

# St Edmund Hall

Annual Report and Financial Statements

Year ended 31 July 2015

**St Edmund Hall**  
**Annual Report and Financial Statements**  
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## St Edmund Hall

### Governing Body, Officers and Advisers

Year ended 31 July 2015

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#### MEMBERS OF THE GOVERNING BODY

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

		(1)	(2)	(3)	(4)
Dr R Benson					•
Dr S Blamey				•	
Prof A Briggs				•	
Prof P Bruce	Admitted 28 <sup>th</sup> January 2014				
Prof G Clark					
Mr S Costa		•	•	•	•
Prof N Cronk					
Mr N Davidson		•			
Prof S Ferguson		•	•		
Dr J Gaiger					
Prof P Goulart	Admitted 9 <sup>th</sup> October 2014				
Prof K Gull		•	•	•	•
Prof H Johansen-Berg	Admitted 1 <sup>st</sup> December 2014				
Prof P Johnson					
Dr A Kahn					•
Dr A Kavanagh				•	
Prof B Kouvaratikis	Retired 30 <sup>th</sup> September 2014	•			
Prof H Laehnemann	Admitted 9 <sup>th</sup> October 2014				
Prof D Manolopoulos		•			•
Prof M Martin		•			
Prof R Mountford			•		
Dr K Nabulsi					
Prof L Newlyn					
Dr L Nguyen					
Dr E Parkin	Retired 31 <sup>st</sup> October 2014		•	•	•
Dr M Pasta	Admitted 8 <sup>th</sup> October 2015				
Prof I Pavord					
Prof P Podsiadlowski		•	•		

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## St Edmund Hall

### Governing Body, Officers and Advisers

Year ended 31 July 2015

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Dr D Priestland			•		
Dr C Quintana-Domeque			•		
Prof P Rothwell					
Prof O Riordan				•	
Dr J Tseng					•
Dr D Tsomocos					
Dr R Walker		•	•		•
Dr R Whittaker					
Dr R Wilkins		•			
Dr R Willden				•	
Dr C Williams					
Dr J Yates					
Dr L Yueh					
Dr A Zavatsky					

During the year the activities of the Governing Body were carried out through four core committees. The membership of these committees during the year is shown above for each Fellow.

- (1) Academic Committee
- (2) Finance Committee
- (3) General Purpose and Bursarial Committee
- (4) Development Committee

The Remuneration Committee is comprised solely of independent members, as follows:

Sir Jon Shortridge (Chair)

Mr P Johnson

Mr J Knight

Ms E Llewellyn-Smith

Mr R Price

Ms M Stevens

## St Edmund Hall

### Governing Body, Officers and Advisers

Year ended 31 July 2015

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#### COLLEGE SENIOR STAFF

The senior staff of the College to whom day to day management was delegated during the year were as follows.

A. Prof S Ferguson	<i>Senior Tutor</i>
B. Mr A Walters	<i>Academic Administrator &amp; Registrar</i>
C. Mr S Costa	<i>Senior &amp; Finance Bursar</i>
D. Dr E Parkin	<i>Home Bursar (Retired 31<sup>st</sup> October 2014)</i>
Ms J Taylor	<i>Domestic Bursar (Appointed 20<sup>th</sup> October 2014)</i>
E. Mr C Wood	<i>College Accountant</i>

#### COLLEGE ADVISERS

##### Investment managers

Newton Investment Management Ltd, London.

Oxford Endowment Fund, Citco Fund Services, Netherlands

##### Investment property managers

Cluttons Styles & Whitlock, Oxford

##### Auditor

Crowe Clark Whitehill LLP, London

##### Bankers

RBS/NatWest PLC, Oxford

##### Solicitors

Blake Laphorn LLP, Oxford

Darbys Solicitors LLP, Oxford

##### Surveyors

Cluttons Styles & Whitlock, Oxford

##### College address

St Edmund Hall, Queen's Lane, Oxford OX1 4AR

##### Website

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

**St Edmund Hall**  
**Report of the Governing Body**  
**Year ended 31 July 2015**

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The Members of the Governing Body present their Annual Report for the year ended 31 July 2015 under the Charities Act 1993 together with the audited financial statements for the year.

