

## **NEW COLLEGE**

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

The Governing Body of New College presents the annual report and financial statements for the year ended 31 July 2005.

#### **Status**

New College is a chartered charitable corporation aggregate. It was founded by William of Wykeham, Bishop of Winchester, under a Royal Charter of Richard the Second, dated 30 June 1379, and a Deed of Foundation dated 26 November 1379. The corporation comprises the Warden and Fellows. New College is an exempt charity under s3(5a) Charities Act 1993 (as listed in Schedule 2(b) to that Act).

#### **Objects**

New College exists to provide and promote undergraduate and graduate education within the University of Oxford, and also to provide and promote university academic research. The College is also a Choral Foundation and hence, in accordance with the Deed of Foundation and with the preamble to the Founders Statutes, maintains a Choir and the related Choir School.

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 Warden 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 Lord Bishop of Winchester. The College Statutes are as made from time to time by order of Her Majesty in Council in accordance with the Royal Charter of 1379, 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.

#### **Review of operations and finance**

The annual report and financial statements have been drafted in accordance with the reporting requirements for Oxford colleges as contained in Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923. The accounting format complies in all material respects with recognised accounting standards. The basis used for the preparation of the figures is more fully explained in the statement of accounting policies and in the notes to the financial statements.

The income and expenditure account on page 7 of the financial statements shows a surplus for the year of £181k. Over the year, the total net assets of the College increased from £76.6m to £134.6m as detailed in the statement of total recognised gains and losses.

The College anticipates a change in its status once impending charity legislation is passed into law. Schools operating under the superintendence of the Charity Commission commonly provide an elaborate review of their activities, and the College will move towards providing such a Review over the next several years. As did last year's Review, this Review picks up themes from previous years without rehearsing them at length.

Much of what was said last year continues to be true, but with some variations on familiar themes. In 2004-5, the College continued to operate in difficult conditions. The abolition of tax credit on dividend income has damaged charities such as New College by reducing investment income by some twenty percent. In addition, the reduction of government support to higher education over the past twenty years has resulted in severe pressure on college fees. We are presently in the run-up to a new funding regime that will require students to pay £3,000 a year rather than the £1,175 they paid from this October and the £1,200 they would have paid from October 2006. The 'top-up fees' regime will not benefit the College directly, since the fees will go to the University rather than the colleges; but in alleviating the problems of the whole collegiate university, it will certainly benefit the College indirectly. The University has taken over responsibility for the payment of the basic bursary that was a condition of being allowed by the Office of Fair Access to charge the higher fee. There is every reason to suppose that the University will claw back at least some of the cost by reducing the size of the capitation fee that it passes to colleges for undergraduate teaching; even so, New College will be a gainer from the change because the College's own bursaries were more generous than most.

As mentioned in last year's Review, the College has moved away from a policy of charging uneconomic rents to all students to a policy of setting economic rents and targetting college funds to the relief of demonstrated student need. The rents are, of course, not fully economic inasmuch as there is no attempt fully to recover the capital cost of functional assets. The College thinks it right that the historical endowment should provide the basic structure and contribute to the renovation of 600 year-old buildings, and that rents should cover running costs and everyday maintenance. The indiscriminate subsidy of some £200k a year was reduced almost to nothing in the financial year 2004-5; and from now on, changes in rents will reflect changes in running costs and maintenance. In 2004-5, student aid in its various forms cost more than £130k.

### **Review of operations and finance (continued)**

No major projects of renovation and refurbishment took place in 2004-5. The re-installation of the final stained glass windows from the ante-chapel took place a few weeks after the end of the financial year. But when they returned from York Glaziers in late August, it meant that a four decades long project had finally been brought to a conclusion. Last year's Review observed that other needs would surely present themselves in the near future; they did. An inspection of the stained glass in the nave of the chapel revealed that a great deal of repair and restoration is required. Happily, there is little that is very urgent, and we anticipate spending something like £3m over the next thirty years. It is the sort of project that we shall appeal to our alumni/ae to assist.

