ROYAL HOLLOWAY
UNIVERSITY OF LONDON

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2009

**CONTENTS**

# Financial Highlights

| | Year Ended 31 July 2009 | Year Ended 31 July 2008 |
|---|---|---|
| | **£000** | £000 |
| **RESULTS, CASHFLOWS AND RESERVES** | | |
| TOTAL INCOME | **125,949** | 118,449 |
| TOTAL EXPENDITURE | **121,625** | 112,146 |
| SURPLUS FOR THE YEAR BEFORE TAXATION | **4,279** | 6,167 |
| Cash flow from operating activities | **12,327** | 13,761 |
| Net returns on investments and servicing of finance | **(271)** | (35) |
| NET CASH FLOW BEFORE INVESTING ACTIVITIES | **12,056** | 13,726 |
| Fixed assets | **145,892** | 146,364 |
| Net current assets | **17,051** | 9,939 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | **223,682** | 211,138 |
| TOTAL RESERVES | **71,780** | 67,501 |
| **OTHER KEY STATISTICS** | **Number** | Number |
| Number of full-time equivalent students | **8,179** | 7,716 |

This Operating and Financial Review has been prepared in accordance with the requirements of the Higher Education Statement of Recommended Practice: Accounting for Further and Higher Education ("SORP") issued in July 2007, and follows best practice as set out in the Reporting Statement "Operating and Financial Review" issued by the Accounting Standards Board in January 2006.

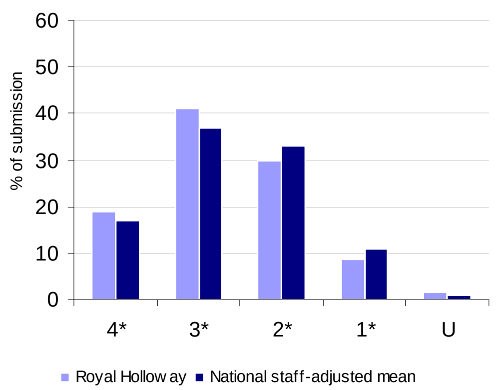
## Operating Review

In October 2008, the College agreed a corporate strategy framework comprising key strategic themes, main corporate objectives and key performance indicators (KPIs).

The College is committed to the goal of being in the top tier of UK universities, renowned for world class research and excellent student experience. There are two 'Super' KPIs are used by the College to evaluate this:

1). The RAE outcome - relative sector position in the funding council's Research Assessment Exercise (RAE).

Figure 1: Royal Holloway RAE profile and national comparison in 2008



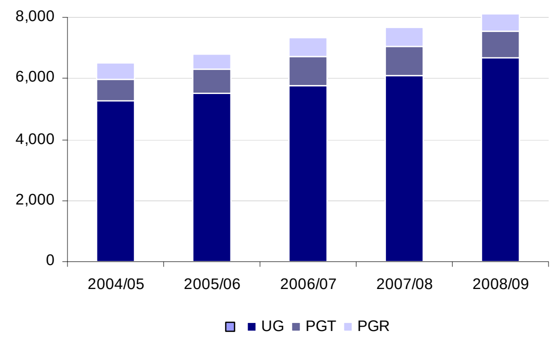

90% of the College's research was judged as grades 2* to 4* in the RAE 2008, with 60% judged to be world-leading or internationally excellent (grades 3* to 4*) placing the College 18th in the sector national ranking for this second measure. The College made 21 departmental submissions to units of assessment. 10 departments across all 3 faculties were ranked in the top 10 in the country when measured by proportion of 3* and 4* activity, with Music coming top nationally for its unit. A new system of evaluating research is being introduced called the Research Excellence Framework (REF) and the College's strategy will be developed in response to the measures and requirements of REF, as these become clear.

2). Annual National Student Survey (NSS) outcome.

The College was ranked 49 out of 133 institutions with a score of 85% based on the response to the NSS survey question of overall satisfaction in 2008. Scores of over 90% were achieved in 7 departments. The College increased its score in all 7 categories of survey questions compared with 2007 when it was placed 51st with a score of 84%. A Student Experience Working group has been set up to address the findings of the NSS and focus on improving the outcome of this KPI.

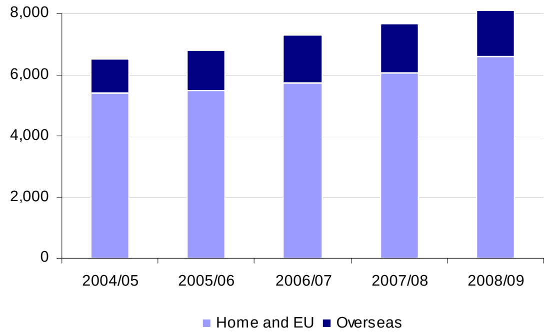
The College has achieved above sector average growth in student numbers over the last five years with full-time equivalents (FTEs) increasing at an average annual rate of 7% to 8,179 in 2008-09. Postgraduate student FTEs have consistently been 20% of the total, including research postgraduates at 8% (figure 2).

Figure 2: Student FTEs by category of undergraduate and postgraduate teaching and research



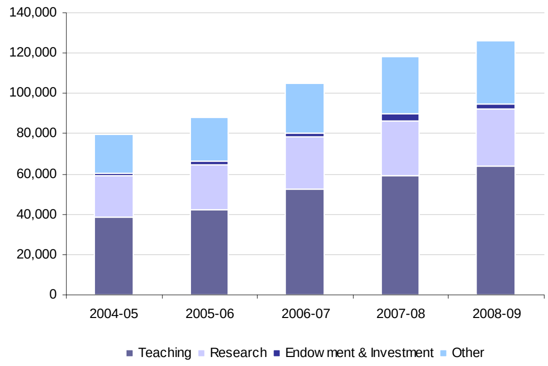

Over the five year period, the College has achieved significant growth at all levels of study from overseas, particularly Far East Asia. Around 40% of overseas students are from China and Hong Kong, with a further 15% from Taiwan, South Korea and Malaysia. Overseas fee-paying students were 1,591 FTEs in 2008-09 and were 19% of the total, compared to 17% 5 years earlier (figure 3). There was a fall in overseas FTEs from 1,625 in 2007-08 to 1,591 in 2008-09, but intakes have increased substantially in 2009-10. A dedicated department, Royal Holloway International, is responsible for recruitment and support of international students. Intake targets for overseas students are set by level of study and monitored as a KPI.

Figure 3: Student FTEs by domicile




The continued growth in student numbers has contributed to substantial growth in income, which has increased from £79.7m to £125.9m over the last five years. In 2008-09 teaching contributed 51% to total income and research income was 22% of the total (figure 4).

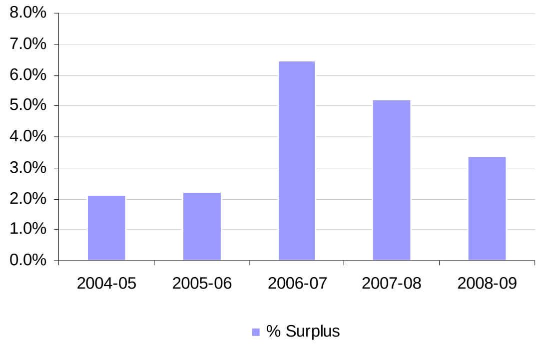
Figure 4: Annual income by major category (£'000)




Where "teaching" is defined as HEFCE teaching grant plus tuition fees and contracts and "research" is HEFCE research grant and research grants and contracts

The College has achieved financial surpluses averaging in excess of 2% over the last five years providing funds for investment in the College estate and infrastructure. The surplus in 2008-09 was 3% compared with 5% in 2007-08 (figure 5) reflecting the continued investment in staff numbers and higher unit costs. Looking forward, the College anticipates a tightening government funding regime. To meet this challenge the College is undergoing a review and evaluation throughout all departments to optimise opportunities for income growth and cost savings through improved efficiency of operations.

Figure 5: Annual surplus as a proportion of income (£'000)




In October 2008 the College announced its intention to explore a merger with St George's, University of London, with a target date for merger of August 2010. During 2008-09 a detailed merger plan and business case was developed. However after consideration of the economic climate the College and St. George's were unable to reach agreement and it was decided in September 2009 not to proceed with the merger. The College will continue to work closely with St George's and Kingston University on a number of collaborative health and social care programmes through the South West London Academic Network (SWan) which was set up in 2006 to enhance teaching and research opportunities for staff and students in a broad range of health science related fields.

