

LINACRE COLLEGE

Financial Statements

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.

LINACRE COLLEGE

Report of the Governing Body

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

Status

Linacre College was established by the University in 1962 as a Society for men and women graduates reading for advanced degrees and diplomas of the University in all subjects. It was granted its charter and full autonomy in 1986. 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 graduate education within the University of Oxford, and also to provide and promote University academic research. The College does not admit undergraduates. The students in residence are divided almost equally between scientists and students of the social sciences and humanities, and the College is also noted for its strong environmental interest. Nearly half the student body is from overseas, from 50 countries at any one time.

Within these objects, the College also has various funds held for special purposes in connection with the development of College facilities and for scholarships, grants in cases of hardship, 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, the High Steward of the University. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 5th June 1986, 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 committees which include the Finance Committee.

Scope of financial statements

The financial statements comprise the accounts of Linacre College. The College has no subsidiary companies.

Review of operations and finance

The 40th Anniversary Campaign concluded at the end of December 2005, successfully reaching its target of £3m. Donations and pledges received during the 3 year campaign include significant funds for the Specific and General Endowment as well as for other designated purposes. These gifts help to secure the provision of the best facilities for future generations of students. During the year £134k was donated for the permanent endowment and £38k for scholarships and student grants. A further £198k in grants and donations were credited to the Income and Expenditure Account, £154k of which remained unspent at the end of the year and has been credited to Designated Reserves. Significant repairs and improvements to student accommodation have continued. Student numbers have grown significantly in recent years but have now reached a maximum for the current facilities. The College has a policy of increasing the amount of student accommodation available.

Investment performance

The growth in the College portfolio reflects the continued recovery in stockmarkets. Cash balances invested in the University Deposit Pool continued to earn a competitive interest rate.

Reserves

The balance on reserves at the year end amounted to £1.78m. After allowing for the amounts invested in fixed assets and designated reserves for special purposes, the College's General Reserve was £65k. Provision for long term maintenance is separately provided for under Designated Reserves.

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 29 November 2006

P Slack - Principal

LINACRE COLLEGE
Income and Expenditure Account
Year ended 31 July 2006

	Notes	2006 £	2005 £
INCOME			
Academic fees and tuition income	1	642,246	552,423
Other operating income	2	1,028,778	917,298
Endowment return and interest receivable	3	401,915	284,088
Total income		<u>2,072,939</u>	<u>1,753,809</u>
EXPENDITURE			
Staff costs	4	793,703	724,525
Depreciation		126,985	121,825
Other operating expenses		960,468	907,043
Interest payable		0	38
Total expenditure	6	<u>1,881,156</u>	<u>1,753,431</u>
Surplus for the year on continuing operations before taxation and disposal of fixed assets		191,783	378
Surplus for the year after taxation	7	<u>191,783</u>	<u>378</u>

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

	Notes	2006 £	2005 £
Reserves			
Surplus for the year	15	191,783	378
Endowments			
Income receivable from endowment asset investments	14	248,152	197,336
Transfer to income & expenditure account from endowment	14	(334,584)	(237,179)
Appreciation (depreciation) of endowment asset investments	14	646,760	969,770
New endowments received	14	348,187	902,466
Other			
Deferred capital released to Income and Expenditure Account	13	(61,756)	(61,756)
Total recognised gains relating to the year		<u>1,038,542</u>	<u>1,771,015</u>
Opening reserves and endowments		11,932,559	10,161,544
Closing reserves and endowments		<u>12,971,101</u>	<u>11,932,559</u>

LINACRE COLLEGE
Balance Sheet
As at 31 July 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	8	4,241,696	4,345,377
		<u>4,241,696</u>	<u>4,345,377</u>
Endowment asset investments			
Securities and cash deposits		7,905,614	6,985,122
	9	<u>7,905,614</u>	<u>6,985,122</u>
Current assets:			
Stocks		25,970	26,613
Debtors	10	102,790	160,776
Cash at bank and in hand		<u>1,034,886</u>	<u>1,115,904</u>
		1,163,646	1,303,293
Creditors:			
Amounts falling due within one year	11	(339,855)	(701,233)
		<u>823,791</u>	<u>602,060</u>
Net current assets			
		<u>823,791</u>	<u>602,060</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,971,101	11,932,559
Creditors:			
Amounts falling due after more than one year	12	0	0
TOTAL NET ASSETS		<u>12,971,101</u>	<u>11,932,559</u>
Deferred capital	13	2,299,716	2,361,472
Endowments			
Specific		1,322,001	1,155,780
General		<u>6,583,613</u>	<u>5,829,342</u>
	14	7,905,614	6,985,122
Reserves			
Designated reserves		976,759	758,951
General reserves		<u>1,789,012</u>	<u>1,827,014</u>
	15	2,765,771	2,585,965
TOTAL FUNDS		<u>12,971,101</u>	<u>11,932,559</u>