The major change to the College's financial position occurred at the very end of the financial year, when fifteen years of negotiation culminated in the College being able to sell some 55 hectares of developable land for £55m. This added some 85 percent to the value of the endowment, and has allowed the College for the first time in many years to contemplate a future that consists of something better than merely keeping our heads above water.

### **Investment powers and performance**

The investments held by the College are managed in accordance with the powers given to the Warden and Fellows by Statutes XX (Investment Powers) and XXI (Delegation of Investment Management), and also in accordance with the Universities and College Estates Act 1925 (as amended in 1964).

The investment strategy for endowment assets is to produce income equivalent to a spend rate of between 3.0% and 4.0% of asset value per annum whilst also preserving the real value of capital.

The investments are held mainly in a portfolio of shares and securities, the day-to-day management of which is delegated to Newton Asset Management, who took over the mandate from SG Asset Management with effect from 14 June 2005. Regular review of the portfolio is conducted by an Endowment Committee which meets with the investment managers half-yearly and assesses their performance against agreed benchmarks and in the light of the income target advised for the year.

### **Reserves**

The balance on reserves at the year end amounted to 7.9m. After allowing for the amounts invested in fixed assets and amounts designated for special purposes, the College's general reserve was £392k (note 18). The Governing Body has reviewed the reserves of the College and has concluded that, ideally, a minimum balance of £500k should be maintained in such a "free" reserve to allow the College to be managed efficiently and to provide for the risk of interruption to the sources of College income or for the need to make emergency expenditure. Current forecasts indicate that the required balance on this general reserve is unlikely to be achieved until the year 2007/8.

### **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.

## **NEW COLLEGE**

### **Responsibilities of the Governing Body**

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

It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University.

In preparing the financial statements, the Governing Body has ensured that:

- ◆ suitable accounting policies are selected and applied consistently;
- ◆ judgements and estimates are made that are reasonable and prudent;
- ◆ applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ◆ it is satisfied that it has adequate resources to continue in operation for the foreseeable future: accordingly the financial statements are prepared on a going concern basis.

The Governing Body has taken reasonable steps to:

- ◆ ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud;
- ◆ secure the economical, efficient and effective management of the College's resources and expenditure.

Any system of internal financial control, however, can only provide reasonable, not absolute, assurance against material misstatement or loss.

Under the Charities Act 1993 the College is an exempt charity and the members of the Governing Body must ensure that the property and income of the College are applied only in support of purposes which are charitable in law.

## **NEW COLLEGE**

### **Report of the Independent Auditors to the Governing Body of New College**

We have audited the financial statements of New College for the year ended 31 July 2005 which comprise the principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with the College's statutes. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it in an auditors' 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 College and the College's Governing Body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the Governing Body and Auditors**

The Governing Body's responsibilities for preparing the Report of the Governing Body and the financial statements in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder, are set out in the Responsibilities of the Governing Body.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder. We also report to you if, in our opinion, the Report of the Governing Body is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Report of the Governing Body and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements, or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of Opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- a) the financial statements give a true and fair view of the state of affairs of the College as at 31 July 2005 and of its surplus for the year then ended and have been properly prepared in accordance with the provisions of Statute XV made by the University of Oxford under the Universities of Oxford and Cambridge Act, 1923, and of Regulations for the accounts of the colleges made thereunder; and
- b) in all material respects, income received from the University of Oxford out of grants from the Higher Education Funding Council for England during the year ended 31 July 2005 has been applied to the purposes for which it was received.

Critchleys  
Registered Auditors  
Chartered Accountants  
Oxford  
30 November 2005

## **NEW COLLEGE**

### **Statement of Principal Accounting Policies**

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of endowment asset investments, and in accordance with both applicable accounting standards (up to and including Financial Reporting Standard 19) and, to the extent appropriate, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions ("the SORP").

