

BALLIOL COLLEGE

Annual Report and Financial Statements for the year ended 31 July 2006

The accounts' index (if any), Responsibilities of the Governing Body, Statement of Principal Accounting Policies and Independent Auditors' Report have been omitted from this 150 dpi Akme scan.

BALLIOL COLLEGE

Report of the Governing Body

The Governing Body of Balliol College presents the Annual Report and Financial Statements for the year ended 31st July 2006.

Status

The Master and Scholars of Balliol College in the University of Oxford are a charitable body corporate having that name. The College was founded in the 13th Century and is an exempt charity under s3(5a)Charities Act 1993 (as listed in Schedule 2(b) to that Act).

Objects

The College exists to provide and promote undergraduate and graduate education within the University of Oxford, and also to provide and promote University academic research. Within these Objects, the College also has various permanently endowed trust funds held for special purposes in connection with the development of College facilities and for scholarships, bursaries, prizes and other educational purposes.

Governance

The Governing Body of the College comprises the Master and the Fellows of the College, exclusive of Emeritus Fellows, Supernumerary Fellows, Honorary Fellows and Foundation Fellows. This Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, Lord Bingham of Cornhill, the Senior Law Lord. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Universities of Oxford and Cambridge Act 1923. The Governing Body holds to itself the responsibilities for the ongoing strategic direction of the College, for its administration and for the management of its finances and assets. It meets regularly under the chairmanship of the Master and is advised by a range of committees which include the Academic Committee and the Executive Committee. These two committees have delegated powers with an appeal procedure, if necessary. Tutorial Board also has delegated powers to deal with the affairs of students.

Scope of the Financial Statements

The Financial Statements consolidate the accounts of Balliol College and its subsidiary undertakings, ie the Appeal Trustees' Funds and Balliol College Developments Ltd. Balliol College Developments Ltd is the wholly-owned vehicle for the building activities of Balliol College. The Appeal Trustees' Funds are an exempt UK charity engaged in raising and providing funds for educational and related facilities at Balliol College.

Review of Operations and Finance

For the year ended 31st July 2006, the College reported its first surplus in six years. This was due to a number of factors, including a significant rise in levels of many of the markets in which the College's investments are placed, the continuing successes of fundraising through the Annual Fund activities, a substantial rise in room rents and, finally, continued management of cost-savings and economy measures implemented in previous years. In addition, the results benefited from the sale of two former staff houses which were surplus to the College's requirements.

The College also carried out a forward looking financial exercise during the course of the year, in order to improve its ability to identify and budget for its key cost items in future years. Whilst this gives some confidence that positive financial outcomes can be maintained in the near term, it also underlines the financial burdens that colleges like Balliol will face in the future. Staff costs (both academic and support) have risen meaningfully, and continue to outpace Retail Price Index. Maintaining Balliol's academic excellence and the tutorial system -- with all its many advantages -- will remain costly. Allowing more of the endowment income to be used for academic purposes and the provision of scholarship and bursaries remains a commitment. These factors, combined with the expense of maintaining listed buildings, contributes to the financial pressures the College will face for the foreseeable future.

Investment Performance

The College has a total return policy for investment income, by drawing 4% pa from the endowment, based on its value at the end of each financial year. In the year ended 31st July 2006, the overall rise in the value of Balliol's endowment was 13.8%. On this basis the contribution from College capital was £674k during the year.

The College Investment Committee undertook a considerable effort in 2006 in reviewing the strategy and options for asset allocation of Balliol's overall endowment, working with the investment consultants Watson Wyatt. The objectives of this exercise were the generation of capital growth, risk reduction, diversification and the building of returns which reflect Balliol's financial requirement. As the Accounts demonstrate, the greater part of the endowment is invested in the stock market; 45% is held in a pooled fund-of-funds with the Oxford Investment Partnership, a vehicle in which Balliol, Christ Church, St Catherine's, New College and St John's are investors as well as equity owners. 28% is held in a segregated fund with Aberdeen Asset Management, 9.4% continues to be held in a global tracking fund, 6.2% is held in UK property by means of units in the Charities Property Fund, 10.6% is in cash and the remaining 0.8% is in a range of smaller investments.

Going forward, the Investments Committee intends to consider minor adjustments to the portfolio which best protect the College's financial condition.