The College has had an extensive programme of refurbishment and new-build activity during the last few years and has materially reduced the proportion of space in both the residential and non residential estate in the poorest state of repair (conditions C&D). During 2008-09 the College embarked upon development of a Masterplan setting out the priorities for campus development over the next 25 years. The plan will enable negotiation of long term planning permissions and constraints with the local Borough Council.

In addition to SWan, the College is engaged in a number of other ongoing strategic and collaborative initiatives.

With Queen Mary, University of London and the University of London, collaborative teaching and research activity is being developed at the University of London Institute of Paris.

The College is a member of a consortium of six Physics departments in the south-east of England to promote and sustain the provision of physics education under the ongoing HEFCE SEPNet initiative. The College's Physics Department is also involved in the ATLAS project at CERN, the European Laboratory for Particle Physics in Geneva, Switzerland.

During 2008-09 the College launched a dual award masters programme in Petroleum Geosciences with Tyumen State Oil and Gas University in Siberia, with the support of TNK-BP. Academics from the College's Earth Sciences Department have developed the teaching programme and are providing academic leadership and quality assurance.

During 2008-09 the poor economic climate stalled the development of the "education city" in Kuala Lumpur. The College signed a Memorandum of Understanding with Kuala Lumpur Education City (KLEC) Ventures in January 2008 with the objective of the College becoming an international partner in the development. It is planned that the "education city" will be built close to Kuala Lumpur's international airport, and will include international universities, local Malaysian institutions of higher learning, secondary and primary teaching and learning facilities, together with commercial and residential areas.

The College assesses risk, and both strategic and operational risk registers are maintained. Risk mitigation plans are developed and results are monitored. The College recognises the need for diversity of income sources as the grant funding outlook deteriorates. Whilst the proportion of non-teaching-related income is above sector average, it is below peer institutions in the 1994 Group (of 19 small to medium research intensive universities), and there is an aim to diversify income streams. With Home/EU student numbers constrained by the HEFCE funding formula, the contribution from overseas students is key to the future success of the College. There is a need to diversify the origin and subject range of incoming students to strengthen this vital source of income. The College receives over 80% of its research income from HEFCE Quality-Related research funding and from Research Council Grants. These two sources of funding may reduce through future Government savings. The College's strategy is to diversify sources of income to support research. HEFCE research funding in 2009-10, following the outcome of RAE 2008, has increased the funding for science, technology, engineering and mathematics (STEM) subjects relative to non-STEM. The College's footprint in non-STEM subjects is relatively high and a balanced development of the subject mix and other income streams in response to government funding strategy and economic climate is a further challenge for the College.

The College is committed to the principles and practices of sustainable development, and is working to meet the objectives of its 5-year Sustainability Strategic Plan. A 5-year Carbon Management Programme has been developed in conjunction with the Carbon Trust, with the aim of reducing the College's carbon emissions by 15% by 2013.

Professor Stephen Hill stepped down as Principal with effect from 31st July 2009 to carry out research whilst on sabbatical leave until his retirement in 2011. Deputy Principal Professor Rob Kemp became Acting Principal on 1st August 2009.

**Scope of the Financial Statements**

The financial statements comprise the consolidated results of the College (including funds for which the College is a trustee), its subsidiary company Royal Holloway Enterprise Limited and Royal Holloway Students' Union.

**Results for the Year**

The consolidated results of the College, its subsidiary company and the Students' Union for the year ended 31 July 2009 are presented in these Financial Statements. In summary, the consolidated results were:

| | **2008-09** | 2007-08 |
|---|---|---|
| | **£000** | £000 |
| Income | **125,949** | 118,449 |
| Expenditure | **121,625** | 112,146 |
| Surplus | **4,324** | 6,303 |

Total income increased by £7.5m and 6.3% to £125.9m from 118.4m in 2007-08. Expenditure rose by £9.5m and 8.5% to £121.6m from £112.1m in the prior year. After tax and adjusting for income transferred to accumulated income within endowments, the surplus retained within general reserves decreased by £2.0m to £4.3m compared to £6.2m for 2007-08.

**HEFCE Grants**

Income from the Higher Education Funding Council for England (HEFCE) increased by £3.0m and 7.8%, to £41.9m from £38.9m in 2007-08. The teaching grant increased by £1.9m and 9.5% to £21.7m, while the research grant increased by £0.2m and 1.1% to £14.5m. There was a decrease in specific grants of £0.3m and 14.9% to £1.9m due to higher allocation from the Higher Education Innovation Funding (HEIF) initiative to support enterprise activities in the prior year. £3.9m was released to income from deferred capital grants received from HEFCE to fund academic facilities and estates infrastructure, partially offsetting the depreciation charge for those assets.

**Tuition Fees**

Income from tuition fees and education contracts income increased by £3.5m and 8.9% to £42.6m from £39.1m in 2007-08. Overall, student full-time equivalents (FTEs) increased by 463 and 6% to 8,179 in 2008-09 compared to 7,716 in 2007-08. There was a 7.7% increase in Home/EU student FTEs to 6,177 whereas overseas student FTEs fell by 2.2% to 1,591. Part time FTEs increased by 59 and 16.6%, to 411 from 352 in 2007-08. Overall, postgraduate student FTEs decreased by 100 and 6.2% to 1,501 from 1,601 in 2007-08.

**Other Income**

Income from research grants and contracts was little changed at £13.5m compared to £13.3m in 2007-08. Other Operating Income increased by £1.7m and 7.0% to £25.4m from £23.7m in 2007-08. Within this, residences, catering and conference income increased by 3.7%. There was a £0.6m increase in Other Income to £4.3m with significant contributions from specific benefactions and academic grants from the SWan Alliance. Endowment and investment income fell by £0.8m and 24.4% to £2.6m from £3.4m in 2007-08, reflecting the lower endowment investment income and the money market interest rates tracking down towards the base rate low of 0.5%.

**Expenditure**

Overall, expenditure increased by £9.5m and 8.5% to £121.6m from £112.1m in 2007-08. Staff costs increased by £6.0m and 9.3% to £70.0m due to an increase in staff FTEs and the implementation of the nationally negotiated pay award of 5% in October 2008 and further costs related to harmonisation of terms of employment. The overall number of staff FTEs increased by 47 and 3.7% to 1,334 from 1,287 in 2007-08, with increases across all categories.

Other operating expenses increased by £2.9m and 8.1% to £38.6m from 35.7m in 2007-08. One-off costs in the year amounted to £1.1m which including the preparation of the Estates Masterplan and detailed merger planning activities with St George's. Significant increases were also incurred for student bursaries and scholarships, agency staff, IT and library costs.

Depreciation costs increased by £1.1m and 12.3%, to £10.2m from £9.1m in the prior year. The charge for the year included the first year of depreciation for the refurbishments of the Picture Gallery and Reid Halls of Residences, the upgrade of the leasehold Huntersdale site to serve as an administrative hub for the College, and a social learning space in the Bedford Library. Interest payable decreased by £0.5m and 14.9%, from £3.3m to £2.8m. This was due to the fall in the LIBOR rate offset by additional interest on £1.2m of additional loans drawn in the year, under existing loans agreements, and the effect of a full year charge on the £20m loan for the Williamson, Butler and Tuke student halls of residences which opened in September 2007.

**Capital Investment**

Net capital investment in the year was £9.7m, financed by capital grants of £6.0m and £3.7m cash. Projects included a new modular Science Building and creation of a social learning space in the Bedford Library. A project to create a new data centre was completed and there were further refurbishments to the leasehold Huntersdale site now established as an administrative hub to the College. The Reid student residence was refurbished over the summer of 2008, and Kingswood II student halls over the summer of 2009. The College purchased a 2 acre plot of land from the University of London established as an Arboretum which adjoins the campus.

**Cash Flow and Liquid Assets**

The net cash flow generated from operating activities decreased by £1.5m and £1.4m and 10.4% to £12.3m compared with £13.8m in 2007-08. The positive cash flow was derived principally from the surplus and the depreciation charge (net of the release of deferred capital grant). The total of cash at bank and short term cash deposits increased by £9.0m. Cash deposits within endowment investments decreased by £4.0m and 37.7%, to £6.6m from £10.6m through reinvestment into bonds and equities.

