

Somerville College

Annual Report and Financial Statements

Year ended 31 July 2015

SOMERVILLE COLLEGE
Annual Report and Financial Statements
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SOMERVILLE COLLEGE

Governing Body, Officers and Advisers

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MEMBERS OF THE GOVERNING BODY

The Members of the Governing Body are the College's charity trustees under charity law. The members of the Governing Body who served in office as members of the Governing Body during the year or subsequently are detailed below.

		(1)	(2)	(3)	(4)	(5)
Dr Alice Prochaska, Principal		•	•	•	•	•
Professor Daniel Anthony		•		•		
Professor Guido Ascari	From 1 October 2014			•		
Professor Jonathan Burton			•	•		
Professor Bhaskar Choubey				•		
Professor Dan Ciubotaru	From 1 October 2014			•		
Professor Julie Dickson	On leave HT '15	•		•		
Professor Beate Dignas	On leave HT and TT '15	•		•		
Mr Julian Duxfield	(2) for MT '14 and HT ' 15 only		•			
Professor Manuele Gagnolati	On leave HT '15			•	•	
Professor Hilary Greaves	On leave 2014-15			•		
Professor Christopher Hare	(1) for HT '15 only)		•	•		
Professor Michael Hayward		•		•		
Professor Matthew Higgins				•		
Professor Joanna Innes				•		
Ms Sara Kalim					•	
Professor Simon Kemp	(1) for HT and TT '15 only	•		•		
Professor Aditi Lahiri				•		
Dr Anne Manuel		•		•		•
Professor Jonathan Marchini				•		•
Professor Lois McNay	On leave MT '14 and HT '15		•	•		
Professor Karen Nielsen	On leave HT and TT '15			•		
Dr Natalia Nowakowska				•		
Mr Andrew Parker		•	•	•	•	•
Professor Luke Pitcher			•	•		
Professor Mason Porter				•		
Professor Charlotte Potts				•		
Professor Stephen Pulman				•		

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Governing Body, Officers and Advisers
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		(1)	(2)	(3)	(4)	(5)
Professor Stephen Roberts				•		•
Dr Stephen Rayner		•	•	•	•	•
Professor Alex Rogers				•		
Professor Steven Simon				•		
Professor Charles Spence	On leave 2014-15			•		
Professor Fiona Stafford		•	•	•		
Professor Richard Stone				•		
Professor Almut Suerbaum	On leave HT '15			•		
Professor Annie Sutherland	On leave HT '15			•		
Professor Rajesh Thakker				•		
Professor Benjamin J Thompson	On leave 2014-15			•		
Professor Renier van der Hoorn				•		
Professor Roman Walczak				•		
Professor Stephen Weatherill				•		
Professor Jennifer Welsh	On leave from 20 September 2013			•		
Professor Philip West	On leave MT '14			•	•	
Professor Matthew Wood				•	•	

During the year the activities of the Governing Body were carried out through five main committees. The current membership of these committees is shown above for each Fellow.

- (1) Standing Committee
- (2) Finance Committee
- (3) Education Committee
- (4) Development Committee
- (5) IT Committee

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Governing Body, Officers and Advisers

Year ended 31 July 2015

COLLEGE OFFICERS

The officers of the College to whom day to day management is delegated are as follows.

Principal	<i>Dr Alice Prochaska</i>
Senior Tutor	<i>Dr Stephen Rayner</i>
Treasurer (Finance & Estates Bursar)	<i>Mr Andrew Parker</i>
Domestic Bursar	<i>Mr Andrew Parker</i>
Development Director	<i>Ms Sara Kalim</i>
Librarian & Archivist & Head of IT	<i>Dr Anne Manuel</i>

COLLEGE ADVISERS

Investment managers

Newton Investment Management Ltd

Investment property advisers

Cluttons

Auditor

Crowe Clark Whitehill LLP

Bankers

Barclays Bank Plc

Solicitors

Manches LLP

College address

Woodstock Road Oxford OX2 6HD

Website

www.some.ox.ac.uk

SOMERVILLE COLLEGE

Report of the Governing Body

Year ended 31 July 2015

The Members of the Governing Body present their Annual Report for the year ended 31 July 2015 under the Charities Act 2011 together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

Somerville College in the University of Oxford, which is known as Somerville College, (“the College”) is a tax exempt educational institution governed by a Charter and Statutes. The College was founded under the title of Somerville Hall in 1879 by a committee chaired by Dr Percival as a non-denominational hall of residence for women and in 1881 was incorporated as an association not intended for profit under the Companies Acts of 1862 and 1867. The title of College was adopted in 1894.

The College registered with the Charities Commission on 22nd December 2010 (registered number 1139440). The names of all members of the Governing Body at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the College, are given on pages 2 to 4.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The governing document of the College is the 1951 Charter and Statutes of Somerville College, Oxford. In 1926 the College was incorporated by Royal Charter as “The Principal and Council of Somerville College”. In 1951 its statutes were amended to restrict membership of the Governing Body to the Principal and Fellows. In 1959, when it was admitted with the other Women’s Societies as a full College of the University, its corporate designation became “The Principal and Fellows of Somerville College in the University of Oxford”. The Special Statute of 1961 amended Paragraph (c) of Article 3 of the Charter concerning the investment objectives. In 1992 the Charter and Statutes were changed to enable the admission of men at both senior and junior level.