The financial statements do not consolidate the accounts of the affiliated student bodies (including New College Junior and Graduate Common Rooms) because the College does not control these activities.

#### **Recognition of income**

Fees and other income for services provided are credited to the income and expenditure account on a receivable basis. Income from specific endowments and other restricted income is included to the extent of the relevant expenditure incurred during the year. Income from general endowments (the use of which is not legally restricted to a specific purpose or activity) is determined by a spending rule which currently permits the transfer of income of not less than 3.0 per cent and not more than 4.0 per cent of the moving average of the latest 5 years' year-end market valuations of the endowment.

#### **General donations**

Unrestricted donations and benefactions are credited to general endowment on receipt.

#### **Pension costs**

Contributions to the pension schemes provided for employees of the College are charged to the income and expenditure account on the basis of the contribution rates payable for the year, as determined by the scheme actuaries. (See also note 6 to the financial statements).

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost and are depreciated on a straight line basis over the following periods:

Freehold buildings	50 years
Leasehold properties	50 years or period of lease if shorter
Building improvements	30 years
Equipment	4 - 10 years

Freehold land is not depreciated. The cost of freehold land associated with the main historic site is not included in the balance sheet, but is unlikely to be material.

The cost of major renovation projects which increase the service potential of buildings is capitalised and depreciated over applicable periods.

Donations received to finance the acquisition of tangible fixed assets are treated as deferred capital and released to income on a straight line basis over the same period as the related asset is depreciated.

The College operates a "de minimis" limit of £5,000 for the capitalisation of expenditure on equipment. Works of art and other valuable artefacts that can be regarded as inalienable are not included in the financial statements.

#### **Investments**

Listed investments and properties held as fixed asset and endowment asset investments are stated at market value. Other investments are stated at the lower of cost and net realisable value.

Surpluses or deficits arising on the revaluation or realisation of endowment asset investments are added to or subtracted from the funds concerned.

#### **Stocks**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### **Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

#### **Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the obligation.

**NEW COLLEGE**  
**Statement of Principal Accounting Policies**

**(Continued)**

**Endowments**

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.

**Leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

**Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates of exchange or, where there are related forward foreign exchange contracts, at contract rates. The resultant exchange differences are included in the income and expenditure account for the year.

**Taxation status**

As an exempt charity within the meaning of Schedule 2 of the Charities Act 1993, New College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. Trading activities are liable to Corporation Tax. The College receives no exemption in respect of Value Added Tax.

**College Contribution Scheme**

The College is liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The College Contribution Fund is used to make grants and loans to colleges on the basis of need. Contribution is calculated annually in accordance with regulations made by the Council of the University.

**NEW COLLEGE**  
**Income and Expenditure Account**  
**Year ended 31 July 2005**

	Notes	2005 £	2004 £
<b>INCOME</b>			
Academic fees and tuition income	1	2,130,720	2,148,982
Research grants and contracts	2	-	-
Other operating income	3	3,272,225	2,854,930
Choir school		1,147,068	991,596
Endowment return and interest receivable	4	2,328,967	2,220,471
<b>Total income</b>		<u>8,878,980</u>	<u>8,215,979</u>
<b>EXPENDITURE</b>			
Staff costs	5	4,110,339	3,931,816
Depreciation		512,532	486,063
Other operating expenses		2,747,250	2,714,364
Choir school		1,069,869	922,592
Interest payable		66,628	87,687
Contribution under Statute XV		191,315	62,394
<b>Total expenditure</b>	7	<u>8,697,933</u>	<u>8,204,916</u>
Surplus for the year on continuing operations before taxation and disposal of fixed assets		181,047	11,063
Surplus on disposal of fixed assets		-	-
Taxation	8	-	-
<b>Surplus for the year after taxation</b>		<u>181,047</u>	<u>11,063</u>

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**Statement of total recognised gains and losses**  
**Year ended 31 July 2005**