**REFERENCE AND ADMINISTRATIVE INFORMATION**

The Principal, Fellows and Scholars of St Edmund Hall in the University of Oxford, which is known as St Edmund Hall (“the College”), is an eleemosynary chartered charitable corporation aggregate. It was incorporated under a Royal Charter dated 15 February 1957 although the Hall has been in existence since the 14th Century.

The College registered with the Charities Commission on 13 August 2010 (registered number 1137470).

The names of all Members of the Governing Body 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 College is governed by its Statutes dated 20 February 1974.

**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: new members are generally elected according to the nature of their Fellowships at the College; retirements generally occur on the same basis.

The Governing Body determines the ongoing strategic direction of the College and regulates its administration and the management of its finances and assets. It meets regularly under the chairmanship of the Principal and is advised by its four core Committees and the Remuneration Committee.

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

New members of the Governing Body are recruited as Fellows, and are inducted into the workings of the College according to the nature of their Fellowships and by attending Governing Body meetings.

The Governing Body understands the importance of being kept informed on current issues in the sector and on regulatory requirements; however, it does not conduct a formal procedure for Trustee training.

**Organisational management**

The Governing Body meets ten times per year. The work of developing its policies and monitoring the implementation of these is carried out by its four core Committees:

- The Academic Committee – which oversees admissions, the provision of tuition and supervision, and the creation of certain Fellowships.
- The Finance Committee – which oversees charges, budgets, accounts, investments, and property.
- The General Purpose and Bursarial Committee – which oversees room provision, building works, and health and safety.
- The Development Committee – which oversees fundraising.

## **St Edmund Hall**

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

**Year ended 31 July 2015**

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In addition, the Remuneration Committee advises on the remuneration of the Principal and Fellows of the College, including matters such as salaries, benefits, allowances, expenses, and pensions.

The day-to-day running of the College is overseen by the Principal. Academic matters are delegated primarily to Prof S Ferguson (Senior Tutor), supported by Mr A Walters (Academic Administrator & Registrar). Administrative and financial matters are delegated primarily to Mr S Costa (Senior & Finance Bursar), supported by Dr E Parkin (Home Bursar) who retired on 31<sup>st</sup> October 2014 being replaced by Ms Jayne Taylor (Domestic Bursar) and Mr C Wood (College Accountant); Mr Costa is a member of all four core Committees, and he attends the Remuneration Committee as its Secretary.

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

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

The College also has one wholly owned non-charitable subsidiary, St Edmund Hall Enterprises Ltd, which has never traded; and one wholly owned multi-purpose subsidiary, St Edmund Hall Trading, which has never traded.

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

#### **Risk management**

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

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

## **OBJECTIVES AND ACTIVITIES**

### **Charitable Objects and aims**

The College's Objects are to provide, promote and engage in education, learning and research.

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, through the College Senior Staff, 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.

Accordingly, the College's Objects are:

- Object 1: To provide for members of the University of Oxford a college wherein they may participate in the educational facilities offered by, and study for degrees in, the University of Oxford.
- Object 2: To do all such other things as are incidental or conducive to advancing education, learning and research in Oxford or elsewhere.

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

## **St Edmund Hall**

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

**Year ended 31 July 2015**

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

The College's principal activity, as specified in the Statutes, is to provide, promote and engage in education, learning and research.

The College believes that the provision of student bursaries is important. Accordingly, it participates in the Oxford Bursary scheme as well as making its own bursaries available where possible.

#### **Public benefit**

The College is committed to the aims of providing public benefit in accordance with its Objects, and has continued to conduct its affairs during the year to 31 July 2015 in furtherance of these aims.

Object 1: The College: admits and educates undergraduate and graduate taught and research students; employs academic staff for the purposes of teaching and research; maintains premises and academic, welfare, pastoral, social and recreational facilities; admits students only through transparent procedures based on merit; and finances scholarships, bursaries and hardship funds in order that access should not be denied on grounds of financial need.