Governing Body

The Governing Body is constituted and regulated in accordance with the College Statutes, the terms of which are enforceable ultimately by the Visitor, who is the Chancellor of the University of Oxford. The Governing Body is self-appointing, and has such powers as are conferred on it by its Charter and, subject thereto and to the Statutes, has the entire direction and management of the affairs of the College.

The Governing Body appoints the Principal, Fellows, Senior Tutor, Tutors, Lecturers, Librarian, Treasurer and such administrative and other Officers as the Governing Body thinks necessary from time to time. The Governing Body appoints Committees and delegates to them such powers as it thinks fit.

The Governing Body determines the on-going strategic direction of the College and regulates the administration and the management of its finances and assets. It meets regularly under the chairmanship of the Principal and is advised by nine committees.

Recruitment and training of Members of the Governing Body

New members of the Governing Body are normally recruited through a joint appointment process with the University of Oxford in the case of academics which includes open advertisement of the posts and a professional selection and appointment process. In the case of posts funded solely by the College, recruitment is also through open advertisement of the post followed by a professional selection and appointment process including external representatives as appropriate. New members of the Governing Body are inducted into the workings of the College, including Governing Body policy and procedures, through meetings with the Principal, the Senior Tutor and the Treasurer and the provision of a comprehensive set of reference documents.

Members of the Governing Body attend external trustee training and information courses as appropriate to keep them informed on current issues in the sector and on regulatory requirements.

Organisational management

The members of the Governing Body meet between seven and nine times a year. The work of developing their policies and monitoring their implementation is carried out by the following committees:

- **Standing Committee**
Responsibility for agreeing the agenda for meetings of Governing Body; developing academic and other strategies for the College, and monitoring decision-making, and developments that bear on these strategies; considering academic appointments and bids for association with University posts; considering requests for buy-outs and leave, with particular attention to their impact on teaching resources; receiving the reports of ad hoc working groups; discussing items which by reason of their complexity and difficulty are beyond the remit of other committees, or which need further attention beyond that given to them in a specialised committee, e.g. Buildings Committee, Finance Committee; giving close consideration to policy issues within the wider University, and external bodies, in preparation for consultation with the Governing Body.
- **Finance Committee**
Responsibility for advising the Governing Body on all matters of financial policy and practice, and in particular on the financial implications of any proposals under consideration; presenting annual statements of accounts for the preceding year; approval of budgets and review of management accounts for each period; authorising exceptional expenditure from revenue and making recommendations in respect of capital expenditure; reviewing the college's investments and properties and income drawdown from investments; annual review of all charges made by the College; review of policy and administration relating to conferences, and approval of levels of charges; review of salaries for all College employees and others paid by the College as advised by the Remuneration Committee; considering other financial issues, as appropriate. Finance Committee also has responsibility for equality and diversity issues.
- **Education Committee**
Responsibility for general policies and planning on teaching and learning; the progress, industry and conduct of undergraduates and graduates; the awarding of scholarships, exhibitions and prizes from the appropriate funds, and carrying out an annual review of award holders; examination results; the awarding of course and travel grants from the appropriate funds; the initiation of the College's academic disciplinary procedures in cases of students who fail to meet the standard of application and attendance expected by his or her Tutor; review and report to the Governing Body on the progress and welfare of student members and make recommendations to the Governing Body for the award of College scholarships, exhibitions and prizes.
- **Development Committee**
Responsibility for recommendations on development and fundraising strategy and activities, liaison with the Development Board, which consists of external members.
- **IT Committee**
Responsibility for developing recommendations on IT strategy, service levels and IT projects and provision of guidance and assistance to the IT function within the College.

The Governing Body is also supported by additional committees, including Buildings, Library, Nominations and Remuneration.

The day-to-day running of the College is delegated to the Principal, the Senior Tutor, and the Treasurer. They form a management team together with the Librarian and the Director of Development.

Group structure and relationships

The College administers many special trusts, as detailed in Notes 17 to 18 to the financial statements.

The College also has one wholly owned non-charitable subsidiary: Somerville College Trading Limited, whose annual profits are donated to the College under the Gift Aid Scheme. The trading activities of Somerville College Trading Limited primarily comprise revenue from letting of the College facilities when not in use by the College. The subsidiary's aims, objectives and achievements are covered in the relevant sections of this

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Report of the Governing Body

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report. During the previous year the college set up the Margaret Thatcher Scholarship Trust, which is a company limited by guarantee. The Trust has one member, Somerville College.

The College is part of the collegiate University of Oxford. Material interdependencies between the University and the College arise as a consequence of this relationship.

Risk management

The College is engaged in risk assessment on an on-going basis. When it is not able to address risk issues using internal resources, the College takes advice from experts external to the College with specialist knowledge. Policies and procedures within the College are reviewed by the Finance Committee, chaired by the Principal. Financial and investment risks are assessed and monitored by the Finance Committee. In addition, the Treasurer, and department heads meet regularly to review health and safety issues. Training courses and other forms of career development are available, when requested, to members of staff to enhance their skills in risk-related areas.