BALLIOL COLLEGE

Report of the Governing Body

Reserves

The balance on consolidated reserves at the end of the year amounted to £20,491,038 (College £18,196,219). After allowing for the amounts invested in or committed to tangible fixed assets and the designated reserves for special purposes, the consolidated and the College's general reserve was £537,925. When the governing body reviewed the reserves of the College last year it concluded that a general reserve of at least £500,000 should be maintained to allow the College to be managed efficiently and to provide a buffer for uninterrupted services. This equates to approximately one month's expenditure. In addition, the College maintains a designated reserve of £2.0 million for repairs, maintenance and housing.

Risk Management

Because the Governing Body as a whole has a responsibility for overseeing Risk Management within the College, it receives reports from Executive Committee in Michaelmas Term each year. Executive Committee charges each of the College committees to consider potential risks to the College within their area of responsibility. The committees consider the risks and take steps to mitigate them. The major risks to which the College is exposed, as identified by Governing Body, have in this way been reviewed, and systems have been established to mitigate them. (The "major" risks are considered to be those that would prevent the College from carrying out its charitable objects permanently).

Responsibilities of the Governing Body

In accordance with the College's Statutes, the Governing Body (GB) is responsible for the administration and management of the College's affairs.

The GB is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The GB is responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College and group and of the profit or loss of the College and group for that period. In preparing those financial statements, the GB is required to:

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

The GB confirm that they have complied with the above requirements in preparing the financial statements.

The GB is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College and the group and enable them to ensure that the financial statements comply with the Companies Act 1985, the Statement of Recommended Practice "Accounting and Reporting by Charities 2005" and the governing document. It is also responsible for safeguarding the assets of the College and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The GB is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

So far as each member of GB is aware, there is no relevant audit information of which the College's auditors are unaware, and he/she has taken all the steps they ought to have taken as a member of GB in order to make themselves aware of any relevant audit information and to establish that the College's auditors are aware of the information.

Approved by Governing Body on 8th November 2006

Vicegerent

BALLIOL COLLEGE
Consolidated Income and Expenditure Account
Year ended 31 July 2006

	Notes	2006 £	2005 £
INCOME			
Academic fees and tuition income	1	2,171,893	1,949,159
Other operating income	2	3,240,192	2,603,590
Endowment return and interest receivable	3	2,497,476	2,048,619
Total income		<u>7,909,561</u>	<u>6,601,368</u>
EXPENDITURE			
Staff costs	4	4,248,912	4,057,989
Depreciation		215,170	213,008
Other operating expenses		2,955,396	2,551,783
Contribution under Statute XV		123,214	118,660
Total expenditure	6	<u>7,542,692</u>	<u>6,941,440</u>
Surplus/(Deficit) for the year	7	<u>366,869</u>	<u>(340,072)</u>

Consolidated Statement of Total Recognised Gains and Losses
Year ended 31 July 2006

	Notes	2006 £	2005 £
Reserves			
Surplus/(Deficit) for the year		366,869	(340,072)
Appreciation of fixed asset investments	15	318,490	499,837
Appreciation of short term investments	15	209,352	366,760
Endowments			
Income receivable from endowment asset investments	14	1,684,138	1,417,834
Endowment return transferred to income and expenditure account	14	(2,358,138)	(1,967,834)
Appreciation of endowment asset investments	14	6,167,142	8,764,149
New endowments received	14	2,973,774	2,148,520
Total recognised gains relating to the year		<u>9,361,627</u>	<u>10,889,194</u>
Opening fund balances		68,945,877	58,056,683
Closing fund balances		<u>78,307,504</u>	<u>68,945,877</u>