**Investment Performance**

The balance sheet value of the College's endowment assets investments at the year-end increased by £5.9m and 10.8%, to £60.7m from £54.8m in 2007-08. The Victorian Picture Collection was subject to a three year interim revaluation which resulted in an appreciation of £8.4m and 44.4% to £27.3m from £18.9m. This was offset by a loss of £2.6m and 13.7% on disposals and revaluation of equity based endowment assets to £33.4m from £35.9m in the prior year. The portfolio of endowment assets was partially protected from the crash in the equity market by holding a higher level of cash deposits during the fall, and gradually reinvesting in equities from spring 2009 to make gains on the rising market. The investments (excluding the Picture Collection) are managed by two fund managers, Kleinwort Benson and Aberdeen Asset Management. Their performance is monitored by WM Performance Services against an unconstrained charity benchmark, with a target to outperform the benchmark by 1% on a total return basis. The performance of the Founder's Endowment Fund excluding cash deposits in calendar year 2008 was 3.5% below the WM Charity Universe benchmark and 4.5% below the target performance.

Professor R Kemp
Acting Principal

Sir Andrew Burns
Chairman of Council

# Responsibilities of the Council

In accordance with the Royal Holloway and Bedford New College Act 1985, "the College", the Council is the governing and executive body of the College, responsible for the administration and management of the affairs of the College, and is required to have prepared audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the College's Statutes, the Statement of Recommended Practice on Accounting in Higher Education Institutions and UK Generally Accepted Accounting Practice (UK GAAP). In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England, "the Funding Council" and the Council of the College, the Council through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the College and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Council has ensured that:-

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable UK accounting standards have been followed; and
- financial statements are prepared on the going concern basis. The Council is satisfied that the College has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:-

- ensure that funds from the Higher Education Funding Council for England are used only for purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and to prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College system of internal financial control, which are designed to discharge the responsibilities set out above, include the following:-

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by income and expenditure, capital and cash flow budgets;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for the approval and control of expenditure, with major investment decisions being subject to detailed appraisal and review;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee and the Council; and
- a professional Internal Auditor whose annual programme of work is approved by the Audit and Compliance Committee.

The governing body of the College is the Council. The Council has a Chairman and Vice-Chairman, who are not members of staff or students. The Acting Principal, who is the chief academic and administrative officer of the College, is appointed by the Council.

The Council ensures that the College is governed in accordance with the Royal Holloway & Bedford New College Act 1985, its Statutes and Regulations, and under the terms of the Financial Memorandum with the Higher Education Funding Council for England, "HEFCE". The Council's role is to set the strategic direction of the College and, through the receipt of reports from its committees and officers, to be assured that its day to day operation is proceeding satisfactorily.

The Council has responsibility for maintaining and reviewing an effective system of internal control and for supporting the achievement of the College's policies, aims and objectives, while safeguarding the public funds and other assets for which it is responsible. The system of internal control is designed to manage rather than eliminate the risk of not achieving policies, aims and objectives; it can, therefore, only provide a reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2009 and up to the date of approval of the financial statements, and accords with HEFCE guidelines. The process is reviewed by the Risk Management Committee and the Audit and Compliance Committee, which reports directly to the Council.

The College's strategy for the management of major business risks has been approved by the Council. A group of senior officers has analysed the risks facing the College, and has developed a system of key risk indicators. The principal risks are examined in more detail and reviewed three times a year by the Risk Management Committee and Senior Management Team, and regular reports are made to senior managers and the Audit and Compliance Committee. Risk management is considered within the corporate planning and decision-making processes of the College. A departmental risk assessment procedure and a corporate recovery plan have been developed, and an organisation-wide risk register is maintained.

The Council meets four times a year. Its major committees are the Strategic Policy Committee, the Finance Committee, the Estates Committee, the Human Resources and Equal Opportunities Committee, the Audit and Compliance Committee, Nominations and Honorary Awards Committee and Remuneration Committee. All of these committees are formally constituted, with terms of reference, and include lay members of Council. The constitution of the Finance Committee is determined by Statute, and stipulates that the Committee has a majority of lay members. Lay members chair all these committees other than the Estates Committee which is chaired by the Vice Principal of Planning and Resources, and the Strategic Policy Committee which, together with the Academic Board, is chaired by the Acting Principal.

The Finance Committee, *inter alia*, recommends to Council the annual revenue and capital budgets and monitors performance in relation to the approved budgets.

The Estates Committee maintains a strategic view of Estates work, having regard to the College Estates Strategy and financial position.

The Strategic Policy Committee is responsible for strategic development, and allocates resources for the achievement of forward plans.

The Human Resources and Equal Opportunities Committee sets and reviews policy in respect of staffing, staff development, employment and equal opportunities matters, and advises the Council on policy and arrangements for the appointment of Vice-Principals and Deans of Faculties.

The Remuneration Committee determines the remuneration, terms and conditions of employment of the Acting Principal, Vice-Principals, professorial and senior administrative staff.

The Nominations and Honorary Awards Committee puts forward recommendations to the Council for appointed members of the Council, and recommends to Council the appointment of the Chairman and Vice-Chairman of the Council and the Chairmen of the other principal committees. It also makes nominations to Council for the conferral of honorary degrees and fellowships.

The Audit and Compliance Committee normally meets three times each year, including a meeting with the External Auditors to discuss audit findings, and with the Internal Auditor to consider detailed internal audit reports and recommendations for the improvement of systems of internal control, together with management's response and implementation plans. It also receives and considers reports from HEFCE as they affect the College's business and monitors adherence with the regulatory requirements. It reviews the annual financial statements together with the accounting policies.

Whilst senior officers attend meetings of the Audit and Compliance Committee as necessary, they are not members of the Committee, and the Committee has the opportunity to meet with the External Auditors on their own for separate discussions.

The College has an Internal Audit Unit, which operates to standards defined in the HEFCE Code of Practice, and which was last reviewed for effectiveness by the HEFCE Audit Service in November 2005. The Internal Auditor submits regular reports to the Audit and Compliance Committee. These reports include the Internal Auditor's opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The Council's view of the effectiveness of the system of internal control is informed by the work of the Internal Auditor and the managers within the College who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their management letter and in other reports.

The Council has welcomed advice from the Committee on Standards in Public Life (the Neill Committee) and the Committee of University Chairmen on Corporate Governance, and has implemented the good practice recommendations of both bodies.

# Independent Auditors’ Report to the Council of Royal Holloway and Bedford New College

We have audited the financial statements of Royal Holloway and Bedford New College for the year ended 31 July 2009 which comprise the consolidated income and expenditure account, the consolidated statement of historical cost surpluses and deficits, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the College balance sheet, the consolidated cash flow statement, the statement of principal accounting policies and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council, in accordance with the Financial Memorandum dated June 2008. Our audit work has been undertaken so that we might state to the Council 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 Council, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Council and the Auditors**

The Council’s responsibilities for the preparation of the financial statements in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education and other applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of the Council’s responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education. We also report whether, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the College have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the College’s Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

We also report if, in our opinion, the information given in the Operating and Financial Review is not consistent with the financial statements, if the College has not kept adequate accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and the explanations we require for our audit.

We read the other information contained in the Operating and Financial Review and Corporate Governance Statement 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 further information outside the financial statements.

**Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. 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 Council in preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the College and the group, 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 and the Group as at 31 July 2009 and of the surplus of the Group for the year then ended;

b) the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions;

b) in all material respects, income from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the College have been applied only for the purposes for which they were received; and

c) in all material respects income has been applied in accordance with the College's Statutes and, where appropriate, with the Financial Memorandum dated June 2008 with the Higher Education Funding Council for England.

Deloitte LLP

**Deloitte LLP**
Chartered Accountants and Statutory Auditors
St Albans, UK

24 November 2009

# Consolidated Income and Expenditure Account

For the Year Ended 31 July 2009

| | Note | **2008/09** | 2007/08 |
|---|---|---|---|
| | | **£000** | £000 |
| INCOME | | | |
| Funding body grants | 2 | **41,938** | 38,905 |
| Tuition fees and education contracts | 3 | **42,581** | 39,114 |
| Research grants and contracts | 4 | **13,456** | 13,299 |
| Other income | 5 | **25,414** | 23,745 |
| Endowment and investment income | 6 | **2,560** | 3,386 |
| Total income | 7 | **125,949** | 118,449 |
| EXPENDITURE | | | |
| Staff costs | 8 | **70,009** | 64,051 |
| Other operating expenses | 9 | **38,586** | 35,687 |
| Depreciation | 13 | **10,199** | 9,082 |
| Interest payable | 10 | **2,831** | 3,326 |
| Total expenditure | 11 | **121,625** | 112,146 |
| Surplus on continuing operations after depreciation of tangible fixed assets at valuation before taxation | | **4,324** | 6,303 |
| Taxation | 12 | **(4)** | - |
| Surplus on continuing operations after depreciation of assets at valuation and taxation | 24 | **4,320** | 6,303 |
| Transfer to accumulated income within endowment funds | 19 | **(41)** | (136) |
| Surplus for the year retained within general reserves | 21 | **4,279** | 6,167 |

The income and expenditure account is in respect of continuing activities.