The Governing Body, who have ultimate responsibility for managing any risks faced by the College, have given consideration to the major risks to which the College and its subsidiaries are exposed and have concluded that adequate systems are in place to manage these risks. It is recognised that systems can provide only reasonable but not absolute assurance that major risks have been managed.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

The College's Objects are:

- To provide for women and men who are members of the University of Oxford the protection and training of an Academic House and, with that object, to carry on the work of the old Association (known as Somerville Hall) with such modifications and changes as may from time to time appear desirable.
- To do all such other things as are incidental or conducive to advancing education, learning and research in Oxford and elsewhere.

The Governing Body is mindful of the long-standing requirement to provide public benefit and of the disclosure requirements of the Charities Act 2011. In this connection the Governing Body has monitored closely the general and supplemental guidance produced by the Charity Commission, in particular its public benefit guidance on advancement of education and on fee-charging.

The College's aims for the public benefit are:

- i. To advance education, learning and research, in particular by providing, in conjunction with the University of Oxford, an education for approximately 390 undergraduate and 161 graduate students. This education is recognised internationally as being of the very highest standard and develops students academically, personally and socially, preparing them to play a full and effective role in society. In particular, the College provides:
 - teaching facilities and individual or small-group teaching, together with academic, pastoral and administrative support;
 - IT and other administrative support and welfare services, including the availability of the Junior Deans and the Chapel Director to assist every member of the College of every religious belief and none; and
 - social, cultural, musical, recreational and sporting facilities to enable students to realise as much as possible of their academic and personal potential whilst studying at the College.
- ii. To advance research by providing:
 - official Fellowships, Career Development Fellowships, and Junior and Senior Research Fellowships to outstanding academics, to enable them to develop their research work and disseminate their research in the public domain; and

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- facilities and grants to assist with the pursuit of research, including grants for attendance at national and international academic conferences and assistance with the costs of research trips and research materials.

The aims set for the College's subsidiary is to help finance the achievement of the College's aims as above.

Activities and objectives of the College

The College's principal activity, as specified in the College's Objects is to provide for members of the University of Oxford the protection and training of an Academic House.

In 2014.15, the College had 390 undergraduates and 161 graduates and admitted students in the following subjects: Ancient & Modern History, Biochemistry, Biological Sciences, Chemistry, Classics, Classical Archaeology & Ancient History, Computer Science, Engineering, English, Experimental Psychology, History, Law, Mathematics, Medicine, Modern Languages, Music, Philosophy, Politics & Economics and Physics.

In terms of buildings significant activities during the year included the completion of the conversion of the Penrose loft into five additional student bedrooms, and the upgrading graduate accommodation at 155 Woodstock Road. The summer also saw the start of refurbishing and upgrading the SCR guest rooms in Darbshire to include en suite bathrooms, and the refurbishment of bathrooms in Hostel and the Dorothy Hodgkin Building. A feasibility study was initiated looking at the possibility of putting additional student accommodation on Penrose yard. Further details of particular achievements are listed later in the report.

The focus of the College is strongly academic and students need to satisfy high academic entry requirements.

In order to assist undergraduates entitled to Student Support, the College provides, through a scheme operated in common with the University and other Colleges, bursary support for those of limited financial means. For the academic year 2014.15, the number of awards made was 78; 36 of the awards were for £3,225 or more; and the average value of the awards was £2,860, with a total of £223,103 being disbursed in the year. The scheme is approved by the Office of Fair Access and provides benefits at a substantially higher level than the minimum OFFA requirement.

To support the costs of graduate students, the College provides substantial financial support. This includes scholarships to fund fees and living costs, 'top-up' funding to fill funding shortfalls in students' funding packages and a grant scheme to assist with the purchase of books and equipment, attendance at conferences and travel grants. The total amount expended by the College to graduate students in 2014.15 for this purpose was £201k.

The College also makes awards for academic development and has various scholarships and prizes available to reward academic excellence. During 2014.15 the College awarded £78k for this purpose.

In addition to its other programmes, the College operates a hardship scheme for all students in financial hardship and provides access to hardship schemes operated by the University. For the academic year 2014.15 the College awarded £10k in hardship loans and grants and provided £16k of free vacation residence.

A programme to encourage legacies to be made to the College is in place and annual fundraising campaigns include the provision of support for students suffering financial hardship.

Public benefit

The College remains committed to the aim of providing public benefit in accordance with its founding principles.

The College admits as students those who have the highest potential to benefit from the education provided by the College and the University and recruits as academic staff those who are able to contribute most to the academic excellence of the College. In the case of both students and academic staff, recruitment is regardless of financial, social, religious or ethnic background:

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- there are no geographical restrictions to those who may benefit from the College's aims and objects. Students and academic staff of the College are drawn from across the UK and internationally;
- there are no age restrictions in the College's objects but students of the College are predominantly between 18 and 24 years old; and
- there are no religious restrictions in the College's objects and members of the College have a wide variety of faith traditions or none.