	Notes	2005 £	2004 £
<b>Reserves</b>			
Surplus for the year	18	181,047	11,063
<b>Endowments</b>			
Income receivable from endowment asset investments	17	1,993,267	1,790,333
Endowment return transferred to income and expenditure account	17	(2,280,010)	(2,193,575)
Appreciation of endowment asset investments	17	58,044,776	4,622,698
New endowments received	17	42,282	512,982
<b>Other</b>			
Net deductions from deferred capital	16	(20,398)	(4,090)
<b>Total recognised gains relating to the year</b>		<u>57,960,964</u>	<u>4,739,411</u>
Opening fund balances		76,648,726	71,909,315
Closing fund balances		<u>134,609,690</u>	<u>76,648,726</u>

**NEW COLLEGE**  
**Balance Sheet**  
**As at 31 July 2005**

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	9	14,665,248	14,882,601
Investments	10	2	2
		<u>14,665,250</u>	<u>14,882,603</u>
<b>Endowment asset investments</b>			
Securities and cash deposits		98,593,956	40,194,176
Land and property		21,235,430	21,890,965
	11	<u>119,829,386</u>	<u>62,085,141</u>
<b>Current assets:</b>			
Stocks		248,526	201,898
Debtors	12	971,771	879,030
Short term investments		803,886	702,106
Cash at bank and in hand		462,026	99,866
		<u>2,486,209</u>	<u>1,882,900</u>
<b>Creditors:</b>			
Amounts falling due within one year	13	(1,371,155)	(1,097,584)
<b>Net current assets</b>		<u>1,115,054</u>	<u>785,316</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		135,609,690	77,753,060
<b>Creditors:</b>			
Amounts falling due after more than one year	14	(1,000,000)	(1,104,334)
<b>Provision for liabilities and charges</b>	15	-	-
<b>TOTAL NET ASSETS</b>		<u>134,609,690</u>	<u>76,648,726</u>
<b>Deferred capital</b>	16	5,748,522	5,768,920
<b>Endowments</b>			
Specific		5,661,162	4,767,407
General		114,168,224	57,317,734
	17	<u>119,829,386</u>	<u>62,085,141</u>
<b>Reserves</b>			
Designated reserves		1,125,092	881,472
General reserves		7,906,690	7,913,193
	18	<u>9,031,782</u>	<u>8,794,665</u>
<b>TOTAL FUNDS</b>		<u>134,609,690</u>	<u>76,648,726</u>

The financial statements were approved by the Governing Body of New College on 30 November 2005

Alan Ryan  
Warden

David Palfreyman  
Bursar

**NEW COLLEGE**  
**Cashflow Statement**  
**Year ended 31 July 2005**

	Note	2005 £	2004 £
<b>Net cash outflow from operating activities</b>	24	<u>(1,560,753)</u>	<u>(1,720,544)</u>
Returns on investments and servicing of finance			
Income from endowments		1,993,267	1,790,333
Other income from investments and interest received		<u>48,957</u>	<u>26,896</u>
		2,042,224	1,817,229
Interest paid		(66,628)	(87,687)
Net cash inflow from returns on investments and servicing of finance		<u>1,975,596</u>	<u>1,729,542</u>
Capital expenditure and financial investment			
Net acquisition of tangible fixed assets		(295,179)	(427,394)
Net realisation of fixed asset investments		-	-
Net realisation of endowment asset investments		2,696,510	660,033
Endowments received		42,282	512,982
Deferred capital received		109,355	123,476
Net cash inflow from capital expenditure and financial investment		<u>2,552,968</u>	<u>869,097</u>
<b>Net cash inflow before use of liquid resources and financing</b>		2,967,811	878,095
Management of liquid resources	25	(101,780)	(454,689)
Financing	26	(107,892)	(1,402,445)
<b>Increase/(decrease) in cash</b>	27	<u>2,758,139</u>	<u>(979,039)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash for the year		2,758,139	(979,039)
Increase in liquid resources and current asset investments		101,780	454,689
Decrease in debt		107,892	1,402,445
Change in net funds		<u>2,967,811</u>	<u>878,095</u>
Net deficiency of funds at 1 August		(63,517)	(941,612)
<b>Net surplus/(deficiency) of funds at 31 July</b>		<u>2,904,294</u>	<u>(63,517)</u>