The financial statements were approved by the Governing Body of Linacre College on 29 November 2006

P A Slack
Principal

A A Reid
Finance Bursar

LINACRE COLLEGE
Cashflow Statement
Year ended 31 July 2006

	Note	2006 £	2005 £
Net cash inflow from operating activities	18	<u>(132,350)</u>	<u>(634,525)</u>
Returns on investments and servicing of finance			
Income from endowments received		248,152	197,336
Other income from investments and interest received		<u>67,331</u>	<u>46,909</u>
		315,483	244,245
Interest paid		0	(38)
Net cash inflow from returns on investments and servicing of finance		<u>315,483</u>	<u>244,207</u>
Capital expenditure and financial investment			
Net realisation/(acquisition) of tangible fixed assets		(23,304)	0
Net realisation/(acquisition) of endowment asset investments		(20,739)	(750,679)
Endowments received		348,187	902,466
Deferred capital received		0	0
Net cash inflow from capital expenditure and financial investment		<u>304,144</u>	<u>151,787</u>
Net cash inflow before use of liquid resources and financing	20	487,277	(238,531)
Financing	19	0	10,000
Increase in cash		<u>487,277</u>	<u>(228,531)</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash for the year		487,277	(228,531)
Decrease in debt		0	(10,000)
Change in net funds		<u>487,277</u>	<u>(238,531)</u>
Net funds at 1 August		1,433,264	1,671,795
Net funds at 31 July	20	<u>1,920,541</u>	<u>1,433,264</u>

LINACRE 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	367,693	333,956
Tuition fees from overseas students	274,553	218,467
	<u>642,246</u>	<u>552,423</u>

The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £30,122

	£	£
2 OTHER OPERATING INCOME		
Residential income from college members	750,330	713,347
Conference and function income	7,501	9,164
Grants and donations	108,091	107,315
Release of deferred capital contributions	61,756	61,756
Other income	11,100	25,716
	<u>1,028,778</u>	<u>917,298</u>

Grants and donations include those received as part of the 40th Anniversary campaign which ended in December 2005 as well as post campaign receipts. Donations unspent in the year totalling £108,370 were transferred to Designated Reserves.

	£	£
3 ENDOWMENT RETURN AND INTEREST RECEIVABLE		
Transferred from specific endowments (note 14)	131,341	73,554
Transferred from general endowments (note 14)	203,243	163,625
Other interest receivable	67,331	46,909
	<u>401,915</u>	<u>284,088</u>

	£	£
4 STAFF COSTS		
Gross pay	673,667	620,933
Social Security costs	45,165	40,888
Other pension costs	74,871	62,704
	<u>793,703</u>	<u>724,525</u>

5 PENSION SCHEMES

The two principal pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the University of Oxford Staff Pension Scheme (OSPS). The schemes are contributory, are contracted out from the State Earnings Related Pension Scheme, and provide benefits based on length of service and final pensionable salary. The assets of USS and OSPS are each held in separate trustee-administered funds. The schemes are periodically valued by qualified actuaries using the projected unit method; in addition, both USS and OSPS valuation embraced a market value approach. The levels of contribution take account of any actuarial surpluses or deficiencies in each scheme.

The assumptions and other data that have the most effect on the determination of the contribution levels are as follows:

	USS	OSPS
Date of latest actuarial valuation	2005	2004
Investment returns per annum	6.20%	6.95%
Salary increases per annum	3.90%	4.40%
Pension increases per annum	2.90%	3.00%
Market value of assets at latest actuarial valuation	£21,740m	£167m
Proportion of accrued benefits covered by the actuarial value of these assets	77%	76%

USS and OSPS are multi-employer schemes where the share of assets and liabilities applicable to each employer is not identified. The College will therefore account for its pension costs for each scheme on a defined contribution basis as permitted by FRS 17. The total of all employer's pension costs was £75k (2005 £63k)

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

5 PENSION SCHEMES (continued)

Universities Superannuation Scheme (USS):

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 (£32k).