To raise educational aspiration and attract outstanding applicants who might not otherwise have considered applying to the College, the College operates an extensive outreach programme as part of University-wide initiatives to widen access. This programme is under the responsibility of the Senior Tutor and includes an extensive programme of visits by schools to the College, open days, admissions symposia for teachers as well as visits to schools and guidance and information on the College website for prospective applicants.

The College maintains an extensive library so providing a valuable resource for students and Fellows of the College. The College makes its library available to members of other Colleges and the University of Oxford more widely, external scholars and researchers, as well as local children from maintained and other schools as part of educational visits.

ACHIEVEMENTS AND PERFORMANCE

The academic year 2014.15 has been another year of change and continued success for Somerville. Universities and students are getting used to the fee regime changes made in 2011. This has affected student expectations and the level of service in all aspects of provision, both academic and non-academic, demanded by students has risen. Somerville continues to offer an exceptionally good experience to its students so satisfaction levels remain high. The number of applications to Oxford has not been adversely affected and the number of applicants choosing Somerville as their preferred College has risen in each of the last four admissions cycles. The removal of the Higher Education grant announced in this year's budget may adversely affect numbers of applications to Oxford from households with lower incomes in the future but that remains to be seen once the changes come into effect. Somerville continues to be very active in engaging in activities to encourage talented students from all backgrounds to apply to Oxford, and to reassure them of opportunities for financial support during their time here. A significant example of Somerville's commitment to this activity was our success in winning Higher Education Funding Council for England (HEFCE) National Networks for Collaborative Outreach (NNCO) funding as a partner institution of the Higher Horizons network. Higher Horizons provides information to schools in the north midlands area about a variety of HE options for students, ranging from modern vocational courses with non-traditional teaching methods to the traditional and highly rigorous academic disciplines offered at Oxford. All colleges subsidise the cost of teaching at Oxford and it will remain the case that only about half of the true costs are met from fees. The shortfall is covered by endowment income, conference and B&B business and from donations and legacies. At Somerville almost 30% of our students receive additional financial assistance, which is above the University average, and approximately 60% of our students come from state schools, which is also above the average for Oxford. Our Access Officer, Foteini Dimirouli, started just before the start of the academic year. Foteini completed a DPhil in English and Modern Greek during 2014.15 and has proved to be a highly energetic and engaging Access Officer, maintaining the high standards set by her predecessors. The level of access activity, which had increased sharply when the role of Access (original combined with communications) Officer was created in 2011, was maintained in 2014.15. The focus of Somerville's activities is on building and maintaining ongoing relationships with the schools in our assigned link regions. In addition, we have ongoing relationships with schools in the north midlands and the north-east as a result of the Senior Tutor's personal links with those areas. Towards the end of the school summer term in 2015, we held a biennial teachers' day for Somerville alumnae and their guests. Feedback after the event was very positive. Foteini plays a major role in a University initiative to engage early career academics in outreach work, so Somerville has made a significant contribution to this excellent project.

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The Oxford India Centre for Sustainable Development (OICSD) continues to develop and enhance its reputation as a forum for research focused on sustainable development in India, particularly of an interdisciplinary nature. Due to a generous donation in addition to the endowment from the Government of India for Indira Gandhi Scholarships, it was possible to recruit 2 new scholars to study postgraduate courses related to the Centre's interests to start in October 2015, instead of the one anticipated. Somerville will have a full complement of Indira Gandhi Scholars in 2014.15, having built up rapidly from the very first admissions in 2013. All the scholars studying in 2014.15 were successful in their studies. One scholar completed his MPhil and will return to India to put his enhanced skills and abilities to use in contributing directly to India's sustainable development, as envisaged by the scholarship programme. Dr Alfred Gathorne-Hardy continues to drive the centre forward as Research Director, and we are grateful to many distinguished academics from various fields who have generously given their time and wisdom in continuing to help the development of the Centre. Fundraising for the building to house the OIC (and within it the IGC) continues.

The Global Ocean Commission (GOC), established at Somerville in 2011.12, continued its work beyond the publication of the report 'From Decline to Recovery: A rescue Package for the Global Ocean' in 2014. Continued funding from the Pew Foundation has been secured and the GOC will continue to commission research and attempt to influence policy makers in 2015.16.

The Margaret Thatcher Scholarships Trust, established following the death of Baroness Thatcher in 2013, has been pursuing a 'silent phase' fundraising approach in 2014.15, while setting up the decision making structures and appropriate vehicles for receiving donations. Some substantial donations have been received and it is anticipated that the first awards will be made from the Trust in 2016.17.

The College continues to have a very diverse Fellowship which is active in teaching and research. There is insufficient room to summarise the research of all our Fellows but some highlights, in no particular order, are given here. Professor Daniel Anthony (Pharmacology) and Professor Michael Hayward (Inorganic Chemistry) were granted Professor title in the University's annual recognition of distinction exercise. Professor Mason Porter (Applied Maths) was awarded a 2015 Whitehead Prize by the London Mathematical Society. Professor Alex Rogers (Marine Biology) was given an impact award by the Mathematical, Physical and Life Sciences Division of the University. Professor Bhaskar Choubey (Electrical Engineering) was appointed to the editorial board of IEEE Transactions on Circuits and Systems and appointed member of the IEEE's Working Group on ICT in Europe. Professor Jonathan Marchini (Statistics) was included in the Thomas-Reuters list of highly cited researchers.