BALLIOL COLLEGE
Balance Sheets
As at 31 July 2006

	Notes	CONSOLIDATED		COLLEGE	
		2006	2005	2006	2005
		£	£	£	£
Fixed assets					
Tangible assets	8	8,984,900	9,141,963	8,984,900	9,141,963
Investments	9	4,293,007	3,814,507	4,293,107	3,814,607
		<u>13,277,907</u>	<u>12,956,470</u>	<u>13,278,007</u>	<u>12,956,570</u>
Endowment asset investments					
Securities and cash deposits		53,785,826	47,167,908	35,854,958	31,439,214
Land and property		4,030,640	3,611,791	4,030,640	3,611,791
	10	<u>57,816,466</u>	<u>50,779,699</u>	<u>39,885,598</u>	<u>35,051,005</u>
Current assets:					
Stocks		37,754	38,033	37,754	38,033
Debtors	11	1,118,632	851,816	1,176,721	899,995
Short term investments	19	5,849,027	3,529,745	5,849,027	3,529,745
Cash at bank and in hand	19	1,043,225	1,517,736	769,205	1,152,344
		<u>8,048,638</u>	<u>5,937,330</u>	<u>7,832,707</u>	<u>5,620,117</u>
Creditors:					
Amounts falling due within one year	12	(835,507)	(727,622)	(818,213)	(712,593)
		<u>7,213,131</u>	<u>5,209,708</u>	<u>7,014,494</u>	<u>4,907,524</u>
Net current assets					
		<u>7,213,131</u>	<u>5,209,708</u>	<u>7,014,494</u>	<u>4,907,524</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>78,307,504</u>	<u>68,945,877</u>	<u>60,178,099</u>	<u>52,915,099</u>
Creditors:					
Amounts falling due after more than one year	13	-	-	(2,096,282)	(2,096,282)
TOTAL NET ASSETS		<u>78,307,504</u>	<u>68,945,877</u>	<u>58,081,817</u>	<u>50,818,817</u>
Endowments					
Specific		26,697,070	22,446,571	25,309,220	21,229,170
General		31,119,396	28,333,128	14,576,378	13,821,835
	14	<u>57,816,466</u>	<u>50,779,699</u>	<u>39,885,598</u>	<u>35,051,005</u>
Reserves					
Designated reserves	15	10,035,456	7,904,078	7,740,637	5,505,712
Revaluation reserve	15	930,702	612,212	930,702	612,212
General reserves	15	9,524,880	9,649,888	9,524,880	9,649,888
		<u>20,491,038</u>	<u>18,166,178</u>	<u>18,196,219</u>	<u>15,767,812</u>
TOTAL FUNDS		<u>78,307,504</u>	<u>68,945,877</u>	<u>58,081,817</u>	<u>50,818,817</u>

The financial statements were approved by the Governing Body of Balliol College on 8th November 2006.

JH Jones
Vicegerent

RH Collier
Finance Bursar

BALLIOL COLLEGE
Consolidated Cashflow Statement
Year ended 31 July 2006

	Note	2006 £	2005 £
Net cash outflow from operating activities	18	<u>(2,074,089)</u>	<u>(2,341,147)</u>
Returns on investments and servicing of finance			
Income from endowments received		1,684,138	1,417,834
Other income from investments and interest received		139,338	80,785
Net cash inflow from returns on investments and servicing of finance		<u>1,823,476</u>	<u>1,498,619</u>
Capital expenditure and financial investment			
Net acquisition of tangible fixed assets		(58,107)	(483,021)
Net acquisition of fixed asset investments		(160,010)	102,159
Net realisation of short term investments		209,352	164,601
Net acquisition of endowment asset investments		(869,625)	(729,967)
Endowments received		2,973,774	2,148,520
Net cash inflow from capital expenditure and financial investment		<u>2,095,384</u>	<u>1,202,292</u>
Net cash inflow		<u>1,844,771</u>	<u>359,764</u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash for the year		(474,511)	(558,529)
Increase in current asset investments		2,319,282	918,293
Change in net funds		1,844,771	359,764
Net funds at 1 August		5,047,481	4,687,717
Net funds at 31 July	19	<u>6,892,252</u>	<u>5,047,481</u>

BALLIOL COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006

	2006 £	2005 £
1 ACADEMIC FEES AND TUITION INCOME		
Tuition fees from UK and European Union students	1,719,659	1,618,734
Tuition fees from overseas students	347,434	223,490
Other tuition income	104,800	106,935
	<u>2,171,893</u>	<u>1,949,159</u>
<p>The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £1,586,213 (2005 - £1,471,025)</p>		
2 OTHER OPERATING INCOME	£	£
Residential income from college members	1,786,213	1,572,279
Conference and function income	424,285	421,972
Grants and donations	600,118	600,854
Gain on disposal of fixed assets	422,568	-
Other income	7,008	8,485
	<u>3,240,192</u>	<u>2,603,590</u>
3 ENDOWMENT RETURN AND INTEREST RECEIVABLE	£	£
Transferred from specific endowments	678,023	597,323
Transferred from general endowments	1,680,115	1,370,511
Other interest receivable	139,338	80,785
	<u>2,497,476</u>	<u>2,048,619</u>
4 STAFF COSTS	£	£
Gross pay	3,376,909	3,227,149
Social Security costs	243,006	233,242
Other pension costs	410,449	366,192
Other benefits	71,383	67,995
Outside contracts and services	147,165	163,411
	<u>4,248,912</u>	<u>4,057,989</u>

5 PENSION SCHEMES

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

The Schemes are periodically valued by qualified actuaries. Both USS and OSPS were valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficiencies in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The assumptions which have the most significant effect on the result of the latest valuations and the determination of the contribution levels were those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salaries and pensions, as follows:

USS: The latest actuarial valuation of the scheme was at 31 March 2005. It was assumed that salary increases would be 3.9% per annum (plus an additional allowance for increases in salary due to age and promotion in line with recent experience) and pensions would increase by 2.9% per annum. In relation to past service liabilities it was assumed that the valuation rate of return would be 4.5% per annum, and in relation to future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum.