Object 2: The College: admits and accommodates visiting students and visiting academics; supports the intellectual, cultural, sporting and developmental activities of all its members, in Oxford and elsewhere, who contribute to national and international debate on intellectual, cultural and policy matters; maintains contacts with its former members for academic purposes, for fund-raising, and to use their skills and advice for the benefit of existing members; undertakes access and outreach activities; and may support the educational, research and cultural activities of other organisations.

#### **ACHIEVEMENTS AND PERFORMANCE**

For the year to 31 July 2015, 30 of the College's undergraduates, representing many disciplines, achieved First Class degrees. The graduate population of the Hall grew a little and now reflects Oxford's position as a world-class research University. We have a good mix of disciplines and Masters / DPhil students in a very active Middle Common Room. This year we celebrated the 50th Anniversary of the Middle Common Room. Connections between the graduate students, undergraduates and the Fellows led to a hugely successful Research Expo at the Hall: this one-day event showcased, via talks and demonstrations, the array of research being conducted by many colleagues. It is worth noting here that, in contrast to the time when our Charter was awarded, there are a very significant number of types of Fellow now in the Hall (often Research Fellows) who are not members of the Governing Body. These Fellows have little representation in the governance of the Hall, yet are now playing a major role in its activities. Their success is evident this year with past holders of the William R Miller JRF in Molecular Aspects of Biology, Dr Christoph Loenarz moving to Nottingham as an Assistant Professor in Chemical Biology, and Dr Dina Bishara, Jarvis Doctorow JRF in the Politics and International Relations of the Middle East, moving to a Research Fellowship at Harvard. We are currently fundraising to increase the Hall's complement of JRFs, and this year alumni giving secured the endowment to continue in perpetuity the John Cowdrey JRF in History. Dr Mattéa Finelli was appointed to the newly funded J&J Innovation JRF in Neuroscience related to Medicine. Aularian Andrew Smye, a NERC Independent Research Fellow, was elected to a JRF in Earth Sciences.

The College's students continue to impress with non-academic activities, and this year we have seen an inspiring series of performances in music, drama, art, writing and sport. The Choir and music generally have gone from strength to strength under the direction of Chris Watson, our Director of Music. Hall students won several Blues, and represented the University in over 20 sports. In a notable year, six students achieved the remarkable distinction of a First Class degree and a Blue.

The year has seen the intellectual life of the Hall enhanced by events such as the Centre for the Creative Brain, the Oxford Chinese Economy Programme, the Hall Writer's Day, and the Geddes and Emden Lectures – together with a host of individual student-led projects including the publication of "A Gallery", an illustrated book containing a selection of undergraduate art and literature.



## **St Edmund Hall**

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

**Year ended 31 July 2015**

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Stuart Ferguson, Professor of Biochemistry, continued as Vice-Principal with Professor Rob Whittaker as Dean and with Dr Robert Wilkins becoming Senior Tutor. We were delighted to welcome our new Domestic Bursar, Jayne Taylor, who soon made a most positive impact on all the non-academic aspects of the Hall. In addition, we welcomed to the Fellowship Henrike Lähnemann (Professor of Medieval German Literature & Linguistics), Dr Paul Goulart (Tutorial Fellow in Engineering Science) and Dr Mauro Pasta (Tutorial Fellow in Materials Science). Aularians Salman Khurshid, Andrew Banks, Christopher Hawkesworth, Elizabeth Hollingworth and Faith Wainwright were elected as Honorary Fellows, and Tony Best was elected to a St Edmund Fellowship.

The research achievements of Fellows at the Hall is emphasised by the number of awards and prizes received. Professor Peter Rothwell won the International Aspirin Award for his research on strokes. Professor Philip Mountford (Tutorial Fellow in Chemistry) was awarded the 2015 Schlenk Lectureship, and Allison Daley won the Jan Bergström Young Geoscientist Award. Professor Ian Pavord was elected to an Academy of Medical Sciences Fellowship, and Sergio Lozano-Perez (Materials Science) and Richard Walker (Earth Sciences) were both awarded Professorships in the 2015 Oxford University Recognition of Distinction exercise. We were saddened by the loss of major figures associated with the Hall. Professor Martin Brasier (Emeritus Fellow, long-time Fellow in Earth Sciences, and a distinguished scientist) was tragically killed in a road traffic accident in December 2014, very soon after his retirement. Professor Roy Harris, Honorary Fellow died in February.