In 2014.15 Somerville hosted twenty six Junior Research Fellows, spanning an enormous range of academic disciplines, with high quality applicants and great competition for places. The presence of such a large, diverse and talented population of researchers contributes significantly to the Somerville College community and enables these early career researchers to build interdisciplinary links. Highlights of their work include Matthew Apps winning a Future Leader Fellowship grant for his work on brain function relating to learning and decision making; Siddharth Arora's work on designing mobile phone apps to facilitate diagnosis of Parkinson's disease in rural India being covered by the BBC and Sky News websites; Lucy Audley-Miller's discovery, at an archaeological dig in Miletus, of a set of images deliberately defaced and then buried which throws new light on our understanding of iconoclasm; Jane Dyson's short film, 'Lifelines' relating to her ethnographic study of a community in the Indian Himalayas, being shown at film festivals around the world. The range of studies has been immense, with top rank quality being the only thing they all have in common.

Somerville Fellows also played a key role within the collegiate university through their role in the Divisions and Departments and also through their membership of several key committees and working groups. The Principal serves on the Steering Group of Conference of Colleges and continues as a Pro-Vice-Chancellor during 2014.15 and the Senior Tutor was elected as Chair of the Senior Tutors' Committee, starting in September 2015. College Officers play key roles on various Conference of Colleges committees, including

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the Admissions Executive, the committees of Estates Bursars, Domestic Bursars and College Librarians and many more.

Securing resource for the world-class education that Somerville provides our students, as well as for the generation of students to come after them, remains our highest priority. The current financial pressures on young people with regard to the higher education which will be vital in preparing them to make their way in the world today are well documented. Our wish is that no student with the academic ability to study at Somerville should be unable to take up a place due to financial pressures.

The year 2014-15 has been another record year for philanthropic donations to the College with £5.5 million raised in legacies and cash gifts. A great part of this success can be attributed to two of the capital campaigns the College has prioritised; the Margaret Thatcher Scholarships and the Oxford India Centre for Sustainable Development which is attracting funding support from new quarters. The focus on Indian graduate students has helped to raise Somerville's profile in India and high quality students have applied in greater numbers for the Indira Gandhi Scholarships which are held at the College. In addition to these capital projects, there have been some significant and generous legacies left to the College by alumni totalling over £1.8 million.

The September 2014 telethon performed well with the student callers raising £312k in multi-year and single gifts to the unrestricted Annual Fund which remains a key priority area of the fundraising activity. The Matched fund initiative which had been trialled in the previous year was implemented again raising £50k for the Annual Fund and was used as an incentivising tool for new donors making a regular gift. These results have allowed us to boost the overall total for the Annual Fund to over half a million pounds.

This year also saw the launch of Somerville Will Power, the College's new legacy society, which recognises and acknowledges alumni and friends who have remembered Somerville in their wills. A number of other stewardship events have become staple parts of the annual calendar with a Supporters' Lunch in February and Parents' Lunch in March alongside the Commemoration Service, gaudies and reunions and numerous speaker events.

The Development office piloted an initiative towards the end of the financial year to increase alumni participation rates with a successful social media campaign to increase participation to 20%.

Current focus for fundraising strategy at Somerville continues with a strong focus on the Annual Fund and unrestricted funds overall as well as ambitious non-alumni campaigns in the names of the most eminent Somervillian alumni including a new project, in the name of Dorothy Hodgkin, to create opportunities for early career women scientists. Somerville's efforts are directed ultimately towards support for Somerville students now and in the future.

FINANCIAL REVIEW

This was a strong year with generous legacies and donations, and a healthy investment gain on our endowment. Accordingly net assets increased by £7.8m (11%), from £69.1m to £76.9m.

The most significant features of the year were;

- the continuation of a concerted effort to relieve pressure on unrestricted funds by taking more expenditure to unspent restricted funds where appropriate, with the overall objective of rebuilding the college's free reserves,
- a break even result on unrestricted funds with free reserves increasing in the year to £0.7m because fixed asset depreciation exceeded capital expenditure,
- a surplus of £0.3m on restricted funds,
- total legacies and donations of £5.5m, including £2.8m into our Margaret Thatcher Scholarship Trust endowment (£2m from Oman and the first £0.5m of a £1m pledge from Wafic Said).

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- an investment gain of £3.2m on our endowment, helping to push our total endowment funds to £57.7m (up from £50.2m last year)

Overall in the year to July 2015, net incoming resources across all funds (including investment gains) were £7.8m, which compares with £4.8m in the previous year.

Reserves policy

The College's reserves policy is to establish, and thereafter maintain sufficient free reserves to enable it to meet its short-term financial obligations in the event of an unexpected revenue shortfall and to allow the College to be managed efficiently and to provide a buffer that would ensure uninterrupted services.

Rebuilding the free reserves after a period of sustained capital investment remains a priority. As a result the College's free reserves at the year-end amounted to £0.7m (2013: £0.4m).

Designated funds at the year-end comprised £15.3m, being £14.5m set aside to cover net fixed assets, £0.7m set aside to help fund future capital expenditure (to be used in the first instance to cover any fall in conference income during the construction phase) and £0.05m to cover the cost of the new website completed late in 2014.15.