OSPS: The latest actuarial valuation of the scheme was at 31 July 2004. It was assumed that salary increases would be 4.4% per annum and pensions would increase by 3.0% per annum. It was assumed that the valuation rate of interest would be 6.95% per annum in relation to the period up to retirement and 4.95% per annum in relation to the period after retirement.

5 PENSION SCHEMES (Continued)

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

	USS	OSPS
Date of valuation	31/03/2005	31/07/2004
Value of past service liabilities	£28,308m	£218m
Value of assets	£21,740m	£167m
Funding Deficit	(£6,568m)	(£51m)
Funding Ratios:		
Scheme valuation basis	77%	76%
Statutory minimum funding requirement basis	126%	110%
Statutory pension protection fund basis	110%	n/a*
Recommended Employer's contribution rate (as % of pensionable salaries)	14%	17.5%

* The latest OSPS valuation was carried out before the statutory pension protection fund basis was implemented.

Universities Superannuation Scheme (USS)

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of total pensionable salaries but the Trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of total pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial valuation is due as at 31 March 2008. There will also be an actuarial valuation carried out as at 31 March 2006 and annually thereafter on the "technical provisions" basis under the Pensions Act 2004, as required by the Occupational Pensions Schemes (Cross-Border Activities) Regulations 2005, reflecting the scheme's status as a cross-border scheme. The contribution rate will be reviewed as part of each valuation.

The contributions payable by the College during the accounting period were equal to 14% of total pensionable salaries, in accordance with the decision of the trustee company. The pension charge recorded by the College during the accounting period was equal to the contributions payable of £183,412 (2005: £196,387).

University of Oxford Staff Pension Scheme (OSPS)

The actuarial valuation as at 31 July 2004 identified a required long-term employer contribution rate of 15.8% of total pensionable salaries, but also a funding deficit of £51.3m. The University, on behalf of all employers participating in the scheme, has agreed with the trustees of OSPS to address this deficit by maintaining the employer contribution rate at the previously agreed rate of 17.5% until 31 July 2008, at which it is expected to increase to 21.5%, subject to any revision resulting from the next triennial actuarial valuation of the scheme due as at 31 July 2007.

The contributions payable by the College during the accounting period were equal to 17.5% of total pensionable salaries (2005: 13.75%), in accordance with the agreement between the University and the trustees. The pension charge recorded by the College during the accounting period was equal to the contributions payable of £227,037 (2005: £169,805).

FRS 17

Both the schemes in which the College participate are either defined contribution schemes or are multi-employer schemes where the share of assets and liabilities applicable to each employer are not identified. The College therefore accounts for all its pension costs on a defined contribution basis as permitted by FRS 17.

6 ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other operating expenses	2006 Total	2005 Total
	£	£	£	£	£
Academic	2,052,339	-	723,942	2,776,281	2,713,708
Residences, catering and conferences	1,325,022	-	783,470	2,108,492	1,861,096
Premises	347,432	215,170	860,989	1,423,591	1,195,082
College administration	415,897	-	152,846	568,743	533,897
Fundraising	26,790	-	307,360	334,150	333,244
Other	81,432	-	126,789	208,221	185,753
	<u>4,248,912</u>	<u>215,170</u>	<u>2,955,396</u>	<u>7,419,478</u>	<u>6,822,780</u>
Contribution under Statute XV				<u>123,214</u>	<u>118,660</u>
Total expenditure				<u>7,542,692</u>	<u>6,941,440</u>

Other operating expenses include:

auditors remuneration in respect of these financial statements (College £17,310)	26,005	26,450
premiums payable in respect of trustees' indemnity insurance	588	588

The above analysis includes expenditure in respect of UK and European Union students met by publicly funded fee income amounting to £1,586,213 (2005 - £1,471,025).