**NEW COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2005**

	2005 £	2004 £
<b>1 ACADEMIC FEES AND TUITION INCOME</b>		
Tuition fees from UK and European Union students	1,675,994	1,616,826
Tuition fees from overseas students	131,172	123,808
Other fees	235,856	244,025
Other tuition income	87,698	164,323
	<u>2,130,720</u>	<u>2,148,982</u>

The above analysis includes fee income in respect of UK and European Union publicly funded students amounting to £1,521,400 (2004 - £1,415,884).

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

	£	£
<b>3 OTHER OPERATING INCOME</b>		
Residential income from college members	1,637,628	1,509,749
Conference and function income	634,265	715,357
Grants and donations	355,909	370,761
Release of deferred capital contributions	129,753	127,566
VAT refund	208,175	-
Other income	306,495	131,497
	<u>3,272,225</u>	<u>2,854,930</u>

	£	£
<b>4 ENDOWMENT RETURN AND INTEREST RECEIVABLE</b>		
Transferred from specific endowments (note 17)	134,182	122,055
Transferred from general endowments (note 17)	2,145,828	2,071,520
Other investment income	6,769	4,272
Other interest receivable	42,188	22,624
	<u>2,328,967</u>	<u>2,220,471</u>

	£	£
<b>5 STAFF COSTS</b>		
Gross pay	3,487,561	3,381,145
Social Security costs	240,414	234,693
Other pension costs	341,219	280,842
Other benefits	41,145	35,136
	<u>4,110,339</u>	<u>3,931,816</u>

The emoluments of the Warden, excluding pension contributions, were £65,070 (2004: £61,530). Pension contributions paid by the College in respect of the Warden amounted to £11,750 (2004: £11,343).

**NEW COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2005**

**6 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 Second Pension (S2P), 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 valuations embrace 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 had the most significant effect on the latest actuarial valuations and the determination of the contribution levels are as follows:

	<u>USS</u>	<u>OSPS</u>
Date of latest actuarial valuation	2002	2004
Investment returns per annum	6.00%	6.95%
Salary increases per annum	3.70%	4.40%
Pension increases per annum	2.70%	3.00%
Market value of assets at latest actuarial valuation	£19,938m	£167m
Proportion of accrued benefits covered by the actuarial value of these assets	101%	76%

Contributions payable by the college in respect of USS and OSPS were equal to 14% and 13.75% respectively of pensionable salaries. The latest scheme actuarial valuation for OSPS identifies a required long-term employer contribution rate of 15.8%, but also identified a funding deficit of £51.3m. To address this situation, the employer contribution rate will be 17.5% for the period 1 August 2005 to 31 July 2008 and thereafter 21.5%, subject to any revision of the next actuarial valuation due as at 31 July 2007.

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. (See also note 20 to the financial statements).

**7 ANALYSIS OF EXPENDITURE**

	Staff costs	Depreciation	Other operating expenses	2005 Total	2004 Total
	£	£	£	£	£
Academic	1,906,625	1,713	503,231	2,411,569	2,393,769
Residences, catering and conferences	1,479,843	28,860	891,378	2,400,081	2,326,454
Premises	206,381	444,340	640,058	1,290,779	1,314,527
College administration	322,966	3,234	161,158	487,358	469,728
Endowment management	31,525	7,736	203,770	243,031	251,898
Fundraising (see note below)	-	-	-	-	-
Other	162,999	26,649	347,655	537,303	375,867
	<u>4,110,339</u>	<u>512,532</u>	<u>2,747,250</u>	<u>7,370,121</u>	<u>7,132,243</u>
Choir school				1,069,869	922,592
Interest payable				66,628	87,687
Contribution under Statute XV				191,315	62,394
<b>Total expenditure</b>				<u>8,697,933</u>	<u>8,204,916</u>

Fundraising for the College is carried out principally by the New College Development Fund, an independent charitable trust not controlled by the College (see note 21).