Investment policy, objectives and performance

The College's investment objectives are to balance current and future beneficiary needs by:

- maintaining (at least) the value of the investments in real terms;
- producing a consistent and sustainable amount to support expenditure; and
- delivering these objectives within acceptable levels of risk.

The investment strategy, policy and performance is monitored by the Finance Committee. At the year end, the College's long term investments, combining the securities, property and other investments, totalled £58.7m.

FUTURE PLANS

The College's future plans as agreed by the Governing Body are set out in the College Strategic Development Plan. The core elements of this are:

- To balance more effectively the complementary but often contradictory demands of teaching and research so that Fellows' research time is better resourced, and Fellows have the space to deliver high quality teaching,
- To refocus resources on the Fellowship and to reposition it at the centre of the college so that it becomes the expression and embodiment of the college's commitment to academic excellence and ambition,
- To raise the academic profile of our undergraduate and graduate students and to strengthen, through evolution and reinforcement, the culture of academic excellence and high expectation, and
- To improve the support we offer to our graduate students.

Specific development plans have been agreed for the separate departments within the College to ensure that the College continues to enhance its ability to provide a first-class education.

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Governing Body is responsible for preparing the Report of the Governing Body and the financial statements in accordance with applicable law and regulations.

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Charity law requires the Governing Body to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the Governing Body must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College and of its net incoming or outgoing resources for that period. In preparing these financial statements, the Governing Body is required to:

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

The Governing Body is responsible for keeping proper accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the College and ensuring their proper application under charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Governing Body on 28th October 2015 and signed on its behalf by:

A Prochaska
Principal



SOMERVILLE COLLEGE

Report of the Auditor to the Members of the Governing Body of Somerville College

We have audited the financial statements of Somerville College for the year ended 31 July 2015 which comprise the Statement of Accounting Policies, the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Governing Body in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's 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 its Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Accounting and Reporting Responsibilities, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Governing Body to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 July 2015 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Governing Body is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP
Crowe Clark Whitehill LLP

Statutory Auditor
London

Date: *25 November* 2015

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and College Balance Sheets and the Consolidated Cash Flow Statement comprising the consolidation of the College and with its wholly owned subsidiary Somerville College Trading. No separate SOFA has been presented for the College alone as permitted by paragraph 397 of the Charities SORP 2005. The results of the subsidiary as included the consolidated income, expenditure and results of the College are disclosed in note 13.

2. Basis of accounting

The financial statements have been prepared under the Charities Act 2011 and in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities issued in 2005 ("the Charities SORP") and applicable accounting standards. The financial statements are drawn up on the historical cost basis of accounting as modified by the revaluation of investment properties and other investments.

3. Incoming resources from fee income, HEFCE support and other charges for services

Fees receivable, HEFCE support and charges for services and use of the premises are accounted for in the period in which the related service is provided.

4. Incoming resources from donations and legacies

Voluntary income is accounted for when the College has entitlement to the funds, the amount can be reliably quantified and there is reasonable certainty of its ultimate receipt.

Voluntary income received without restriction as to utilization or for the general purpose of the College is credited to unrestricted funds.

Voluntary income which is subject to specific wishes of the donor is credited to the relevant restricted fund or, where the donation, grant or legacy is required to be held as capital, to the endowment funds. Where donations are received otherwise than in cash, they are valued at the market value of the underlying assets received at the date of receipt.

5. Investment income

Interest on bank balances and fixed interest securities is accounted for in the period to which the interest relates.

Dividend income and similar distributions are accounted for in the period in which they become receivable.

Income from investment properties is accounted for in the period to which the rental income relates.

6. Expenditure

Expenditure is accounted for on an accruals basis. Indirect expenditure is apportioned to expenditure categories based on the estimated amount attributable to that activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

Grants awarded are expensed as soon as they become legal or operational commitments.

Governance costs comprise the costs of complying with constitutional and statutory requirements.

Intra-group sales and charges between the College and its subsidiaries are excluded from trading income and expenditure.

SOMERVILLE COLLEGE
Statement of Accounting Policies
Year ended 31 July 2015

7. Leases

Rentals payable under operating leases are charged in the SOFA on a straight line basis over the relevant lease terms.

The cost of the assets held under finance leases is included within fixed assets and depreciation is charged in accordance with the accounting policy for each class of asset concerned. The corresponding capital obligations under these leases are shown as liabilities. The finance charge element of rentals is charged to the Statement of Financial Activities and classified within finance costs as incurred.

8. Tangible fixed assets

Expenditure on the acquisition, construction or enhancement of land and buildings costing more than £5,000 together with expenditure on equipment costing more than £5,000 is capitalised and carried in the balance sheet at historical cost.

Other expenditure on equipment incurred in the normal day-to-day running of the College and its subsidiaries is charged to the Statement of Financial Activities as incurred.

9. Depreciation

Depreciation is provided to write off the cost of all relevant tangible fixed assets, less their estimated residual value, in equal annual instalments over their expected useful economic lives as follows:

Freehold properties, including major extensions	50 years
Leasehold properties	50 years or period of lease if shorter
Building improvements	10 - 30 years
Equipment	3 - 10 years

Freehold land is not depreciated. The costs of maintenance are charged in the Statement of Financial Activities in the period in which it is incurred.

