

Harris Manchester College
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.

HARRIS MANCHESTER COLLEGE

Report of the Governing Body

The Governing Body of Harris Manchester College presents the annual report and financial statements for the year ended 31 July 2006.

Status

Harris Manchester College is an eleemosynary chartered charitable corporation aggregate. It was founded by English Presbyterians in 1786 and granted a Royal Charter of Elizabeth II, dated 12th January 1996. The corporation comprises the Principal and Fellows. The College 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 Principal and Fellows. This body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, Sir Eric Anderson. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 12th January 1996, and 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 Principal and is advised by a range of professional investment managers, lawyers, academics, health and safety officers and fire officers.

Scope of financial statements

The College has no subsidiary or associated undertakings.

Review of operations and finance

The college ended the year with a surplus of £23k on continuing operations compared with a surplus of £58k in 2005. Income for the year was £1.56m (£1.47 in 2005) of which £629k was from college fees, £285k was residential income, £307k was from conferences and £173k was from grants and donations. The college received income of £85k from its endowments, of which £54k was used for general college purposes with the remainder being reinvested in the college endowment fund.

Expenditure in the year was £1.5m (£1.4m in 2005). As in other years much of the increase is a result of increases in staff costs and there has been additional operating expenditure involved in generating additional conference and fee income.

Investment performance

During the year the Endowment of the college increased by £1m as a result of additional donations of £433k, capital grants of £173k, appreciation of investments of £313k, transfer from college reserves of £53k and reinvestment of income of £28k. The college remains committed to maximising the growth of the endowment.

Reserves

The balance on reserves at the year end amounted to £(0.4)m (note 19). After allowing for the amounts invested in fixed assets and designated reserves for special purposes, the College's general reserve was £(450)k, with £53k being transferred from the general reserve to support the general endowment fund. The Governing Body has reviewed the reserves of the College and has concluded that a general reserve of £400k should be maintained to allow the College to be managed efficiently and to provide a buffer for uninterrupted services. This equates to approximately 4 months of expenditure.

Risk management

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

Approved by the Governing Body on 29th November 2006

Rev Dr R Walter
Principal

HARRIS MANCHESTER COLLEGE
Income and Expenditure Account
Year ended 31 July 2006

	Notes	2006 £	2005 £
INCOME			
Academic fees and tuition income	1	629,304	540,380
Research grants and contracts	2	0	0
Other operating income	3	867,563	889,080
Endowment return and interest receivable	4	66,657	42,029
Total income		<u>1,563,524</u>	<u>1,471,489</u>
EXPENDITURE			
Staff costs	5	969,206	897,297
Depreciation		108,962	114,885
Other operating expenses		461,103	397,738
Interest payable		1,103	3,808
Contribution under Statute XV		0	0
Total expenditure	7	<u>1,540,373</u>	<u>1,413,728</u>
Surplus/(deficit) for the year on continuing operations before taxation and disposal of fixed assets		23,151	57,761
Surplus/(deficit) on disposal of fixed assets		90	0
Taxation	8	0	0
Surplus/(Deficit) for the year after taxation	9	<u>23,241</u>	<u>57,761</u>

Statement of total recognised gains and losses
Year ended 31 July 2006

	Notes	2006 £	2005 £
Surplus/(Deficit) for the year		23,241	57,761
Appreciation/(depreciation) of endowment asset investments	18	312,853	414,004
Income receivable from endowment asset investments	18	85,379	51,563
Transfer to income & expenditure account from general endowment	18	(54,086)	(30,809)
Net release from deferred capital	17	(79,662)	(79,663)
New endowments received	18	606,663	740,819
Total recognised gains/(losses) relating to the year		<u>894,388</u>	<u>1,153,675</u>
Opening reserves and endowments		6,976,923	5,823,247
Closing reserves and endowments		<u>7,871,311</u>	<u>6,976,922</u>