## Consolidated Statement of Historical Cost Surpluses and Deficits

**For the Year Ended 31 July 2009**

| | Note | **2008/09** | 2007/08 |
|---|---|---|---|
| | | **£000** | £000 |
| Surplus on continuing operations before taxation | | **4,324** | 6,303 |
| Taxation | 12 | **(4)** | - |
| Surplus on continuing operations after taxation | | **4,320** | 6,303 |
| Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount | 20 | **320** | 325 |
| Historical cost surplus for the period after taxation | | **4,640** | 6,628 |

# Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 July 2009

| | Note | 2008/09 | 2007/08 |
|---|---|---|---|
| | | **£000** | £000 |
| Surplus on continuing operations after depreciation of tangible fixed assets at valuation and tax | | **4,320** | 6,303 |
| Impairment of endowment asset investments | 19 | **(2,618)** | (3,337) |
| Appreciation of endowment asset investments – The Picture Collection | 19 | **8,392** | - |
| New endowments | 19 | **89** | 41 |
| **TOTAL RECOGNISED GAINS RELATING TO THE YEAR** | | **10,183** | 3,007 |

# Consolidated and College Balance Sheets

At 31 July 2009

| | Note | Consolidated | | College | |
|---|---|---|---|---|---|
| | | **2009** | 2008 | **2009** | 2008 |
| | | **£000** | £000 | **£000** | £000 |
| FIXED ASSETS | | | | | |
| Tangible assets | 13 | **145,892** | 146,364 | **145,269** | 145,639 |
| ENDOWMENT ASSETS | 14 | **60,739** | 54,835 | **60,739** | 54,835 |
| CURRENT ASSETS | | | | | |
| Stocks and stores | | **265** | 285 | **243** | 261 |
| Debtors: | | | | | |
| - due within one year | 15 | **5,866** | 7,858 | **5,959** | 7,936 |
| - due after one year | 15 | **112** | - | **112** | - |
| Investments | 23 | **31,200** | 23,750 | **31,200** | 23,750 |
| Cash at bank and in hand | 27 | **3,652** | 2,106 | **2,996** | 1,604 |
| | | **41,095** | 33,999 | **40,510** | 33,551 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 16 | **(24,044)** | (24,060) | **(23,792)** | (23,807) |
| NET CURRENT ASSETS | | **17,051** | 9,939 | **16,718** | 9,744 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **223,682** | 211,138 | **222,726** | 210,218 |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 17 | **(61,687)** | (61,015) | **(61,687)** | (61,015) |
| NET ASSETS | | **161,995** | 150,123 | **161,039** | 149,203 |

# Consolidated and College Balance Sheets
(Continued)

At 31 July 2009

| | Note | Consolidated 2009 | Consolidated 2008 | College 2009 | College 2008 |
|---|---|---|---|---|---|
| | | **£000** | £000 | **£000** | £000 |
| DEFERRED CAPITAL GRANTS | 18 | **29,476** | 27,787 | **29,476** | 27,787 |
| ENDOWMENTS | | | | | |
| Permanent | 19 | **60,635** | 54,747 | **60,635** | 54,747 |
| Expendable | 19 | **104** | 88 | **104** | 88 |
| | | **60,739** | 54,835 | **60,739** | 54,835 |
| RESERVES | | | | | |
| Revaluation reserve | 20 | **26,211** | 26,531 | **26,211** | 26,531 |
| General reserve | 21 | **45,569** | 40,970 | **44,613** | 40,050 |
| | | **71,780** | 67,501 | **70,824** | 66,581 |
| TOTAL | | **161,995** | 150,123 | **161,039** | 149,203 |

The financial statements on pages 12 to 39 were approved by the Council Executive on behalf of the Council on 17 November 2009 and signed by:

Sir Andrew Burns
Chairman of Council

Professor R Kemp
Acting Principal

# Consolidated Cash Flow Statement

For the year ended 31 July 2009

| | Note | **2008/09** | 2007/08 |
|---|---|---|---|
| | | **£000** | £000 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | 24 | **12,331** | 13,761 |
| Returns on investments and servicing of finance | 25 | **(271)** | (35) |
| Taxation | 12 | **(4)** | - |
| Capital expenditure and financial investment | 26 | **(7,777)** | (3,321) |
| Cash inflow / (outflow) before financing and management of liquid resources | | **4,279** | 10,405 |
| Financing: | | | |
| - Capital repayments | | **(433)** | (3,238) |
| - Bank loan drawn down in year | | **1,168** | 5,038 |
| Management of liquid resources: | | | |
| - Movement on placing of investment deposits | 27 | **(7,450)** | (10,250) |
| **(Decrease)/increase in cash in the period** | 27 | **(2,436)** | 1,955 |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

| | | | |
|---|---|---|---|
| (Decrease)/increase in cash in the period | | **(2,436)** | 1,955 |
| Cash inflow from movement in debt financing | | **(735)** | (1,800) |
| Cash outflow from management of liquid resources | | **7,450** | 10,250 |
| **Reduction in net debt in period** | 27 | **4,279** | 10,405 |
| NET DEBT AT 1 AUGUST 2008 | 27 | **(24,230)** | (34,635) |
| **NET DEBT AT 31 JULY 2009** | 27 | **(19,951)** | (24,230) |

# Notes to the Financial Statements

## 1. Statement of Principal Accounting Policies

**1. Accounting Convention**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of endowment asset investments and land and buildings, and in accordance with both the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions (SORP) and applicable United Kingdom accounting standards.

**2. Basis of Consolidation**

The consolidated financial statements consolidate the financial statements of the College, its subsidiary undertaking Royal Holloway Enterprise Ltd and those of the Royal Holloway Students' Union for the financial year to 31 July 2009.

**3. Recognition of Income**

Income from specific donations, research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs.

All income from short-term deposits of unrestricted funds, the Founder's Endowment Fund and other endowment asset investments is credited to the income and expenditure account on a receivable basis.

Income from permanent endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to permanent endowments.

General donations are credited to the income and expenditure account on a receivable basis and are held in a designated income and expenditure account reserve until they are spent.

**4. Pension Schemes**

The two principal pension schemes for the College's staff are the Universities' Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London Scheme (SAUL). USS and SAUL are multi-employer schemes for which there is an inability to separately identify the College's share of the underlying assets and liabilities. Therefore, as required by FRS 17 "Retirement benefits", the employer contributions are charged directly to the Statement of Financial Activities as if the schemes were defined contribution schemes.

**5. Foreign Currencies**

Transactions denominated in foreign currencies are recorded at the rates 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. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

**6. Land and Buildings**

Land and Buildings were revalued on 31 July 1995 and are stated at valuation in the accounts, except for work in progress and buildings completed after that date which are stated at cost. The basis of valuation is open market value for the existing use and the valuation, on 31 July 1995, was carried out by Hillier Parker, Chartered Surveyors. The College has adopted the provisions of FRS15 not to update the valuation of land and buildings carried forward at the date of implementation of FRS15.

With the exception of land at Huntersdale which is held on a lease which expires in 2041, land is held freehold and is not depreciated as it is considered to have an indefinite useful life.

# Notes to the Financial Statements

## 1. Statement of Principal Accounting Policies

Buildings are depreciated over their expected useful lives and leasehold land over the life of the lease.

For student residences where a cyclical refurbishment programme is in place, the original costs of the components are depreciated over their useful lives of five to twelve years, as appropriate, and the refurbishment spend is capitalised and depreciated in the same way. Services are depreciated over twenty years and temporary buildings or minor improvements over ten years.

Major replacement and refurbishment work on the estate costing £10,000 or more is capitalised if the work creates or enhances an existing asset, or improves or substantially overhauls an asset in accordance with FRS15. The costs are depreciated over the appropriate period as described elsewhere within the Accounting Policies except those relating to painting and roof replacement which are depreciated over five and twenty five years respectively.

Interest costs incurred during the construction period of new buildings are included in the capitalised cost of the asset to which they relate.