10. Investments

Investment properties are valued as individual investments at their market values as at the balance sheet date. Purchases and sales of investment properties are recognised on exchange of contracts.

Listed investments are valued at their mid-market values as at the balance sheet date. Investments such as hedge funds and private equity funds which have no readily identifiable market value are included at the most recent valuations from their respective managers.

Gains and losses arising on the investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

11. Stocks

Stocks are valued at the lower of cost and net realisable value, cost being the purchase price on a first in, first out basis.

12. Foreign currencies

Transactions denominated in foreign currencies during the year are translated at prevailing rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates applying at the Balance Sheet date or, where there are related forward foreign exchange contracts, at the contract rates. The resulting exchange differences are taken to the Statement of Financial Activities.

13. Fund accounting

The total funds of the College and its subsidiaries are allocated to unrestricted, restricted or endowment funds based on the origins of the funds and the terms set by the donors. Endowment funds are further sub-divided into permanent and expendable.

Unrestricted funds can be used in furtherance of the objects of the College at the discretion of the Governing Body. The Governing Body may decide that part of the unrestricted funds shall be used in future for a specific purpose and this will be accounted for by transfers to appropriate designated funds.

Restricted funds comprise gifts, legacies and grants where the donors have earmarked funds for specific purposes. They consist of *either* gifts where the donor has specified that both the capital and any income arising must be used for the purposes given *or* the income on gifts where the donor has required that the capital be maintained and the income used for specific purposes.

Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the College. Any income arising from the capital will be accounted for as unrestricted funds unless the donor has placed restricted the use of that income, in which case it will be accounted for as a restricted fund.

Expendable endowment funds are similar to permanent endowment in that they have been given, or the College has determined based on the circumstances that they have been given, for the long term benefit of the College. However, the Governing Body may at their discretion determine to spend all or part of the capital.

14. Pension costs

The costs of retirement benefits provided to employees of the College through the Universities Superannuation Scheme multi-employer defined pension scheme is accounted for as if it was a defined contribution scheme in accordance with the requirements of FRS 17. The College's contributions to this scheme and to the Somerville Group Personal Pension Plan are charged in the period in which the salaries to which the contributions relate are payable.

Somerville College
Consolidated Statement of Financial Activities
For the year ended 31 July 2015

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2015 Total £'000	2014 Total £'000
INCOMING RESOURCES						
Resources from charitable activities						
Teaching and research	1	6,116	0	0	6,116	6,898
		<u>6,116</u>	<u>0</u>	<u>0</u>	<u>6,116</u>	<u>6,898</u>
Resources from generated funds						
Legacies and donations		601	453	4,425	5,479	4,690
Trading income	2	998	0	0	998	856
Investment income	3	646	1,361	0	2,007	1,808
Bank and other interest	4	2	4	0	6	4
		<u>2,247</u>	<u>1,818</u>	<u>4,425</u>	<u>8,490</u>	<u>7,358</u>
Other incoming resources		24	14	0	38	9
Total Incoming Resources		<u>8,387</u>	<u>1,832</u>	<u>4,425</u>	<u>14,644</u>	<u>14,265</u>
RESOURCES EXPENDED						
Cost of generating funds						
Fundraising	5	519	0	197	716	630
Trading expenditure		96	0	0	96	57
Investment management costs		54	100	0	154	151
		<u>668</u>	<u>100</u>	<u>197</u>	<u>966</u>	<u>838</u>
Charitable activities						
Teaching, research and residential	5	7,828	1,542	0	9,370	9,679
Deficit (Surplus) on disposal of fixed assets		(51)	0	0	(51)	6
		<u>7,777</u>	<u>1,542</u>	<u>0</u>	<u>9,319</u>	<u>9,685</u>
Governance costs	8	41	0	0	41	43
Total Resources Expended		<u>8,487</u>	<u>1,642</u>	<u>197</u>	<u>10,326</u>	<u>10,566</u>
Net incoming/(outgoing) resources before transfers						
		(100)	190	4,228	4,318	3,699
Transfers between funds	17	12	(27)	15	0	0
Net incoming/(outgoing) resources before other gains and losses		<u>(88)</u>	<u>163</u>	<u>4,243</u>	<u>4,318</u>	<u>3,699</u>
Investment gains/(losses)		100	152	3,197	3,449	1,093
Net movement in funds for the year		<u>12</u>	<u>315</u>	<u>7,440</u>	<u>7,767</u>	<u>4,792</u>
Fund balances brought forward	17	15,924	2,964	50,250	69,138	64,346
Funds carried forward at 31 July	17	<u>15,936</u>	<u>3,279</u>	<u>57,690</u>	<u>76,905</u>	<u>69,138</u>

