2018	2017
The average number of employees of the College, excluding Trustees, on a full time equivalent basis was as follows.		
Tuition and research	55	52
College residential	123	113
Fundraising	9	7
Support	1	1
Total	188	173

The average number of employed College Trustees during the year was as follows.		
University Lecturers	19	18
CUF Lecturers	21	15
Other	4	5
Total	44	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 are 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	-	-
£80,001-£90,000	-	-
£110,001-£120,000	-	-
	-	-

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

In defined benefits schemes	-	-
In defined contribution schemes	-	-
	-	-

The College contributions to defined contribution pension schemes totalled	-	-
	-	-

Somerville College
Notes to the financial statements
For the year ended 31 July 2018

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
Cost					
At start of year	17,213	139,965	-	3,032	160,210
Additions	12	3,410	-	67	3,489
Disposals	-	(151)	-	-	(151)
Transfers to investment property	-	-	-	-	-
At end of year	17,225	143,224	-	3,099	163,548
Depreciation and impairment					
At start of year	445	6,539	-	2,197	9,181
Depreciation charge for the year	172	1,590	-	271	2,033
Depreciation on disposals	-	(36)	-	-	(36)
Transfers to investment property	-	-	-	-	-
At end of year	617	8,093	-	2,468	11,178
Net book value					
At end of year	16,608	135,131	-	631	152,370
At start of year	16,768	133,426	-	835	151,029

The above includes:

£0k (2017:£0k) of plant and machinery held under finance leases.

£0k (2017:£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
Cost					
At start of year	17,213	139,965	-	3,032	160,210
Additions	12	3,410	-	67	3,489
Disposals	-	(151)	-	-	(151)
Transfers to investment property	-	-	-	-	-
At end of year	17,225	143,224	-	3,099	163,548
Depreciation and impairment					
At start of year	445	6,539	-	2,197	9,181
Charge for the year	172	1,590	-	271	2,033
On disposals	-	(36)	-	-	(36)
Transfers to investment property	-	-	-	-	-
At end of year	617	8,093	-	2,468	11,178
Net book value					
At end of year	16,608	135,131	-	631	152,370
At start of year	16,768	133,426	-	835	151,029

The above includes:

£0k (2017:£0k) of plant and machinery held under finance leases.

£0k (2017:£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.

Somerville College
Notes to the financial statements
For the year ended 31 July 2018

10 PROPERTY INVESTMENTS

Group	Agricultural	Commercial	Other	2018	2017
	£'000	£'000	£'000	Total £'000	Total £'000
Valuation at start of year	-	9,356	-	9,356	600
Transfers from tangible fixed assets	-	-	-	-	3,767
Additions and improvements at cost	-	-	-	-	4,939
Revaluation gains/(losses) in the year	-	35	-	35	50
Valuation at end of year	-	9,391	-	9,391	9,356

College	Agricultural	Commercial	Other	2018	2017
	£'000	£'000	£'000	Total £'000	Total £'000
Valuation at start of year	-	9,356	-	9,356	600
Transfers from tangible fixed assets	-	-	-	-	3,767
Additions and improvements at cost	-	-	-	-	4,939
Revaluation gains/(losses) in the year	-	35	-	35	50
Valuation at end of year	-	9,391	-	9,391	9,356

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 2018 by Mr Craig Middleton MRICS of Cluttons LLP.

11 OTHER INVESTMENTS

All investments are held at fair value.

	2018	2017
	£'000	£'000
Group investments		
Valuation at start of year	81,359	75,102
New money invested	3,026	1,147
Investment management fees	(181)	(179)
(Decrease)/increase in value of investments	4,436	5,289
Group investments at end of year	88,640	81,359
Investments in subsidiaries	(9,126)	(7,198)
College investments at end of year	79,514	74,161

Group investments comprise:	Held outside the UK	Held in the UK	2018 Total £'000	Held outside the UK	Held in the UK	2017 Total £'000
	£'000	£'000	£'000	£'000	£'000	£'000
Equity investments	15,391	15,478	30,869	13,155	15,874	29,029
Global multi-asset funds	-	-	-	-	-	-
Property funds	-	459	459	-	433	433
Fixed interest stocks	1,424	5,218	6,642	2,215	4,072	6,287
Alternative and other investments	34,732	15,775	50,507	31,051	14,367	45,418
Fixed term deposits and cash	-	163	163	-	192	192
Total group investments	51,547	37,093	88,640	46,421	34,938	81,359

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, and 100% of the issued share capital of Somerville College Developments Limited. The College is the sole and controlling member of The Margaret Thatcher Scholarship Trust.