BALLIOL COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006

	2006 £	2005 £
7 SURPLUS/(DEFICIT) FOR THE YEAR		
College's surplus/(deficit) for the year	470,416	(161,908)
Deficit generated by the subsidiary undertakings	(103,547)	(178,164)
	<u>366,869</u>	<u>(340,072)</u>

8 TANGIBLE FIXED ASSETS

CONSOLIDATED AND COLLEGE

	Freehold Land & buildings £
Cost	
At start of year	10,617,799
Additions	58,107
	<u>10,675,906</u>
At end of year	
Depreciation	
At start of year	1,475,836
Charge for period	215,170
	<u>1,691,006</u>
At end of year	
Net book value	
At end of year	<u>8,984,900</u>
At start of year	<u>9,141,963</u>

9 FIXED ASSET INVESTMENTS

	CONSOLIDATED £	COLLEGE £
At start of year	3,814,507	3,814,607
Net investments	478,500	478,500
	<u>4,293,007</u>	<u>4,293,107</u>
At end of year		

	CONSOLIDATED		COLLEGE	
	2006 £	2005 £	2006 £	2005 £
Investments stated at market value				
Properties	402,295	402,295	402,295	402,295
Listed securities	3,890,712	3,412,212	3,890,712	3,412,212
Investments stated at cost				
Subsidiary undertakings	-	-	100	100
	<u>4,293,007</u>	<u>3,814,507</u>	<u>4,293,107</u>	<u>3,814,607</u>
Total at end of year				

The College owns 100% of the issued share capital of Balliol Developments Limited, a company incorporated in England and Wales. The principal business activity of Balliol Developments Limited is the construction and project management of new student accommodation for Balliol College.

BALLIOL COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006

10 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED			COLLEGE		
	Securities & cash	Land & property	Total	Securities & cash	Land & property	Total
	£	£	£	£	£	£
At market value						
At start of year	47,167,908	3,611,791	50,779,699	31,439,214	3,611,791	35,051,005
Purchases at cost	41,014,908	48,352	41,063,260	30,531,035	48,352	30,579,387
Sales proceeds	(48,407,113)	-	(48,407,113)	(38,160,778)	-	(38,160,778)
Decrease in cash held	7,050,797	-	7,050,797	7,164,007	-	7,164,007
Revaluation gains	6,959,326	370,497	7,329,823	4,881,480	370,497	5,251,977
At end of year	53,785,826	4,030,640	57,816,466	35,854,958	4,030,640	39,885,598
Analysed as:						
Equities (listed)	42,060,739			24,656,877		
Cash	5,773,865			5,764,634		
Other net assets	5,951,222			5,433,447		
	53,785,826			35,854,958		
Historical cost at end of year	51,546,972			35,631,965		

The following investments form more than 5% of the above portfolio:

	CONSOLIDATED	COLLEGE
	£	£
Aberdeen Global Equity Fund	4,352,595	-

11 DEBTORS

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Amounts falling due within one year				
Trade debtors	163,237	117,913	163,237	117,913
Amounts owed by College members	114,018	103,734	114,018	103,734
Amounts owed by group undertakings	-	-	86,584	97,950
Prepayments and accrued income	841,377	630,169	812,882	580,398
	1,118,632	851,816	1,176,721	899,995

12 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Trade creditors	205,791	64,632	203,015	62,282
College Contribution	155,020	118,660	155,020	118,660
Social security and other taxation	98,905	89,043	98,905	89,043
Accruals and deferred income	105,379	43,231	90,861	30,552
Other creditors	270,412	412,056	270,412	412,056
	835,507	727,622	818,213	712,593

13 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED		COLLEGE	
	2006	2005	2006	2005
	£	£	£	£
Other creditors	-	-	2,096,282	2,096,282
	-	-	2,096,282	2,096,282

Interest is payable at 5% per annum on a loan from the Balliol Appeal Funds Trustees and the capital is repayable by 2028.