Specific grants received for the acquisition of buildings are treated as deferred capital grants and released to income over the expected useful lives of the buildings.

**7. Depreciation of Equipment and Furniture and Fittings**

Equipment, including microcomputers and software, costing less than £10,000 per separable item or group of related items is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over its expected useful life of five years.

Furniture and fittings are written off in the year of acquisition, except the costs of furniture and fittings for a new building or major refurbishment which are capitalised and depreciated over the expected lifetime of the asset.

Where equipment or furniture and fittings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grant is treated as a deferred capital grant and is released to income over the expected useful life of the asset (this is the period of the grant for specific research projects).

**8. Interest Cap and Interest Rate Swaps**

The prepayment for an interest rate cap is amortised evenly over the period of the cap.

The College, in the course of its business, enters into interest rate swap contracts to reduce its exposure to fluctuations in interest rates on borrowings. The amounts receivable and payable on these swaps are included in the income and expenditure account so as to match the interest payable on the borrowing.

**9 Picture Collection**

The College houses a collection of paintings gifted by Thomas Holloway, the founder of Royal Holloway College. The latest high auction valuation carried out in 2009 is for £27,310,000.

The pictures are included in the balance sheet with the other endowment assets. The collection was valued by a professional valuer in 2006 and an interim valuation was provided in 2009. Professional valuation will continue to be carried out at least once every five years in accordance with FRS15, with an update in year three, also performed by a qualified valuer. The valuation is assessed on the basis of high auction value.

Three pictures from the collection were sold between 1993 and 1995, and the proceeds used to create the Founder's Endowment Fund under a scheme approved by the Charity Commission.

# Notes to the Financial Statements

## 1. Statement of Principal Accounting Policies

The endowment fund, which is held in a separate trust, is included within “Permanent Endowments” in the balance sheet. The use of these assets other than as provided in the scheme is subject to the prior approval of the Charity Commission.

Income from the Fund is credited to the Income and Expenditure Account on a receivable basis. Income is applied in accordance with the purposes of the Scheme; any unapplied income would be disclosed as a restricted reserve.

**10. Investments**

Endowment asset investments are included in the balance sheet at market value. Cash balances on deposit which cannot be withdrawn without notice are shown as current asset investments.

**11. Stocks**

Stocks are stores of catering supplies, bar supplies and other items held by Residence and Catering Services and the Student Union, stores and oil held by the Estate's department and central stores of stationery and computer supplies. They are valued at the lower of cost and net realisable value.

**12. Taxation Status**

Royal Holloway is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the ICTA 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. The College receives no similar exemption in respect of Value Added Tax. Royal Holloway Enterprise Limited gift aids profits to the College, and any profits that are retained are subject to UK Corporation Tax which is provided at the amount expected to be paid using the tax rates and laws that have been enacted at the balance sheet date.

# Notes to the Financial Statements
**(Continued)**

| | **2008/09** | 2007/08 |
|---|---|---|
| | **£000** | £000 |
| **2 FUNDING BODY GRANTS** | | |
| Recurrent grant | | |
| Teaching | **21,685** | 19,807 |
| Research | **14,468** | 14,306 |
| | **36,153** | 34,113 |
| Specific grants | **1,873** | 2,202 |
| Deferred capital grants released in year: | | |
| Buildings (note 18) | **3,031** | 1,905 |
| Equipment (note 18) | **881** | 685 |
| | **41,938** | 38,905 |

The College is funded by the Higher Education Funding Council for England.

| | **2008/09** | 2007/08 |
|---|---|---|
| **3 TUITION FEES AND EDUCATION CONTRACTS** | | |
| Full-time students charged home and EU fees | **19,429** | 15,480 |
| Full-time students charged overseas fees | **18,877** | 19,636 |
| Part-time students fees | **969** | 933 |
| Research training support grants | **576** | 468 |
| Short course and other fees | **2,730** | 2,597 |
| | **42,581** | 39,114 |

| | **2008/09** | 2007/08 |
|---|---|---|
| **4 RESEARCH GRANTS AND CONTRACTS** | | |
| Research Council grants | **7,577** | 7,310 |
| Other grants and contracts | **5,879** | 5,989 |
| | **13,456** | 13,299 |

The Research Council grants includes deferred capital grants released of £246k (note 18), (2007-08: £219k).

| | **2008/09** | 2007/08 |
|---|---|---|
| **5 OTHER INCOME** | | |
| Residences, catering and conferences | **19,535** | 18,832 |
| Other services rendered | **1,391** | 1,134 |
| Released from deferred capital grants (note 18) | **135** | 46 |
| Other income | **4,353** | 3,733 |
| | **25,414** | 23,745 |

# Notes to the Financial Statements
**(Continued)**

| | | **2008/09** | 2007/08 |
|---|---|---|---|
| | | **£000** | £000 |
| **6** | **ENDOWMENT AND INVESTMENT INCOME** | | |
| | Income from permanent endowment asset investments | **1,120** | 1,507 |
| | Income from expendable endowment asset investments | **22** | 9 |
| | Total income from endowments (note 19) | **1,142** | 1,516 |
| | Other interest receivable (note 25) | **1,418** | 1,870 |
| | | **2,560** | 3,386 |
| **7** | **ANALYSIS OF INCOME BY ACTIVITY** | | |
| | Academic and general income | **105,882** | 99,097 |
| | Residences, catering and conferences (College only) | **18,574** | 17,855 |
| | Students' Union | **1,493** | 1,497 |
| | | **125,949** | 118,449 |

| | 2008/09 | 2007/08 |
|---|---|---|
| | **£000** | £000 |
| **8 STAFF COSTS** | | |
| Wages and salaries | **58,389** | 53,445 |
| Social security costs | **4,829** | 4,475 |
| Other pension costs (note 29) | **6,791** | 6,131 |
| | **70,009** | 64,051 |
| EMOLUMENTS OF THE PRINCIPAL: | | |
| Including benefits in kind | | |
| Remuneration | **241** | 212 |
| College pension contributions | **33** | 29 |
| Total emoluments | **274** | 241 |

| REMUNERATION OF OTHER HIGHER PAID STAFF, EXCLUDING EMPLOYER'S PENSION CONTRIBUTIONS: | **No.** | No. |
|---|---|---|
| £100,000 - £109,999 | **5** | 3 |
| £110,000 - £119,999 | **2** | 1 |
| £120,000 - £129,999 | **2** | 0 |

| AVERAGE STAFF NUMBERS BY MAJOR CATEGORY | **No.** | No. |
|---|---|---|
| Academic, research and other related grades | **636** | 621 |
| Technical | **68** | 64 |
| Administrative and other | **501** | 477 |
| Manual and ancillary | **107** | 102 |
| College | **1,312** | 1,264 |
| Students' Union | **22** | 23 |
| | **1,334** | 1,287 |

The analysis of staff numbers is in full time equivalents, and is analysed by reference to pay groups. Casual and visiting teaching staff are excluded.

COMPENSATION PAYMENTS FOR LOSS OF OFFICE

Staff restructuring costs based upon an early retirement and severance pay scheme were £196k, £90k of which was a provision in the prior year, resulting in a net debit of £106k to the income and expenditure account (2007-08: £225k). The cost is financed from general College resources. Payments made within the scheme are defined as compensation payments for loss of office.

| | **2008/09** | 2007/08 |
|---|---|---|
| | **£000** | £000 |
| **9 OTHER OPERATING EXPENSES** | | |
| Staff related expenditure | **6,237** | 6,149 |
| Teaching and research consumables and related costs | **3,013** | 2,918 |
| Books, periodicals and other library costs | **1,416** | 1,154 |
| Student maintenance, awards and facilities | **6,871** | 5,212 |
| Computer operating | **1,350** | 971 |
| General educational | **1,459** | 1,169 |
| Administrative | **5,479** | 5,021 |
| Federal costs | **778** | 669 |
| Heat, light, power and water | **2,372** | 2,171 |
| Other premises related costs | **3,774** | 3,738 |
| Non-capitalised equipment | **1,347** | 2,017 |
| Auditors' remuneration – fees payable to the College's auditors for the audit of the College's annual accounts | **51** | 49 |
| Auditors' remuneration – fees payable to the College's auditors for other services to the College | **43** | 8 |
| Residence and catering direct costs of sale and related costs | **2,615** | 2,492 |
| Other expenses | **1,781** | 1,949 |
| TOTAL OPERATING EXPENSES before taxation | **38,586** | 35,687 |

| | **2008/09** | 2007/08 |
|---|---|---|
| | **£000** | £000 |
| **10 INTEREST PAYABLE** | | |
| Loans not wholly repayable within five years | **2,831** | 3,326 |
| | **2,831** | 3,326 |

Interest payable includes £143k received on interest rate swaps (2007-08: £530k interest received).