Oxford Staff Pension Scheme (OSPS):

The college paid contributions of 17.5% of total pensionable salaries during the accounting period (2005 13.75%), as set out in the statutory Schedule of Contributions agreed between the university on behalf of all the employers participating in the scheme and the Trustees of the scheme, and endorsed by the scheme's actuary. The actuarial valuation as at 31 July 2004 identified a required long term employer contribution rate of 15.8% of pensionable salaries, but also identified a funding deficit of £51.3m in the scheme. The University, on behalf of all the employers participating in the scheme, has agreed with the Trustees to address the deficit by maintaining the employers' contribution rate at 17.5% until 31 July 2008, then increasing it to 21.5%, subject to any revision of the next actuarial valuation due as at 31 July 2007. A revised statutory Schedule of Contributions reflecting the new rates has been agreed, endorsed by the scheme's actuary and published. The pensions charge recorded by the college during the accounting period was equal to the contributions payable (£43k).

6 ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other: operating expenses	2006 Total	2005 Total
	£	£	£	£	£
Academic	149,955	1,413	199,119	350,487	253,298
Residences, catering and conferences	297,134	3,897	275,639	576,670	547,403
Premises	43,909	116,583	345,076	506,568	538,697
College administration	228,668	5,092	69,242	303,002	293,685
Endowment management	-	-	-	-	-
Fundraising	74,037	-	31,166	105,203	106,828
Other	-	-	39,226	39,226	43,482
	<u>793,703</u>	<u>126,985</u>	<u>960,468</u>	<u>1,881,156</u>	<u>1,753,393</u>
Interest payable				0	38
Total expenditure				<u>1,881,156</u>	<u>1,753,431</u>
				£	£
Interest payable relates to -					
Bank loans, overdrafts and other loans:					
Repayable within 5 years				0	38
				<u>0</u>	<u>38</u>
Other operating expenses include auditors' remuneration: in respect of the audit of these financial statements				<u>8,413</u>	<u>8,446</u>
7 SURPLUS FOR THE YEAR				£	£
College's surplus for the year				191,783	378
				<u>191,783</u>	<u>378</u>

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

8 TANGIBLE FIXED ASSETS

	Land & buildings			Total £
	Freehold £	Long leasehold £	Equipment £	
Cost				
At start of year	5,400,352	150,232	216,480	5,767,064
Additions	8,029	0	15,275	23,304
Disposals	0	0	0	0
At end of year	<u>5,408,381</u>	<u>150,232</u>	<u>231,755</u>	<u>5,790,368</u>
Depreciation				
At start of year	1,204,350	32,300	185,037	1,421,687
Charge for period	108,128	6,021	12,836	126,985
On disposals	0	0	0	0
At end of year	<u>1,312,478</u>	<u>38,321</u>	<u>197,873</u>	<u>1,548,672</u>
Net book value				
At end of year	<u>4,095,903</u>	<u>111,911</u>	<u>33,882</u>	<u>4,241,696</u>
At start of year	<u>4,196,002</u>	<u>117,932</u>	<u>31,443</u>	<u>4,345,377</u>

9 ENDOWMENT ASSET INVESTMENTS

	Securities & cash	Land & property	Total
	£	£	£
At start of year	6,985,122		6,985,122
Purchases at cost	663,685		663,685
Sales proceeds	(642,946)		(642,946)
Increase in cash held by fund manager	252,993		252,993
Revaluation gains/(losses)	646,760		646,760
At end of year	<u>7,905,614</u>		<u>7,905,614</u>
Analysed as			
Fixed interest stocks (listed)	995,231		
Equities (listed)	5,561,707		
Unlisted securities	460,135		
Cash	888,541		
	<u>7,905,614</u>		
Historical cost at end of year	<u>6,434,019</u>		

LINACRE COLLEGE
Notes to the Financial Statements
Year ended 31 July 2006
10 DEBTORS