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

	Parent College	SCTL	MTST	SCDL
	£'000	£'000	£'000	£'000
Income	13,467	859	547	3,670
Expenditure	(11,722)	(777)	(317)	(3,598)
Donation to College under gift aid	-	(82)	-	(72)
Result for the year	<u>1,745</u>	<u>-</u>	<u>230</u>	<u>-</u>
Total assets	252,830	594	9,849	384
Total liabilities	(37,699)	(594)	(29)	(384)
Net funds at the end of year	<u>215,131</u>	<u>-</u>	<u>9,820</u>	<u>-</u>

During the year a management charge of £86k (2017: £72k) was paid by Somerville College Trading Ltd to the College. At the year end, a balance of £322k (2017: £85k) was owed by Somerville College Trading Ltd to the College; a balance of £27k was owed by the Margaret Thatcher Scholarship Trust to the College (2017: £54k), a balance of £181k was owed by Somerville College Developments Ltd to the College (2017: £nil)

13 DEBTORS

	2018 Group £'000	2017 Group £'000	2018 College £'000	2017 College £'000
Amounts falling due within one year:				
Trade debtors	229	386	138	235
Amounts owed by College members	181	132	181	132
Amounts owed by Group undertakings	-	-	531	139
Prepayments and accrued income	2,610	2,282	2,459	2,193
Other debtors	630	279	281	281
Amounts falling due after more than one year:				
Loans	100	100	100	100
	<u>3,750</u>	<u>3,179</u>	<u>3,690</u>	<u>3,080</u>

14 CREDITORS: falling due within one year

	2018 Group £'000	2017 Group £'000	2018 College £'000	2017 College £'000
Trade creditors	708	496	389	360
Taxation and social security	261	236	173	160
Accruals and deferred income	509	435	440	418
Other creditors	520	269	520	269
	<u>1,998</u>	<u>1,436</u>	<u>1,522</u>	<u>1,207</u>

15 CREDITORS: falling due after more than one year

	2018 Group £'000	2017 Group £'000	2018 College £'000	2017 College £'000
Bank loans	10,000	10,000	10,000	10,000
Other creditors	25,750	25,750	25,750	25,750
	<u>35,750</u>	<u>35,750</u>	<u>35,750</u>	<u>35,750</u>

The bank loan consists of a £8M loan fixed for a 6 year period, plus a £2M loan with variable interest at 1% above LIBOR plus mandatory cost.

The total £10M loan is repayable in 23 years.

Other creditors consist of a £25M private placement bond secured with Prudential M&G, and a £750K loan with University College Oxford relating to the purchase of the freehold of 123-127 Walton Street and 25-32 Little Clarendon St Oxford.

The private bond placement consists of £10M for 32 years and £10M for 35 years at an interest rate of 3.29% and a further £5M secured during the year for 32 years at an interest rate of 2.82%.

Somerville College
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16 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 August 2017 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2018 £'000
Endowment Funds - Permanent						
1. Fellowship funding:						
Fellowship Endowment Fund	4,095	364			220	4,679
Indira Gandhi Fund	3,110				167	3,277
Catherine Hughes Fund	1,294	0			69	1,363
P. Norman Fellowship Fund	1,729				92	1,821
Other funds less than £500,000	1,736				93	1,829
2. Academic awards:						
Funds less than £500,000	1,208				64	1,272
3. Student support:						
Funds less than £500,000	1,375	600			74	2,049
4. Other funds:						
College Capital Fund	2,360				127	2,487
Total endowment permanent	16,907	964	0	0	906	18,777
Endowment Funds - Expendable						
1. Fellowship funding:						
Centenary Appeal Fund	738				39	777
E.P.A.Cephalosporin Fund	960				51	1,011
A & W Cobbe Fund Fund	3,503				188	3,691
L.Labowsky Fund 1992	690				37	727
Mitchell Fund	2,420				130	2,550
Carlisle & C.A.Lee Fund	818				44	862
Ernest Cook Fund	923				49	972
Mary Ewart Trust Fund	1,110				59	1,169
Rose Graham Fund	1,580				84	1,664
Daphne Osborne Fund	5,834				312	6,146
C. & D. Roaf Fund	1,256				67	1,323
Mary Snow Fellowship Fund	1,543				82	1,625
Mary Somerville Research Fund	1,004				54	1,058
Margaret Thatcher Fund	494		(58)		26	462
K & L Woolley Fund Fund	913				49	962
Wolfson Fund	694				37	731
	24,480	0	(58)	0	1,308	25,730
Other funds less than £500,000	4,967				267	5,234
	29,447	0	(58)	0	1,575	30,964
2. Academic awards:						
Janet Watson Fund	818				44	862
Other funds less than £500,000	4,122	0			221	4,343
	4,940	0	0	0	265	5,205
3. Student Support:						
Bursary Fund	2,688	72			144	2,904
Dame Emily Penrose Fund	778				41	819
Other funds less than £500,000	2,821	87			152	3,060
	6,287	159	0	0	337	6,783
4. Other funds:						
General Endowment Fund	1,587	2,003			85	3,675
Loan Repayment Fund	1,545	57			79	1,681
Carys Bannister Fund	1,181				63	1,244
C A Lee Fund	576				31	607
Other funds less than £500,000	2,542	0			122	2,664
	7,431	2,060	0	0	380	9,871
Total endowment funds, expendable	48,105	2,219	(58)	0	2,557	52,823
Total Endowment Funds - College	65,012	3,183	(58)	-	3,463	71,600
Endowment funds held by subsidiaries	8,422	200			393	9,015
Total Endowment Funds - Group	73,434	3,383	(58)	-	3,856	80,615