HARRIS MANCHESTER COLLEGE
 Balance Sheet
 As at 31 July 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	10	3,739,286	3,817,643
Investments	11	0	0
		<u>3,739,286</u>	<u>3,817,643</u>
Endowment asset investments			
Securities and cash deposits		4,597,409	3,593,407
Land and property		0	0
	12	<u>4,597,409</u>	<u>3,593,407</u>
Current assets:			
Stocks		13,262	14,984
Debtors	13	157,265	160,924
Short term investments		0	0
Cash at bank and in hand		135,201	341,941
		<u>305,728</u>	<u>517,849</u>
Creditors:			
Amounts falling due within one year	14	(631,112)	(791,977)
		<u>(325,384)</u>	<u>(274,128)</u>
Net current liabilities			
TOTAL ASSETS LESS CURRENT LIABILITIES		8,011,311	7,136,923
Creditors:			
Amounts falling due after more than one year	15	(140,000)	(160,000)
Provision for liabilities and charges	16	0	0
		<u>7,871,311</u>	<u>6,976,923</u>
TOTAL NET ASSETS			
Deferred capital	17	3,723,901	3,803,563
Endowments			
Specific		44,121	42,981
General		4,553,288	3,550,426
	18	<u>4,597,409</u>	<u>3,593,407</u>
Reserves			
Designated reserves		0	0
Revaluation reserve		0	0
General reserves		(449,999)	(420,047)
	19	<u>(449,999)</u>	<u>(420,047)</u>
TOTAL FUNDS		<u>7,871,311</u>	<u>6,976,923</u>

The financial statements were approved by the Governing Body of Harris Manchester College on 29th November 2006

Rev Dr R Waller
 Principal

Dr E Eve
 Secretary

HARRIS MANCHESTER COLLEGE
Cashflow Statement
Year ended 31 July 2006

	Note	2006 £	2005 £
Net cash inflow/ (outflow) from operating activities	25	<u>(31,698)</u>	<u>295,178</u>
Returns on investments and servicing of finance			
Income from endowments received			
Other income from investments and interest received		<u>66,657</u>	<u>42,029</u>
		66,657	42,029
Interest paid		(1,103)	(3,808)
Net cash inflow from returns on investments and servicing of finance		<u>65,555</u>	<u>38,221</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		(30,515)	(40,012)
Net realisation/(acquisition) of fixed asset investments		0	0
Net realisation/(acquisition) of endowment asset investments		(53,253)	(52,947)
Endowments received		606,663	740,819
Deferred capital released		(79,662)	(79,663)
Other net capital movements		31,295	20,757
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>474,527</u>	<u>588,954</u>
Net cash inflow before use of liquid resources and financing		508,384	922,353
Management of liquid resources	26	0	0
Financing	27	(77,229)	183,313
Increase in cash	28	<u>431,155</u>	<u>1,105,666</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash for the year		431,155	1,105,666
Increase/(decrease) in liquid resources and current asset investments		0	0
Increase/(decrease) in debt		0	0
Change in net funds		<u>431,155</u>	<u>1,105,666</u>
Net funds at 1 August 2005		1,888,611	782,945
Net funds at 31 July 2006		<u>2,319,766</u>	<u>1,888,611</u>

HARRIS MANCHESTER 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	405,457	375,555
Tuition fees from overseas students	173,847	133,158
Other fees	50,000	31,667
Other tuition income	0	0
	<u>629,304</u>	<u>540,380</u>

The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £251,980 (2005 - £245,969).