The above analysis includes expenditure in respect of UK and European Union students met by publicly funded fee income amounting to £1,521,400 (2004 - £1,415,884).

**NEW COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2005**

**7 ANALYSIS OF EXPENDITURE (CONTINUED)**

	2005 £	2004 £
Interest payable relates to -		
Bank loans, overdrafts and other loans:		
Repayable within 5 years	9,376	11,430
Repayable wholly or partly in more than 5 years	56,290	75,225
Finance leases	962	1,032
	<u>66,628</u>	<u>87,687</u>
Other operating expenses include auditors' remuneration:		
in respect of the audit of these financial statements	10,300	9,860
in respect of other services	<u>-</u>	<u>1,605</u>

**8 TAXATION**

	£	£
United Kingdom corporation tax	<u>-</u>	<u>-</u>

**9 TANGIBLE FIXED ASSETS**

	Land & buildings			
	Freehold £	Long leasehold £	Equipment £	Total £
<b>Cost</b>				
At start of year	17,660,589	-	808,669	18,469,258
Additions	164,391	-	134,257	298,648
Disposals	-	-	(16,513)	(16,513)
At end of year	<u>17,824,980</u>	<u>-</u>	<u>926,413</u>	<u>18,751,393</u>
<b>Depreciation</b>				
At start of year	2,959,836	-	626,821	3,586,657
Charge for period	437,310	-	75,222	512,532
On disposals	-	-	(13,044)	(13,044)
At end of year	<u>3,397,146</u>	<u>-</u>	<u>688,999</u>	<u>4,086,145</u>
<b>Net book value</b>				
At end of year	<u>14,427,834</u>	<u>-</u>	<u>237,414</u>	<u>14,665,248</u>
At start of year	<u>14,700,753</u>	<u>-</u>	<u>181,848</u>	<u>14,882,601</u>

The net book value of tangible fixed assets includes an amount of £nil (2004 £6,937) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £3,468 (2004 £3,468).

**10 FIXED ASSET INVESTMENTS**

	2005 £	2004 £
At cost		
Investment in subsidiary company	<u>2</u>	<u>2</u>

The College owns 100% of the issued share capital of Longwall Limited, a dormant company incorporated in England and Wales.

**NEW COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2005**

**11 ENDOWMENT ASSET INVESTMENTS**

	Securities & cash £	Land & property £	Total £
<b>At market value</b>			
At start of year	40,194,176	21,890,965	62,085,141
Purchases at cost	90,276,541	488,495	90,765,036
Sales proceeds	(41,333,005)	(52,128,541)	(93,461,546)
Increase in cash held by fund manager	2,395,979		2,395,979
Revaluation gains	7,060,265	50,984,511	58,044,776
	<u>98,593,956</u>	<u>21,235,430</u>	<u>119,829,386</u>
At end of year			
Analysed as			
Fixed interest stocks (listed)	6,586,606		
Equities (listed)	37,318,968		
Unlisted securities	-		
Secured debt (see note below)	52,050,000		
Cash (including in transit)	2,638,382		
	<u>98,593,956</u>		
Historical cost at end of year		<u>93,442,508</u>	

Estates land and property valuations as at 31 July have been made by Miles Tuely FRICS, the College land agent, the basis being market value.

In July 2005 the College sold estates land for residential development for circa £55m with completion taking place in September 2005. Cash of £21m was received by the College on completion with the balance of the sale proceeds due in two equal instalments on 1 September 2006 and 1 September 2007. This debt is secured by bank guarantee.