# Notes to the Financial Statements
**(Continued)**

## 11 ANALYSIS OF 2008/09 EXPENDITURE BY ACTIVITY

| | Staff Costs | Depreciation | Operating Expenses | Interest Payable | **2008/09 Total** | 2007/08 Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | **£000** | £000 |
| Academic departments | 40,788 | 710 | 4,942 | 0 | **46,440** | 43,428 |
| Academic services | 4,151 | 385 | 4,232 | 0 | **8,768** | 7,851 |
| Research grants and contracts | 5,753 | 244 | 3,896 | 0 | **9,893** | 9,922 |
| Other contracts | 291 | 0 | 805 | 0 | **1,096** | 935 |
| Residences, catering and conferences | 4,975 | 2,941 | 7,019 | 2,395 | **17,330** | 17,089 |
| Premises (see footnote) | 2,299 | 5,727 | 5,560 | 417 | **14,003** | 12,084 |
| Administration | 8,551 | 18 | 4,305 | 0 | **12,874** | 11,617 |
| Students' Union | 990 | 163 | 947 | 0 | **2,100** | 2,031 |
| Other expenses | 2,211 | 11 | 6,880 | 19 | **9,121** | 7,189 |
| Expenditure | 70,009 | 10,199 | 38,586 | 2,831 | **121,625** | 112,146 |

Premises costs exclude costs relating to residences and catering which are included in that section.

## 12 TAXATION

| | **2008/09** | 2007/08 |
|---|---|---|
| | **£000** | £000 |
| UK Corporation Tax | **4** | 0 |
| | **4** | 0 |

Royal Holloway Enterprise Ltd gift aid taxable profits to the College. The tax charge in the current year is a provision for Corporation Tax on the retained profits of the subsidiary.

As explained in the accounting policies, the College is potentially exempt from taxation because of its charitable status and no taxation on income or capital gains is payable for 2008/09 or 2007/08.

# Notes to the Financial Statements
**(Continued)**

## 13 TANGIBLE ASSETS

| | Land and Buildings Freehold | Short Lease | Furniture & Fittings | Equipment | Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| **A) CONSOLIDATED** | | | | | |
| At 1 August 2008 | | | | | |
| Valuation | 60,170 | 1,800 | 795 | 0 | 62,765 |
| Cost | 98,152 | 4,901 | 11,244 | 17,651 | 131,948 |
| | 158,322 | 6,701 | 12,039 | 17,651 | 194,713 |
| Additions at cost | 5,112 | 1,593 | 1,525 | 1,506 | 9,736 |
| Disposals | (2) | 0 | (12) | (51) | (65) |
| At 31 July 2009 | | | | | |
| Valuation | 60,170 | 1,800 | 795 | 0 | 62,765 |
| Cost | 103,262 | 6,494 | 12,757 | 19,106 | 141,619 |
| | 163,432 | 8,294 | 13,552 | 19,106 | 204,384 |
| **DEPRECIATION** | | | | | |
| At 1 August 2008 | 31,257 | 1,206 | 4,412 | 11,474 | 48,349 |
| Charge for year (see note below) | 6,656 | 259 | 1,187 | 2,097 | 10,199 |
| Eliminated on disposals | (2) | 0 | (12) | (42) | (56) |
| At 31 July 2009 | 37,911 | 1,465 | 5,587 | 13,529 | 58,492 |
| **NET BOOK VALUE** | | | | | |
| At 31 July 2009 | 125,521 | 6,829 | 7,965 | 5,577 | 145,892 |
| At 1 August 2008 | 127,065 | 5,495 | 7,627 | 6,177 | 146,364 |
| **HISTORICAL NET BOOK VALUE** | | | | | |
| At 31 July 2009 | 101,395 | 5,539 | 7,170 | 5,577 | 119,681 |
| At 1 August 2008 | 102,692 | 4,132 | 6,832 | 6,177 | 119,833 |

| | |
|---|---|
| The depreciation charge has been funded by: | |
| Deferred capital grants released (note 18) | 4,293 |
| Revaluation reserve released (note 20) | 320 |
| General income | 5,586 |
| | 10,199 |

| | Land and Buildings | | | | |
|---|---|---|---|---|---|
| | Freehold | Short Lease | Furniture & Fittings | Equipment | Total |
| | £000 | £000 | £000 | £000 | £000 |
| **B) BY COLLEGE** | | | | | |
| At 1 August 2008 | | | | | |
| Valuation | 60,170 | 1,800 | 795 | 0 | 62,765 |
| Cost | 97,183 | 4,900 | 10,896 | 17,263 | 130,242 |
| | 157,353 | 6,700 | 11,691 | 17,263 | 193,007 |
| Additions at cost | 5,111 | 1,593 | 1,497 | 1,473 | 9,674 |
| Disposals | 0 | 0 | 0 | (15) | (15) |
| At 31 July 2009 | | | | | |
| Valuation | 60,170 | 1,800 | 795 | 0 | 62,765 |
| Cost | 102,294 | 6,493 | 12,393 | 18,721 | 139,901 |
| **DEPRECIATION** | | | | | |
| At 1 August 2008 | 30,822 | 1,206 | 4,153 | 11,187 | 47,368 |
| Charge for year | 6,568 | 259 | 1,156 | 2,052 | 10,035 |
| Eliminated on disposals | 0 | 0 | 0 | (6) | (6) |
| At 31 July 2009 | 37,390 | 1,465 | 5,309 | 13,233 | 57,397 |
| **NET BOOK VALUE** | | | | | |
| At 31 July 2009 | 125,074 | 6,828 | 7,879 | 5,488 | 145,269 |
| At 1 August 2008 | 126,531 | 5,494 | 7,538 | 6,076 | 145,639 |

### C) CONSOLIDATED AND COLLEGE

At 31 July 2009 Freehold Land and Buildings at cost included £1,468k in respect of assets in the course of construction, primarily the refurbishment at Kingswood Student Halls of Residence and the construction of a Data Centre, and included £1,320k of capitalised finance costs (2008: £1,320k).

### D) HERITAGE ASSETS

The College does not have any material heritage assets to disclose as tangible assets.
The College's Picture Collection which is displayed in the Picture Gallery contributes to the appeal of the venue for functions and tours. The Collection was left to the College by its Founder, Thomas Holloway, and is disclosed as an endowment asset (note 14).

## 14 ENDOWMENT ASSETS

| | Consolidated and College | |
|---|---|---|
| | **2009** | 2008 |
| | **£000** | £000 |
| Balance at 1 August 2008 | **54,835** | 57,995 |
| Additions and income | **2,873** | 10,702 |
| Disposals and expenditure | **(2,743)** | (10,525) |
| Impairment of equity endowments (note 19) | **(2,618)** | (3,337) |
| Gain on revaluation of the Picture Collection (see note below) | **8,392** | 0 |
| Balance at 31 July 2009 | **60,739** | 54,835 |
| Represented by: | | |
| Fixed interest at valuation | **6,088** | 3,158 |
| Equities at valuation | **20,761** | 22,197 |
| Fixed interest and equities | **26,849** | 25,355 |
| Bank balances | **6,580** | 10,562 |
| Total investments (note 19) | **33,429** | 35,917 |
| Picture Collection (note 19) | **27,310** | 18,918 |
| Balance at 31 July 2009 | **60,739** | 54,835 |
| Fixed interest and equities at cost | **27,653** | 24,182 |

An interim revaluation of the Picture Gallery Collection was provided on a high auction basis (excluding costs) by Christie's in July 2009. The gain on revaluation was £8,392k (2006-07 £2,852k gain).