BALLIOL COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006

14 ENDOWMENTS

	CONSOLIDATED			COLLEGE		
	Specific	General	Total	Specific	General	Total
	£	£	£	£	£	£
At start of year	22,446,571	28,333,128	50,779,699	21,229,170	13,821,835	35,051,005
New endowments received	1,853,946	1,119,828	2,973,774	1,853,946	1,119,828	2,973,774
Endowment held in designated reserves	(1,397,084)	(1,119,828)	(2,516,912)	(1,397,084)	(1,119,828)	(2,516,912)
Designated reserves transferred to endowment	1,563,401	23,362	1,586,763	1,563,401	23,362	1,586,763
Endowment transferred to designated reserves	-	(500,000)	(500,000)	-	(500,000)	(500,000)
Appreciation (depreciation) of endowment investments	2,230,236	3,936,906	6,167,142	2,059,787	1,905,181	3,964,968
Income receivable from endowment asset investments	678,023	1,006,115	1,684,138	643,328	591,564	1,234,892
Transferred to income and expenditure account (note 3)	(678,023)	(1,680,115)	(2,358,138)	(643,328)	(1,265,564)	(1,908,892)
At end of year	26,697,070	31,119,396	57,816,466	25,309,220	14,576,378	39,885,598

Endowments comprise those funds which are regarded as for the long term and which fundamentally underpin and sustain the operation of the College at its desired level of activity.

Specific Endowments are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity.

General Endowments represent the corporate capital of the College and include bequests and gifts where the use of the capital and income, or only the income is for the general purposes of the College. Part of these funds may have been designated for a particular purpose by the Governing Body.

Specific endowments (Consolidated and College) include funds valued at £839,565 which provide income for purposes that lie outside the objects of the College. Income arising amounted to £45,737.

15 RESERVES

DESIGNATED RESERVES	CONSOLIDATED	COLLEGE
	£	£
At start of year	7,904,078	5,505,712
Endowment held in designated reserves	2,516,912	2,516,912
Designated reserves transferred to endowment	(1,586,763)	(1,586,763)
Endowment transferred to designated reserves	500,000	500,000
Transfers from general reserves	585,835	689,382
Appreciation in value of short term investment	115,394	115,394
At end of year	10,035,456	7,740,637

Designated reserves are those reserves set aside by the College to be used for a special purpose, and which do not form part of College endowments. At 31st July 2006 they comprised:

	£	£
Reserve for replacement and maintenance of functional buildings	2,001,684	2,001,684
Building project loan fund	3,209,071	1,112,789
Trust funds accumulated balances	1,958,020	1,958,020
Other designated reserves	2,866,681	2,668,144
	10,035,456	7,740,637

REVALUATION RESERVE

CONSOLIDATED AND COLLEGE	2006	2005
	£	£
At start of year	612,212	112,375
Appreciation in value of fixed asset investments	318,490	499,837
At end of year	930,702	612,212

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15 RESERVES (continued)

GENERAL RESERVES

	CONSOLIDATED £	COLLEGE £
At start of year	9,649,888	9,649,888
Surplus for the year	366,869	470,416
Transfers to designated reserves	(585,835)	(689,382)
Appreciation in value of short term investment	93,958	93,958
At end of year	<u>9,524,880</u>	<u>9,524,880</u>

	CONSOLIDATED AND COLLEGE	
	2006 £	2005 £
Representing:		
Capital reserve	8,986,955	9,149,888
College general reserve	537,925	500,000
	<u>9,524,880</u>	<u>9,649,888</u>

16 CAPITAL COMMITMENTS

	CONSOLIDATED AND COLLEGE	
	2006 £	2005 £
Commitments contracted at 31 July	-	<u>47,000</u>

17 RELATED PARTY TRANSACTIONS

FRS 8 "Related Party Disclosures", requires the disclosure of the details of material transactions between the reporting entity and any related parties. However, transactions between the College and its subsidiary and connected entities have not been disclosed in accordance with the exemption in FRS 8 paragraph 3(c). There were no other related party transactions.

**18 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH
OUTFLOW FROM OPERATING ACTIVITIES**

	2006 £	2005 £
Surplus/(deficit) for the year	366,869	(340,072)
Depreciation	215,170	213,008
Endowment income and interest receivable	(2,497,476)	(2,048,619)
Decrease in stocks	279	1,833
Increase in debtors	(266,816)	(102,398)
Increase/(decrease) in creditors	107,885	(64,899)
Net cash outflow from operating activities	<u>(2,074,089)</u>	<u>(2,341,147)</u>

19 ANALYSIS OF CHANGES IN NET FUNDS

	2006 £	Changes £	2005 £
Cash at bank and in hand	1,043,225	(474,511)	1,517,736
Short term current asset investments	5,849,027	2,319,282	3,529,745
	<u>6,892,252</u>	<u>1,844,771</u>	<u>5,047,481</u>

20 ULTIMATE CONTROLLING PARTY

The Governing Body do not consider there to be an ultimate controlling party of Balliol College.