	£	£
2 RESEARCH GRANTS AND CONTRACTS		
Research councils	0	0
UK based charities	0	0
European commission	0	0
Other grants and contracts	0	0
	<u>0</u>	<u>0</u>

	£	£
3 OTHER OPERATING INCOME		
Residential income from college members	285,059	256,569
Conference and function income	307,148	259,039
Grants and donations	172,875	269,995
Release of deferred capital contributions	79,662	79,663
Other income	22,820	23,814
	<u>867,563</u>	<u>889,080</u>

	£	£
4 ENDOWMENT RETURN AND INTEREST RECEIVABLE		
Transferred from specific endowments (note 18)	0	0
Transferred from general endowments (note 18)	54,086	30,809
Other investment income	12,572	11,220
Other interest receivable	0	0
	<u>66,657</u>	<u>42,029</u>

	£	£
5 STAFF COSTS		
Gross pay	848,703	782,186
Social Security costs	73,102	67,710
Other pension costs	47,401	47,401
Other benefits	0	0
	<u>969,206</u>	<u>897,297</u>

6 PENSION SCHEMES

The principal pension scheme for the College's staff is the Universities Superannuation Scheme (USS). The scheme is a contributory defined benefit scheme (ie: it provides benefits based on length of service and final pensionable salary) and is contracted out from the State Second Pension Scheme. The assets of USS are held in separate trustee-administered funds. The 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 the accounting standard FRS17 "Retirement Benefits", the College accounts for the scheme as if it were a defined contribution scheme. 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 College has also made available a Stakeholder Scheme for individual employees, but does not contribute to that scheme.

The scheme is periodically valued by qualified actuaries using the "projected unit" method embracing a market value approach. The resulting level of contribution takes account of any actuarial surpluses or deficiencies in the 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 valuation 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 pension, as follows:

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.

Results of the latest actuarial valuation is as follows:

	<u>USS</u>
Date of valuation	31/03/2005
Value of past service liabilities	£28,308m
Value of assets	£21,740m
Funding Surplus/(Deficit)	(£6,568m)
Funding Ratios:	
Scheme valuation basis	77%
Statutory minimum funding requirement basis	126%
Statutory pension protection fund basis	110%
Recommended Employer's contribution rate (as % of pensionable salaries):	<u>14%</u>

The total of all employer's pension costs (including supplementation of pensions for ex-employees or their dependants) was £52k (2005: £47k).

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 actuarial 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.

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006

The contributions payable by the college during the accounting period were equal to 14% of total pensionable salaries. The pensions charge recorded by the college during the accounting period was equal to the contributions payable (£44k).

Other schemes:

The college also has a number of staff in a pension scheme operated by the Pensions Trust (PT).

The Scheme is a money purchase scheme.

Employer contributions under this scheme was £8k in the year.

FRS 17:

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

7 ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other operating expenses	2006 Total	2005 Total
	£	£	£	£	£
Academic	458,331	0	77,286	535,618	493,221
Residences, catering and conferences	270,322	0	215,210	485,532	425,917
Premises	48,919	108,962	76,893	234,774	223,686
College administration	183,485	0	46,288	229,773	213,049
Endowment management	0	0	0	0	0
Fundraising	0	0	13,340	13,340	20,294
Other	8,148	-	32,085	40,234	33,754
	<u>969,206</u>	<u>108,962</u>	<u>461,103</u>	<u>1,539,271</u>	<u>1,409,920</u>
Interest payable				1,103	3,808
Contribution under Statute XV				0	0
Total expenditure				<u>1,540,373</u>	<u>1,413,728</u>
				£	£
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable within 5 years				1,103	3,808
Repayable wholly or partly in more than 5 years				0	0
Finance leases				0	0
				<u>1,103</u>	<u>3,808</u>
Other operating expenses include auditors' remuneration:					
in respect of the audit of these financial statements				6,933	6,698
in respect of other services				1,234	1,469

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006

8 TAXATION		2006 £	2005 £
	United Kingdom corporation tax at 19%	<u>0</u>	<u>0</u>
9 SURPLUS/(DEFICIT) FOR THE YEAR		£	£
	College's surplus/(deficit) for the year	23,241	57,761
		<u>23,241</u>	<u>57,761</u>