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16 ANALYSIS OF MOVEMENTS ON FUNDS cont.

	At 1 August 2017 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2018 £'000
Restricted Funds						
Endowment income	2,436	2,000	(2,257)	0	0	2,179
Other restricted funds	539	0	0	0	0	539
Total Restricted Funds - College	2,975	2,000	(2,257)	-	-	2,718
Restricted funds held by subsidiaries	-	-	-	-	-	-
Total Restricted Funds - Group	2,975	2,000	(2,257)	-	-	2,718
Unrestricted Funds						
General funds	2,739	-	-	(435)	-	2,304
Designated funds	2,038	-	-	1,427	-	3,465
Fixed Asset designated funds	137,766	9,490	(10,583)	(1,013)	615	136,275
Pension reserve	(447)	-	-	21	-	(426)
Total Unrestricted Funds - College	142,096	9,490	(10,583)	-	615	141,618
Unrestricted funds held by subsidiaries	-	-	-	-	-	-
Total Unrestricted Funds - Group	142,096	9,490	(10,583)	-	615	141,618
Total Funds	218,505	14,873	(12,898)	-	4,471	224,951

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	2018 Total £'000
Tangible fixed assets	-	150,620	-	1,750	152,370
Property investments	-	8,706	-	685	9,391
Other investments	1,784	10,226	-	76,630	88,640
Net current assets	520	5,188	2,718	2,300	10,726
Long term liabilities	-	(35,426)	-	(750)	(36,176)
	<u>2,304</u>	<u>139,314</u>	<u>2,718</u>	<u>80,615</u>	<u>224,951</u>

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000
Tangible fixed assets	-	149,279	-	1,750	151,029
Property investments	-	8,706	-	650	9,356
Other investments	2,571	7,326	428	71,034	81,359
Net current assets	168	9,493	2,547	750	12,958
Long term liabilities	-	(35,447)	-	(750)	(36,197)
	<u>2,739</u>	<u>139,357</u>	<u>2,975</u>	<u>73,434</u>	<u>218,505</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.

Somerville College
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19 TRUSTEES' REMUNERATION cont.
Remuneration paid to trustees

Range	2018		2017	
	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			1	932
£3,000-£3,999			1	3,444
£4,000-£4,999			1	4,244
£8,000-£8,999	1	8,195		
£9,000-£9,999	2	19,541		
£10,000-£10,999			1	10,720
£11,000-£11,999	1	11,842	3	34,981
£12,000-£12,999	1	12,898	1	12,078
£15,000-£15,999	1	15,287		
£17,000-£17,999	1	17,689		
£19,000-£19,999			2	38,857
£20,000-£20,999	2	40,983	10	209,275
£21,000-£21,999	9	195,693		
£34,000-£34,999	1	34,321		
£38,000-£38,999	1	38,268		
£41,000-£41,999	1	41,548		
£43,000-£43,999			2	87,004
£44,000-£44,999	2	88,484		
£45,000-£45,999	1	45,800		
£48,000-£48,999			1	48,926
£52,000-£52,999			10	528,045
£54,000-£54,999	9	487,287		
£67,000-£67,999			1	67,982
£74,000-£74,999			1	74,303
£77,000-£77,999	2	154,724		
£95,000-£95,999			1	95,668
£104,000-£104,999	2	208,269		
£118,000-£118,999				
£127,000-£127,999	1	127,182	2	236,965
Total	38	1,548,011	38	1,453,423

7 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 £17k (2017 - £19k) was reimbursed to 20 (2017 - 14) of the Trustees for research.

See also note 26 Related Party Transactions

Key management remuneration

The total remuneration paid to key management was £552k (2017: £522k).

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

Somerville College
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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 £233k (2017 - £348k) in relation to the USS. This represents contributions of £266k payable to the USS as adjusted by the change in the deficit funding liability between the opening and closing balance sheet dates of £33k.