## 15 DEBTORS

| | Consolidated | | College | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **£000** | £000 | **£000** | £000 |
| Amounts falling due within one year: | | | | |
| Trade debtors | **1,031** | 2,902 | **857** | 2,774 |
| Amounts owed by subsidiary undertaking | **0** | 0 | **245** | 244 |
| Other debtors – interest cap | **253** | 301 | **253** | 301 |
| Prepayments and accrued income | **4,582** | 4,655 | **4,604** | 4,617 |
| | **5,866** | 7,858 | **5,959** | 7,936 |
| Amounts falling due after more than one year: | | | | |
| Prepayments and accrued income | **112** | 0 | **112** | 0 |

## 16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Consolidated | | College | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **£000** | £000 | **£000** | £000 |
| Secured and unsecured loans | **456** | 433 | **456** | 433 |
| Payments received on account | **2,863** | 2,090 | **2,860** | 2,087 |
| Other creditors | **5,032** | 7,017 | **4,933** | 6,930 |
| Amounts due to subsidiary undertaking | **0** | 0 | **7** | 0 |
| Social security, other taxation and pension contributions payable | **2,528** | 2,322 | **2,495** | 2,303 |
| Accruals | **2,683** | 2,251 | **2,559** | 2,107 |
| Deferred income | **10,482** | 9,947 | **10,482** | 9,947 |
| | **24,044** | 24,060 | **23,792** | 23,807 |

| | | Consolidated | | College | |
|---|---|---|---|---|---|
| | | **2009** | 2008 | **2009** | 2008 |
| | | **£000** | £000 | **£000** | £000 |
| **17** | **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR** | | | | |
| | Unsecured loans repayable after one year and within five years | **4,040** | 2,740 | **4,040** | 2,740 |
| | Unsecured loans repayable after five years | **28,976** | 29,108 | **28,976** | 29,108 |
| | Secured loans repayable after one year and within five years | **5,687** | 4,560 | **5,687** | 4,560 |
| | Secured loans repayable after five years | **22,224** | 23,807 | **22,224** | 23,807 |
| | | **60,927** | 60,215 | **60,927** | 60,215 |
| | Deferred income | **760** | 800 | **760** | 800 |
| | | **61,687** | 61,015 | **61,687** | 61,015 |

Secured loans are secured by a first charge upon Highfield, Kingswood, Runnymede and Wedderburn and Gowar student residences.

Unsecured loans include interest free repayable grants from the Higher Education Council for England totalling £1,832k which are repayable within five years. All other secured and unsecured loans are from National Westminster Bank and Allied Irish Bank at interest rates ranging from 0.2% to 0.425% above LIBOR.

Secured and unsecured loans over one year are repayable as follows:

| | Consolidated | |
|---|---|---|
| | **2009** | 2008 |
| | **£000** | £000 |
| After one year and within two years | **1,157** | 1,023 |
| After two years and within five years | **8,570** | 6,277 |
| After five years and within ten years | **14,588** | 14,633 |
| After ten years | **36,612** | 38,282 |
| | **60,927** | 60,215 |

## 17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

At the balance sheet date the College had committed to facilities totalling £61,650k of which £60,927k had been drawn down. The College has interest rate swaps and forward interest rate caps and fixes to reduce its interest rate exposure on these loans to the following extent:

| Terms: | Amount | Rate | Expiry |
|---|---|---|---|
| | £000 | % | |
| Effective at balance sheet date: | | | |
| Swaps: | 10,000 | 5.49 | 3 December 2012 |
| | 5,000 | 4.48 | 1 September 2026 (option for bank to terminate in 2016) |
| | 5,000 | 4.815 | 1 September 2017 |
| | 5,000 | 4.8175 | 1 September 2019 |
| | 5,000 | 4.65 | 1 September 2022 |
| | 5,000 | 4.55 | 1 September 2027 |
| Cap: | 10,000 | 6.00 | 1 December 2014 |
| | 45,000 | | |
| Effective after balance sheet date: | | | |
| Swaps: | 5,000 | 4.88 | 1 September 2029 (effective 1 September 2009) |
| | 10,000 | 4.82 | 1 December 2024 (effective 3 December 2012) |

## 18 DEFERRED CAPITAL GRANTS

| | Consolidated and College | | |
|---|---|---|---|
| | Funding Body | Other Grants & Benefactions | Total |
| | £000 | £000 | £000 |
| **AT 1 AUGUST 2008** | | | |
| Buildings | 22,464 | 1,085 | 23,549 |
| Equipment | 4,013 | 225 | 4,238 |
| Total | 26,477 | 1,310 | 27,787 |
| **RECLASSIFICATION** | | | |
| Buildings | 1,219 | 0 | 1,219 |
| Equipment | (1,219) | 0 | (1,219) |
| **GRANTS RECEIVABLE** | | | |
| Buildings | 5,121 | 6 | 5,127 |
| Equipment | 596 | 259 | 855 |
| Total | 5,717 | 265 | 5,982 |
| **RELEASE TO INCOME AND EXPENDITURE FOR YEAR** | | | |
| Buildings total (note 2 and 5) | (3,031) | (135) | (3,166) |
| Equipment (notes 2 and 4) | (881) | (246) | (1,127) |
| Total | (3,912) | (381) | (4,293) |
| **AT 31 JULY 2009** | | | |
| Buildings | 25,773 | 956 | 26,729 |
| Equipment | 2,509 | 238 | 2,747 |
| Total | 28,282 | 1,194 | 29,476 |

## 19 ENDOWMENTS

| | Consolidated and College | | | | 2009 | 2008 |
|---|---|---|---|---|---|---|
| | Unrestricted Permanent | Restricted Permanent | Total | Restricted Expendable | Total | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **AT 1 AUGUST 2008** | | | | | | |
| Capital | 2,017 | 51,512 | 53,529 | 88 | **53,617** | 56,913 |
| Accumulated income | 6 | 1,212 | 1,218 | 0 | **1,218** | 1,082 |
| | 2,023 | 52,724 | 54,747 | 88 | **54,835** | 57,995 |
| New endowments | 6 | 70 | 76 | 13 | **89** | 41 |
| Income for year (note 6) | 56 | 1,064 | 1,120 | 22 | **1,142** | 1,516 |
| Expenditure for year | (56) | (1,034) | (1,090) | (11) | **(1,101)** | (1,380) |
| | 0 | 30 | 30 | 11 | **41** | 136 |
| Impairment of endowment asset investments (note 14) | (182) | (2,428) | (2,610) | (8) | **(2,618)** | (3,337) |
| Appreciation of the Picture Collection | 0 | 8,392 | 8,392 | 0 | **8,392** | 0 |
| **AT 31 JULY 2009** | 1,847 | 58,788 | 60,635 | 104 | **60,739** | 54,835 |
| Represented by: | | | | | | |
| Capital | 1,841 | 57,546 | 59,387 | 92 | **59,479** | 53,617 |
| Accumulated income | 6 | 1,242 | 1,248 | 12 | **1,260** | 1,218 |
| | 1,847 | 58,788 | 60,635 | 104 | **60,739** | 54,835 |
| Hilda Martindale Educational Trust | 0 | 663 | 663 | 0 | **663** | 695 |
| Other scholarship, prize and fellowship funds | 0 | 4,442 | 4,442 | 104 | **4,546** | 4,802 |
| Founder's Endowment Fund | 0 | 26,373 | 26,373 | 0 | **26,373** | 28,398 |
| Other funds | 1,847 | 0 | 1,847 | 0 | **1,847** | 2,022 |
| Total endowment asset investments (note 14) | 1,847 | 31,478 | 33,325 | 104 | **33,429** | 35,917 |
| Founder's Picture Collection (note 14) | 0 | 27,310 | 27,310 | 0 | **27,310** | 18,918 |
| | 1,847 | 58,788 | 60,635 | 104 | **60,739** | 54,835 |

The income of £1,086k received in respect of restricted endowments was credited in full to the income and expenditure account; £1,045k was spent in the year and the unspent income of £41k (2007-08: £136k) was transferred back to the funds.