10 TANGIBLE FIXED ASSETS

	Land & buildings			Equipment £	Total £
	Freehold £	Long leasehold £	Equipment £		
Cost					
At start of year	3,983,111	0	571,699	4,554,809	
Additions	0	0	30,605	30,605	
Disposals	0	0	0	-	
At end of year	<u>3,983,111</u>	<u>0</u>	<u>602,304</u>	<u>4,585,415</u>	
Depreciation					
At start of year	238,987	0	498,180	737,167	
Charge for period	79,662	0	29,300	108,962	
On disposals	0	0	0	-	
At end of year	<u>318,649</u>	<u>0</u>	<u>527,480</u>	<u>846,129</u>	
Net book value					
At end of year	<u>3,664,462</u>	<u>0</u>	<u>74,824</u>	<u>3,739,286</u>	
At start of year	<u>3,744,124</u>	<u>0</u>	<u>73,519</u>	<u>3,817,643</u>	

11 FIXED ASSET INVESTMENTS

		£	
	At start of year	0	
	Net investments	0	
	Revaluation gains	0	
	At end of year	<u>0</u>	
		2006 £	2005 £
	Investments stated at market value		
	Properties	0	0
	Listed securities	0	0
	Investments stated at cost		
	Subsidiary undertakings	0	0
	Total at end of year	<u>0</u>	<u>0</u>
	The original cost of investments stated at market value:	0	0

12 ENDOWMENT ASSET INVESTMENTS

	Securities & cash	Land & property	Total
	£	£	£
At market value			
At start of year	3,593,407	0	3,593,407
Purchases at cost	107,617	0	107,617
Sales proceeds	(54,364)	0	(54,364)
Increase in cash	637,895		637,895
Revaluation gains	312,853	0	312,853
At end of year	<u>4,597,409</u>	<u>0</u>	<u>4,597,409</u>
Analysed as			
Fixed interest stocks (listed)	0		
Equities (listed)	2,412,844		
Unlisted securities	0		
Cash	2,184,565		
Other net assets	0		
	<u>4,597,409</u>		
Historical cost at end of year	<u>3,976,033</u>		

13 DEBTORS

	2006	2005
	£	£
Amounts falling due within one year		
Trade debtors	104,127	85,913
Amounts owed by College members	7,814	7,846
Amounts owed by group undertakings	0	0
Loans	0	0
Prepayments and accrued income	45,324	67,165
Amounts falling due after more than one year		
Loans	0	0
Other debtors	0	0
	<u>157,265</u>	<u>160,924</u>

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006

14 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Bank loans and overdrafts	0	0
Obligations under finance leases	0	0
Unsecured loans	20,000	77,229
Trade creditors	54,454	67,235
College Contribution	0	0
Corporation tax	0	0
Other taxation and social security	36,131	28,845
Amounts owed to group undertakings	0	0
Accruals and deferred income	15,600	16,140
Other creditors	504,927	602,528
	<u>631,112</u>	<u>791,977</u>

15 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	£	£
Bank loans	0	0
Obligations under finance leases	0	0
Other creditors	140,000	160,000
	<u>140,000</u>	<u>160,000</u>

Bank loan at 1.25 per cent over LIBOR repayable on demand.

16 PROVISIONS FOR LIABILITIES AND CHARGES

	2006	2005
	£	£
At start of year	0	0
Expenditure in the period	0	0
Transfer from income and expenditure account	0	0
Transfer to reserves	0	0
At end of year	<u>0</u>	<u>0</u>

17 DEFERRED CAPITAL

	£
At start of year	3,803,563
New capital	0
Released to income and expenditure account	(79,662)
At end of year	<u>3,723,901</u>

The balance on deferred capital represents donations received to finance the purchase of tangible fixed assets. Amounts are released to the income and expenditure account over the lives of the related assets on the same basis as the charge for depreciation.