The USS employer contribution rate has been 18% of salaries from 1 April 2016. The total employer contributions include provisions for the cost of future accrual of defined benefits (DB) (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 benefits including employer matching contributions and certain investment management costs relating to the DC section.

The latest formal actuarial valuation of the USS is being carried out as at 31 March 2017 to meet the requirements of the Pensions Act 2004. The final publication of this valuation has been delayed beyond the statutory deadline of 30 June 2018 so that the completion of the valuation can run in parallel to the Joint Expert Panel ('JEP') which is reviewing the valuation to provide assurances that the trustee is, ultimately, in a position to address its statutory obligations. Currently, based on a future average annual returns forecast of CPI + 0.71%, the draft valuation shows that the scheme assets are sufficient to cover 89% of the liabilities with a funding deficit of £7.5bn as at 31 March 2017. The valuation also shows that maintaining the current level of benefits would, in turn, require a combined contribution rate of 37.4% of pay, including increasing deficit recovery contributions from 2.1% of pay as currently to 6% of pay.

The USS has subsequently reported that the estimated funding deficit increased to £8.4 bn (88% funded) as at 31 March 2018. The JEP is tasked with agreeing key principles to underpin the future approach of the University and College Union (UCU) and Universities UK (UUK) to the USS valuation. The JEP published their first report on 13 September 2018 and has recommended four areas where adjustments to the valuation should be considered. It is the JEP belief, based on independent actuarial analysis, that the full implementation of these adjustments could mean total required contributions estimated at 29.2% to fund current benefits (minus the 1% match). This compares to the current rate of 26% (18% of salary paid by employers as above, 8% by employees) and the rate of 36.6% from April 2020 which has been proposed by USS based on the valuation as it stands.

In the judgement of the College, as the 2017 valuation has not formally completed and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation. Accordingly a provision of £426k has been included in the financial statements as at 31 July 2018 (2017 - £447k) for the present value of the estimated future deficit funding element of the employer contributions payable based on the current agreement for the payment of contributions. 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.

However, there is a significant risk that the year-end provision for the costs of the deficit funding as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The college expects to have greater clarity in this respect during the next financial year.

Details on the 2017 actuarial valuation of the scheme and the implications to the employers and employees are available on the USS website 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:

	2018	2017
	£k	£k
University Superannuation Scheme	233	348
Friends Life NGGPS	281	259
	<u>514</u>	<u>607</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 FINANCIAL INSTRUMENTS

The financial statements include the following in respect of items held at fair value:

	Group		College	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Financial assets measured at fair value through profit or loss	88,640	81,359	79,514	74,161
Financial liabilities measured at fair value through profit or loss	426	447	426	447
Financial assets measured at amortised cost	12,559	14,254	11,384	12,062
Financial liabilities measured at amortised cost	37,424	36,914	37,036	36,754

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

	2018	2017
	Group	Group
	£'000	£'000
Net income/(expenditure)	6,446	8,309
Elimination of non-operating cash flows:		
Investment income	(3,659)	(3,387)
(Gains)/losses in investments	(4,471)	(5,339)
Endowment donations	(3,383)	(2,669)
Financing costs	805	663
Depreciation	2,033	1,996
(Surplus)/loss on sale of fixed assets	(90)	(114)
Decrease/(Increase) in stock	(13)	-
Decrease/(Increase) in debtors	(571)	(1,491)
(Decrease)/Increase in creditors	562	(844)
(Decrease)/Increase in provisions	(21)	63
Net cash provided by (used in) operating activities	(2,362)	(2,813)

24 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£'000	£'000
Cash at bank and in hand	3,245	3,395
Total cash and cash equivalents	3,245	3,395

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25 COMMITMENTS UNDER OPERATING LEASES

The group earns rental income by leasing its properties to tenants under non-cancellable operating leases. Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

At the balance sheet date, the group had contracted with tenants to receive the following future minimum lease payments:

	2018	2017
	£'000	£'000
Group and Company		
Not later than 1 year	4,892	-
Later than 1 year and not later than 5 years	232,875	300,875
Later than 5 years	6,401,091	6,926,885
	<u>6,638,858</u>	<u>7,227,760</u>

26 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July for future capital projects totalling £7,670k (2017 - £200k).

27 RELATED PARTY TRANSACTIONS

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

	2018	2017
	£'000	£'000
B Thompson	<u>100,000</u>	<u>100,000</u>

Interest is charged on the above loan at 4% per annum. The loan is repayable within 6 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.

	2018	2017
	£'000	£'000
P West	0	117
A Sutherland	175	179
M Hayward	76	78
C Hare	173	177
S Rayner	177	181
J Marchini	177	181
R Van der Hoorn	95	97
	<u> </u>	<u> </u>

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

28 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 July 2017

29 POST BALANCE SHEET EVENTS

There are no post balance sheet events that require disclosure.