This year, via munificent donations from a small group of alumni and using funds from a significant legacy left to the Hall, we have been able to extend our student accommodation – by purchasing a property immediately adjacent to our other student accommodations in Norham Gardens.

Oxford has focussed a huge amount on encouraging applications from schools with little record of sending students to the University. The Hall has developed its own Schools and Access Programme over the past four years, with input from many Tutors and leadership from Dr Robert Wilkins. Schools Liaison Officer Claire Hogben and the Hall have led outreach events across Oxford and in the UK over this last academic year. The Hall held College Open Days in July and September, along with summer residential workshops in two subjects for gifted and talented students from target schools. Placed alongside a termly Teachers' Newsletter, a cohort of committed undergraduate peer supporters, school visits and student ambassadors, this is a firmly established and co-ordinated Hall programme.

Finally, the College organized a series of events during the year open to alumni and the general public, ranging from the annual Geddes and Emden Lectures, to lunchtime concerts, art exhibitions and open days.

## **FINANCIAL REVIEW**

The College continues to operate in difficult financial conditions, requiring the setting of tight budgets without adversely affecting the standard of education, learning and research it provides and promotes. The College has continued with its policies of maximising income and controlling expenditure, which have resulted in a surplus of £7.5m for the year, compared with £2.0m for 2014. This increased surplus compared to last year is due to a large legacy and a higher increase in value of the College investments. Income of £12.0m before endowment donations is £3.5m higher than last year due to a large increase in legacies and donations. Expenditure rose by 4.1% to £8.5m. The majority of the increased expenditure was planned as part of the budget. The surplus before endowment donations and investment gains was £3.5m. The surplus includes £730k of restricted income which has been carried forward and is earmarked to be spent in the next financial year. The surplus will be applied to the development of College facilities in future years. The College achieved recognised gains of £3.3m in respect of Securities and Other Investments which reflects the strength in the capital markets during the year.

### **Reserves policy**

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

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**Report of the Governing Body**  
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The College's free reserves at the year-end amounted to £2.6m (2014: £2.6m), representing retained unrestricted income reserves excluding an amount of £14.0m for the book value of fixed assets less associated funding arrangements.

Designated reserves at the year-end comprised £18k for expenditure on choral scholars to be spent over future years.

**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. To meet these objectives the College's investments as a whole are managed by third party investment managers, maintaining diversification across a range of asset classes in order to produce an appropriate balance between risk and return.

The investment strategy, policy and performance are monitored by the Investment Sub-Committee. At the year end, the College's long-term investments, combining the securities and property investments, totalled £43.1million. The two major third-party managed investment portfolios generated total investment returns of 13.8% and 11.6% over the year.

**FUTURE PLANS**

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

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

The separate departments within the College assess their roles on an ongoing basis in order to ensure that the College continues to enhance its ability to provide a first-class education.

**STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES**

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

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

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

- Select the most suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;

**St Edmund Hall**  
**Report of the Governing Body**  
**Year ended 31 July 2015**

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- 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 4<sup>th</sup> November 2015 and signed on its behalf by:

Professor Keith Gull

Principal

## **St Edmund Hall**

### **Report of the Auditor to the Members of the Governing Body of St Edmund Hall**

We have audited the financial statements of St Edmund Hall for the year ended 31 July 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees, as a body, in accordance with section 154 of the Charities Act 2011. 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.

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

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

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

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

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2015 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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

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

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

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

Statutory Auditor  
London

Date:

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

**St Edmund Hall**  
**Statement of Accounting Policies**  
**Year ended 31 July 2015**

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**1. Scope of the financial statements**

The financial statements present the Statement of Financial Activities (SOFA), the Balance Sheet and the Cash Flow Statement.

**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 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	50 years
Leasehold properties	50 years or period of lease if shorter
Building improvements	50 years
Equipment	4-8 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 its discretion determine to spend all or part of the capital.

#### **14. Pension costs**

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