## 20 REVALUATION RESERVE

| | Consolidated and College | |
|---|---|---|
| | **2009** | 2008 |
| | **£000** | £000 |
| **REVALUATIONS** | | |
| At 1 August and 31 July | **34,198** | 34,198 |
| **CONTRIBUTIONS TO DEPRECIATION** | | |
| At 1 August | **7,667** | 7,116 |
| Released in year – (note 13a and 21) | **320** | 325 |
| Released in year – impaired asset (note 21) | **0** | 197 |
| **DISPOSALS** | | |
| Released in year – (note 21) | **0** | 29 |
| **NET REVALUATION AMOUNT** | | |
| At 1 August and 31 July | **26,211** | 26,531 |

## 21 MOVEMENT ON GENERAL RESERVES

| | Consolidated | | College | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **£000** | £000 | **£000** | £000 |
| Income and Expenditure Account Reserve | | | | |
| At 1 August | **40,970** | 34,252 | **40,050** | 33,366 |
| Surplus retained for the year | **4,279** | 6,167 | **4,243** | 6,133 |
| Transfer from revaluation reserve (note 20) | **320** | 325 | **320** | 325 |
| Transfer from revaluation reserve on disposal of assets (note 20) | **0** | 29 | **0** | 29 |
| Transfer from revaluation reserve on impairment of asset (note 20) | **0** | 197 | **0** | 197 |
| Balance at 31 July | **45,569** | 40,970 | **44,613** | 40,050 |

## 22 CAPITAL COMMITMENTS

| | Consolidated | | College | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **£000** | £000 | **£000** | £000 |
| Commitments contracted at 31 July | **2,512** | 3,292 | **2,476** | 3,289 |
| Authorised but not contracted at 31 July | **1,556** | 1,752 | **1,556** | 1,752 |
| | **4,068** | 5,044 | **4,032** | 5,041 |

The amounts contracted include £670k for the cyclical refurbishment of Reid Halls of Residence and £355k for refurbishment in the Bedford Library.

## 23 INVESTMENTS

### (i) Fixed Asset Investments

| Name | Country of Incorporation | Principal Activity | % of shares held by: College | % of shares held by: Group |
|---|---|---|---|---|
| **Subsidiary undertakings** | | | | |
| Royal Holloway Enterprise Limited | Great Britain | Consultancy | 100 | 100 |
| **Associates and joint ventures** | | | | |
| Reelives Limited | Great Britain | Dormant | 39.6 | 39.6 |
| RHSG Limited (see note below) | Great Britain | Management consultancy | 50 | 50 |

RHSG Limited is a company limited by guarantee which was established as a vehicle for the proposed merger between Royal Holloway and St. George's Medical School. The company was incorporated on 27 March 2009 as a joint venture between the two entities, each having an equal interest. Since the balance sheet date it has been agreed between both parties that the merger will not proceed and RHSG Limited will be closed in due course.
During the year RHSG Limited incurred pre-merger costs of £357k excluding VAT which were shared equally.

### (ii) Current Asset Investments

| | Consolidated | | College | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **£000** | £000 | **£000** | £000 |
| Cash deposits maturing within one year (note 27) | **31,200** | 23,750 | **31,200** | 23,750 |

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

| | **2008/09** | 2007/08 |
|---|---|---|
| | **£000** | £000 |
| Surplus before tax | **4,324** | 6,303 |
| Depreciation (note 13) | **10,199** | 9,082 |
| Deferred capital grants released to income (note 18) | **(4,293)** | (2,855) |
| Loss on disposal of fixed assets (note 13) | **9** | 4 |
| Endowment and investment income (note 6) | **(2,560)** | (3,386) |
| Interest payable (note 10) | **2,831** | 3,326 |
| Decrease /(increase) in stocks | **20** | (17) |
| Decrease in debtors | **1,880** | 684 |
| Increase in creditors (excluding loans) | **(79)** | 620 |
| Net cash inflow from operating activities | **12,331** | 13,761 |

# Notes to the Financial Statements
**(Continued)**

## 25 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

| | **2008/09** | 2007/08 |
|---|---|---|
| | **£000** | £000 |
| Income from endowments (note 19) | **1,142** | 1,516 |
| Other interest received (note 6) | **1,418** | 1,870 |
| Interest paid | **(2,831)** | (3,421) |
| | **(271)** | (35) |

No interest has been capitalised in the year (2007-08: £95k).

## 26 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

| | **2008/09** | 2007/08 |
|---|---|---|
| | **£000** | £000 |
| Payments to acquire tangible assets | **(9,736)** | (10,135) |
| Payments to acquire endowment asset investments | **(6,855)** | (6,887) |
| Total payments to acquire fixed and endowment asset investments | **(16,591)** | (17,022) |
| Receipts from sales of endowment asset investments (note 14) | **2,743** | 10,525 |
| Deferred capital grants received (note 18) | **5,982** | 3,135 |
| Endowments received (note 19) | **89** | 41 |
| | **(7,777)** | (3,321) |

## 27 ANALYSIS OF CHANGES IN NET DEBT

| | At 1 August 2008 | Cash Flows | Other non cash changes | At 31 July 2009 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Cash at bank and in hand | | | | |
| Endowment assets (note 14) | 10,562 | (3,982) | 0 | 6,580 |
| Other | 2,106 | 1,546 | 0 | 3,652 |
| | 12,668 | (2,436) | 0 | 10,232 |
| Debt due within one year (note 16) | (433) | 433 | (456) | (456) |
| Debt due after one year (note 17) | (60,215) | (1,168) | 456 | (60,927) |
| | (60,648) | (735) | 0 | (61,383) |
| Current asset investments (note 23) | 23,750 | 7,450 | 0 | 31,200 |
| | (24,230) | 4,279 | 0 | (19,951) |

Balances at the bank, not relating to endowment assets, are held on a set-off arrangement against loans advanced by the College's bankers so that nominal loan interest is charged if these are matched by a current account balance. Balances in excess of this set-off are placed on deposit overnight or for longer periods to earn interest.
Current asset investments are interest bearing short term cash deposits maturing within one year.

## 28 PENSION SCHEMES

The total pension cost for Royal Holloway and its subsidiaries was:

| | **2008/09** | 2007/08 |
|---|---|---|
| | **£000** | £000 |
| Contributions to USS | **5,634** | 5,031 |
| Contributions to SAUL | **1,097** | 1,066 |
| Other pension contributions and costs | **60** | 34 |
| Total Pension Cost (note 8) | **6,791** | 6,131 |

The College participates in the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL), and has adopted FRS 17 for accounting for pension costs. USS provides benefits based on final pensionable salary for academic and related employees of UK universities and some other employees. SAUL provides similar benefits for other staff of the University of London.

The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension. The assets of the schemes are held in separate trustee-administered funds. It is not possible to identify the College's share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', the College accounts for the schemes 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 for the accounting period.

The schemes are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme.

**USS**

The latest published actuarial valuation of the Scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for the past service liabilities) and that pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

| | |
|---|---|
| Male members' mortality: | PA92 MC YoB tables – rated down 1 year |
| Female members' mortality: | PA92 MC YoB tables – no age rating |

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

| | |
|---|---|
| Males (females) currently aged 65 | 22.8 (24.8) years |
| Males (females) currently aged 45 | 24.0 (25.9) years |

At the valuation date, the value of the assets of the Scheme was £28,843 million, and the value of the Scheme's technical provisions was £28,135 million indicating a surplus of £708 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the Scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund Regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic salary experience. However, when calculating the past service liabilities of the Scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The College contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS 17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps be used to similarly reduce contribution requirements.

USS is 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 otherwise be 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 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The pension cost for the College was £5,634k (2007-08: £5,031k). This includes £733k (2007-08: £647k) outstanding contributions at the balance sheet date. The contribution rate payable by the College was 14% of pensionable salaries.

**SAUL**

The latest published actuarial valuation of the scheme was at 31 March 2008. The following assumptions were used to assess the past service funding position and future service liabilities:

| | | |
|---|---|---|
| Investment return on liabilities p.a. – before retirement | 6.9% (past service) | 7.0% (future service) |
| Investment return on liabilities p.a. – after retirement | 4.8% (past service) | 5.0% (future service) |
| Salary growth p.a. excluding an allowance for increments | 4.85% (past service) | 4.85% (future service) |
| Pension increases p.a. | 3.35% (past service) | 3.35% (future service) |

The actuarial valuation applies to the Scheme as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of the scheme's assets was £1,266 million representing 100% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers are agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of salaries respectively following the valuation.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS 17 revealed SAUL to be in surplus at the last valuation date of 31 March 2008.

The next formal triennial actuarial valuation of the Scheme is due as at 31 March 2011 when the above rates of contribution will be reviewed.

The pension cost for the College was £1,097k (2007-08: £1,066k). This includes £136k (2007-08: £133k) outstanding contributions at the balance sheet date.

## 29 ACCESS FUND

| | Consolidated and College | |
|---|---|---|
| | **2008/09** | 2007/08 |
| | **£000** | £000 |
| Balance unspent at 1 August 2008 | **15** | 14 |
| Funding Council grants | **132** | 184 |
| Interest earned | **0** | 3 |
| | **147** | 201 |
| Disbursed to students | **(136)** | (186) |
| Balance unspent at 31 July 2009 | **11** | 15 |

Access Fund grants are available solely for students, Royal Holloway acts only as the paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.