**12 DEBTORS**

	2005 £	2004 £
Amounts falling due within one year		
Trade debtors	441,506	478,170
Amounts owed by College members	89,026	80,702
Loans	30,187	27,909
Prepayments and accrued income	358,387	250,463
Other debtors	26,304	5,788
Amounts falling due after more than one year		
Loans	26,361	35,998
Other debtors	-	-
	<u>971,771</u>	<u>879,030</u>

**NEW COLLEGE**  
**Notes to the Financial Statements**  
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**13 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR**

	2005	2004
	£	£
Bank loans and overdrafts	-	-
Obligations under finance leases	-	3,558
Unsecured loans	519,770	359,378
Trade creditors	303,707	397,574
College Contribution	191,315	62,394
Corporation tax	-	-
Other taxation and social security	77,689	79,612
Accruals and deferred income	192,420	137,845
Other creditors	86,254	57,223
	<u>1,371,155</u>	<u>1,097,584</u>

**14 CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR**

	£	£
Bank loans	1,000,000	1,100,000
Obligations under finance leases	-	4,334
Other creditors	-	-
	<u>1,000,000</u>	<u>1,104,334</u>

Bank loan at 0.5 per cent over LIBOR repayable at any time within 25 years.

**15 PROVISIONS FOR LIABILITIES AND CHARGES**

	£	£
At start of year	-	-
Expenditure in the period	-	-
<b>At end of year</b>	<u>-</u>	<u>-</u>

**16 DEFERRED CAPITAL**

	£
At start of year	5,768,920
New capital	109,355
Released to income and expenditure account	(129,753)
<b>At end of year</b>	<u>5,748,522</u>

The balance on deferred capital represents donations received to finance the purchase or refurbishment 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.

**NEW COLLEGE**  
**Notes to the Financial Statements**  
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**17 ENDOWMENTS**

	Specific	General	Total
	£	£	£
At start of year	4,767,407	57,317,734	62,085,141
Endowments received	-	42,282	42,282
Appreciation of endowment investments	880,499	57,164,277	58,044,776
Income receivable from endowment asset investments	147,438	1,845,829	1,993,267
Transferred to income and expenditure account (note 4)	(134,182)	(2,145,828)	(2,280,010)
Capital grant from the University		-	-
Transfer to reserves		(56,070)	(56,070)
<b>At end of year</b>	<u>5,661,162</u>	<u>114,168,224</u>	<u>119,829,386</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 £114,971 which provide income for purposes that lie outside the objects of the College. Income arising amounted to £2,938.

The net transfer to reserves of £56k relates to internal lending to finance the building refurbishment programme. The loan is being repaid by sinking fund at 3.5% over 40 years.

**18 RESERVES**

**DESIGNATED RESERVES**

	£
At start of year	881,472
Transfers from general reserve	243,620
<b>At end of year</b>	<u>1,125,092</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:

	2005	2004
	£	£
Reserve for replacement and maintenance of functional buildings	811,925	573,461
Other designated reserves	313,167	308,011
	<u>1,125,092</u>	<u>881,472</u>

**NEW COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2005**

**18 RESERVES (continued)**

**GENERAL RESERVES**

	£
At start of year	7,913,193
Surplus from income and expenditure account	181,047
Transfer from endowment	143,501
Capital repaid to endowment	(87,431)
Transfers (to) from designated reserves	(243,620)
<b>At end of year</b>	<b><u>7,906,690</u></b>

	2005 £	2004 £
Representing:		
Undepreciated cost of tangible fixed assets financed out of general reserve	7,514,509	7,649,029
College general reserve	392,181	264,164
	<b><u>7,906,690</u></b>	<b><u>7,913,193</u></b>

**19 CAPITAL COMMITMENTS**

The College had no capital commitments contracted for at 31 July 2005 (2004 - £nil).