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006

18 ENDOWMENTS

	Specific £	General £	Total £
At start of year	42,981	3,550,426	3,593,407
Endowments received	1,140	432,374	433,514
Appreciation/ (depreciation) of endowment investments	0	312,853	312,853
Income receivable from endowment asset investments	0	85,379	85,379
Transferred to income and expenditure account (note 4)	0	(54,086)	(54,086)
Capital grant from the University	0	173,149	173,149
Transfer (to) from reserves	0	53,194	53,194
At end of year	<u>44,121</u>	<u>4,553,288</u>	<u>4,597,409</u>

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 include funds valued at £0 which provide income for purposes that lie outside the objects of the College. Income arising amounted to £0.

19 RESERVES

DESIGNATED RESERVES

	£
At start of year	-
Transfers (to)/ from general reserve	0
At end of year	<u>0</u>

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 31 July 2005 they comprised:

	£
Reserve for replacement and maintenance of functional buildings	0
Other designated reserves	0
	<u>0</u>

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006

19 RESERVES (continued)

GENERAL RESERVES

	£
At start of year	(420,047)
Prior year adjustment	0
Surplus/(deficit) from income and expenditure account	23,241
Transfer (to)/ from endowment	(53,194)
Capital repaid to endowment	0
Transfers (to)/ from designated reserves	0
At end of year	<u>(449,999)</u>

	2006	2005
	£	£
Representing:		
Undepreciated cost of tangible fixed assets		
financed out of general reserve	541,652	511,047
College general reserve	(991,651)	(931,094)
	<u>(449,999)</u>	<u>(420,047)</u>

20 CAPITAL COMMITMENTS

	£	£
Commitments contracted at 31 July		
	0	0
Commitments under finance leases entered into but not yet provided for in the financial statements	0	0
	<u>0</u>	<u>0</u>

21 FINANCIAL COMMITMENTS

At 31 July 2006 the College had annual commitments under non-cancellable operating leases as follows:

	£	£
Land and buildings		
Expiring within one year	0	0
Expiring between two and five years inclusive	0	0
Expiring in over five years	0	0
	<u>0</u>	<u>0</u>
Other		
Expiring within one year	0	0
Expiring between two and five years inclusive	0	0
Expiring in over five years	0	0
	<u>0</u>	<u>0</u>

22 POST BALANCE SHEET EVENTS

There are no material post balance sheet events

23 CONTINGENT LIABILITIES

At 31st July 2006, the College had no contingent liabilities

24 RELATED PARTY TRANSACTIONS

There were no material related party transactions during the year.

25 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006	2005
	£	£
Surplus/(deficit) for the year	23,151	57,761
Depreciation	108,962	114,885
Endowment income and interest receivable	(66,657)	(42,029)
Interest payable	1,103	3,808
Decrease /(increase) in stocks	1,722	1,862
Decrease /(increase) in debtors	3,659	8,647
(Decrease)/ increase in creditors	(103,836)	150,244
(Decrease)/ increase in provisions	0	0
	<u>(31,698)</u>	<u>295,178</u>

26 MANAGEMENT OF LIQUID RESOURCES

	£	£
Net (purchase)/sale of investments	0	0
Net increase/(decrease) in deposits	0	0
	<u>0</u>	<u>0</u>

27 FINANCING

	£	£
New loans	0	183,313
Repayments of amounts borrowed	(77,229)	0
Capital element of finance lease rental payments	0	0
	<u>(77,229)</u>	<u>183,313</u>

HARRIS MANCHESTER COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006

28 ANALYSIS OF CHANGES IN NET FUNDS

	2006	Changes	2005
	£	£	£
Cash at bank and in hand	135,201	(206,740)	341,941
Endowment assets cash	2,184,565	637,895	1,546,670
Bank overdrafts	0	0	0
Short term deposits	0	0	0
	<u>2,319,766</u>	<u>431,155</u>	<u>1,888,611</u>
Current asset investments	0	0	0
Debt due within 1 year	0	0	0
Debt due after 1 year	0	0	0
Finance leases	0	0	0
	<u>2,319,766</u>	<u>431,155</u>	<u>1,888,611</u>