	2006	2005
	£	£
Amounts falling due within one year		
Trade debtors	12,976	10,161
Amounts owed by College members	53,331	57,717
Loans	8,246	2,998
Prepayments and accrued income	28,237	89,900
	<u>102,790</u>	<u>160,776</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Bank loans and overdrafts	2,886	318,188
Trade creditors	215,340	242,380
Other taxation and social security	3,437	5,959
Accruals and deferred income	18,954	32,608
Other creditors	99,238	102,098
	<u>339,855</u>	<u>701,233</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006	2005
	£	£
Other creditors		
	<u>0</u>	<u>0</u>

13 DEFERRED CAPITAL

	2006	2005
	£	£
At start of year	2,361,472	2,423,228
New capital		
Released to income and expenditure account	(61,756)	(61,756)
At end of year	<u>2,299,716</u>	<u>2,361,472</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.

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

14 ENDOWMENTS

	Specific	General	Total
	£	£	£
At start of year	1,155,780	5,829,342	6,985,122
Endowments received	158,886	114,301	273,187
Appreciation of endowment investments	93,092	553,668	646,760
Income receivable from endowment asset investments	44,909	203,243	248,152
Transferred to income and expenditure account (note 3)	(131,341)	(203,243)	(334,584)
Capital grant from the University		75,000	75,000
Transfer from reserves	675	11,302	11,977
	<u>1,322,001</u>	<u>6,583,613</u>	<u>7,905,614</u>
At end of year			

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.

15 RESERVES

	2006	2005
	£	£
DESIGNATED RESERVES		
At start of year	758,951	769,851
Transfers (to)/from general reserve	217,808	(10,900)
	<u>976,759</u>	<u>758,951</u>
At end of year		

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 2006 they comprised:

	£	£
Reserve for replacement and maintenance of functional buildings	165,660	154,565
Campaign Funds	458,288	373,768
Other designated reserves	351,811	230,618
	<u>976,759</u>	<u>758,951</u>

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

15 RESERVES (continued)

GENERAL RESERVES	2006	2005
	£	£
At start of year	1,827,014	1,848,894
Surplus from income and expenditure account	191,783	378
Capital repaid to endowment	(11,977)	(33,158)
Transfers (to) designated reserves	(217,808)	10,900
At end of year	<u>1,789,012</u>	<u>1,827,014</u>

Representing:

Undepreciated cost of tangible fixed assets financed out of general reserve	£	£
	1,723,552	1,763,695
College general reserve	65,460	63,319
	<u>1,789,012</u>	<u>1,827,014</u>

16 CAPITAL COMMITMENTS

	2006	2005
	£	£
Commitments contracted at 31 July		6,641
	<u>-</u>	<u>6,641</u>

17 FINANCIAL COMMITMENTS

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

	2006	2005
	£	£
Land and buildings		
Expiring between two and five years inclusive	57,000	57,000
Expiring in over five years	57,500	26,000
	<u>114,500</u>	<u>83,000</u>
Other		
Expiring between two and five years inclusive	3,049	3,049
Expiring in over five years		
	<u>3,049</u>	<u>3,049</u>

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

	2006	2005
	£	£
Surplus for the year	191,783	378
Depreciation	126,985	121,825
Release of deferred capital contributions	(61,756)	(61,756)
Endowment income and interest receivable	(401,915)	(284,088)
Interest payable	0	38
Decrease in stocks	643	640
Decrease/(increase) in debtors	57,986	(16,477)
Increase/(decrease) in creditors	(46,076)	(395,085)
	<u>(132,350)</u>	<u>(634,525)</u>

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

19 FINANCING	2006		2005
	£		£
Repayments of amounts borrowed			10,000
	<u>0</u>		<u>10,000</u>
20 ANALYSIS OF CHANGES IN NET FUNDS	2006	Changes	2005
	£	£	£
Cash at bank and in hand	1,034,886	(81,018)	1,115,904
Endowment assets cash	888,541	252,993	635,548
Bank overdrafts	(2,886)	315,302	(318,188)
	<u>1,920,541</u>	<u>487,277</u>	<u>1,433,264</u>
Current asset investments			
Debt due within 1 year			
Debt due after 1 year			
	<u>1,920,541</u>	<u>487,277</u>	<u>1,433,264</u>