**20 FINANCIAL COMMITMENTS**

The College has an annual pensions commitment to a number of retired employees whose service predated the introduction of the main occupational schemes (see note 6). These payments, which are subject to annual inflationary increases, currently total £24,000 per annum, and the net present value of future payments is estimated to be of the order of £250,000.

**21 RELATED PARTY TRANSACTIONS**

New College is in receipt of donations from New College Development Fund, an independent trust registered as a charity with the Charity Commission under the Charities Act 1993 (charity registration number 900202). The principal but not exclusive purpose of the Trust is the provision of funds for educational and related purposes at New College. The College is represented on the Board of Trustees of the Fund, but does not exercise financial and operational control over the charity; accordingly the assets of the Fund have not been consolidated in these financial statements.

The following figures have been extracted from the audited financial statements of New College Development Fund for the year ended 31 July 2005, computed in accordance with UK Accounting Standards.

	2005 £	2004 £
Total net assets at 31 July	9,200,374	7,432,221
Total incoming resources for the year	898,273	675,636
Total resources donated to New College in the year	536,730	583,414

New College is recognised as a college of the University of Oxford and is part of the collegiate University. Material inter-dependencies of the University and of the colleges arise as a consequence of this relationship. For reporting purposes, the University and the other colleges are not treated as related parties as defined in FRS8 ("Related party disclosures").

**NEW COLLEGE**  
**Notes to the Financial Statements**  
**Year ended 31 July 2005**

**21 RELATED PARTY TRANSACTIONS (CONTINUED)**

Members of the Governing Body receive remuneration and facilities as employees of New College. Normal remuneration of, and standard arrangements with, members of the Governing Body are not treated as related party transactions.

**22 POST BALANCE SHEET EVENTS**

No material event occurred after the date of the balance sheet the disclosure of which is deemed to be required for a proper understanding of the financial position.

**23 COLLEGE CONTRIBUTION**

College Contribution as defined in the accounting policies note is broadly based on the value of net assets at 31 July 2005. This year, net assets include an exceptional gain arising on the sale of agricultural land for development, circa £48m of which was not receivable during the accounting year (see note 11). The College had no opportunity to earn income on this capital sum and in the spirit of the scheme believes it should be excluded from the calculation. An application has been made to the College Contribution Committee on this basis. Inclusion of this sum will result in a further charge of £170k.

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

	2005	2004
	£	£
Surplus for the year	181,047	11,063
Depreciation	512,532	486,063
Deferred capital released to income (note 3)	(129,753)	(127,566)
Endowment income and interest receivable (note 4)	(2,328,967)	(2,220,471)
Interest payable	66,628	87,687
Increase in stocks	(46,628)	(21,175)
Increase in debtors	(92,741)	(80,796)
Increase in creditors	277,129	144,651
	<u>(1,560,753)</u>	<u>(1,720,544)</u>

**25 MANAGEMENT OF LIQUID RESOURCES**

	£	£
Net purchase of investments	(43,017)	(43,171)
Net increase in deposits	(58,763)	(411,518)
	<u>(101,780)</u>	<u>(454,689)</u>

**26 FINANCING**

	£	£
Repayments of amounts borrowed	(100,000)	(1,400,000)
Capital element of finance lease rental payments	(7,892)	(2,445)
	<u>(107,892)</u>	<u>(1,402,445)</u>

**27 ANALYSIS OF CHANGES IN NET FUNDS**

	2005	Changes	2004
	£	£	£
Cash at bank and in hand	462,026	362,160	99,866
Endowment assets cash	2,638,382	2,395,979	242,403
	<u>3,100,408</u>	<u>2,758,139</u>	<u>342,269</u>
Current asset investments	803,886	101,780	702,106
Debt due after 1 year	(1,000,000)	100,000	(1,100,000)
Finance leases	-	7,892	(7,892)
	<u>2,904,294</u>	<u>2,967,811</u>	<u>(63,517)</u>