Somerville College
Consolidated and College Balance Sheets
As at 31 July 2015

	Notes	2015 Group £'000	2014 Group £'000	2015 College £'000	2014 College £'000
FIXED ASSETS					
Tangible assets	10	24,510	24,963	24,510	24,963
Property investments	11	580	580	580	580
Securities and other investments	12	58,121	49,882	57,318	49,882
		<u>83,211</u>	<u>75,425</u>	<u>82,408</u>	<u>75,425</u>
CURRENT ASSETS					
Stocks		22	21	22	21
Debtors	14	1,241	747	1,606	1,100
Deposits and other short term investments		1,153	3,525	1,153	3,525
Cash at bank and in hand		2,695	930	137	70
		<u>5,111</u>	<u>5,223</u>	<u>2,918</u>	<u>4,716</u>
CREDITORS: falling due within one year	15	1,417	1,510	1,295	1,343
NET CURRENT ASSETS / (LIABILITIES)		<u>3,694</u>	<u>3,713</u>	<u>1,623</u>	<u>3,373</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		86,905	79,138	84,031	78,798
CREDITORS: falling due after more than one year	16	10,000	10,000	10,000	10,000
NET ASSETS		<u>76,905</u>	<u>69,138</u>	<u>74,031</u>	<u>68,798</u>
FUNDS OF THE COLLEGE					
	17				
Endowment funds		57,690	50,250	54,817	49,915
Restricted funds		3,279	2,964	3,279	2,964
Unrestricted funds					
Designated funds		15,210	15,513	15,210	15,513
General funds		726	411	725	406
		<u>76,905</u>	<u>69,138</u>	<u>74,031</u>	<u>68,798</u>

The financial statements were approved and authorised for issue by the Governing Body of Somerville College on: 28 October 2015

Trustee: Alice Prochaska

Alice Prochaska


Trustee: Andrew Parker

Somerville College
Consolidated Cash Flow Statement
For the year ended 31 July 2015

	Notes	2015 Group £'000	2014 Group £'000
Net cash inflow/(outflow) from operations	23	<u>(1,416)</u>	<u>(563)</u>
Returns on investments and servicing of finance			
Income from investments		2,013	1,812
Finance costs paid		(286)	(268)
		<u>1,727</u>	<u>1,544</u>
Capital expenditure and financial investment			
New endowment capital received		4,425	3,252
Payments for tangible fixed assets		(978)	(1,516)
Proceeds from sales of tangible fixed assets		425	205
Payments for investments		(4,790)	(3,942)
Proceeds from sales of investments		0	0
		<u>(918)</u>	<u>(2,001)</u>
Management of liquid resources			
Net (additions to) / withdrawals from term deposits		2,372	519
		<u>2,372</u>	<u>519</u>
Financing			
New bank loans		0	0
		<u>0</u>	<u>0</u>
Increase/(decrease) in cash in the year		<u>1,765</u>	<u>(501)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		1,765	(501)
Transfers to/(from) term deposits and current investments		(2,372)	(1,272)
(Increase)/decrease in loan and lease finance		0	0
Change in net funds		<u>(607)</u>	<u>(1,773)</u>
Net funds at 1 August		<u>(5,545)</u>	<u>(3,772)</u>
Net funds at 31 July		<u>(6,152)</u>	<u>(5,545)</u>

Somerville College
Notes to the financial statements
For the year ended 31 July 2015

1 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2015 Total £'000	2014 Total £'000
Teaching, research and residential					
Tuition fees - UK and EU students	1,521	0	0	1,521	1,488
Tuition fees - Overseas students	746	0	0	746	719
Other fees	177	0	0	177	154
HEFCE support	258	0	0	258	269
Other academic income	940	0	0	940	1,912
College residential income	2,474	0	0	2,474	2,356
	<u>6,116</u>	<u>0</u>	<u>0</u>	<u>6,116</u>	<u>6,898</u>

The above analysis includes £1,867k received from Oxford University under the CFF Scheme, net of College fees received directly (2014 - £1,870k)

2 TRADING INCOME

	2015 £'000	2014 £'000
Subsidiary company trading income	698	574
Other trading income	300	282
	<u>998</u>	<u>856</u>

3 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2015 Total £'000	2014 Total £'000
Commercial rent	9	18	0	27	60
Other property income	0	0	0	0	0
Equity dividends	485	1,024	0	1,509	1,299
Income from fixed interest stocks	66	139	0	205	201
Interest on fixed term deposits and cash	5	10	0	15	42
Other investment income	81	170	0	251	206
	<u>646</u>	<u>1,361</u>	<u>0</u>	<u>2,007</u>	<u>1,808</u>

4 BANK AND OTHER INTEREST INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	2015 Total £'000	2014 Total £'000
Bank interest	2	0	0	2	0
Other interest	0	4	0	4	4
	<u>2</u>	<u>4</u>	<u>0</u>	<u>6</u>	<u>4</u>

Somerville College
Notes to the financial statements
For the year ended 31 July 2015

5 ANALYSIS OF RESOURCES EXPENDED

	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	2015 Total £'000	2014 Total £'000
Costs of generating funds					
Fundraising	383	294	39	716	630
Trading expenditure	1	59	36	96	57
Investment management costs	4	134	16	154	151
Total costs of generating funds	388	487	91	966	838
Charitable expenditure					
Teaching, research and residential	4,299	3,305	1,766	9,370	9,679
Deficit (Surplus) on disposal of fixed assets	0	0	(51)	(51)	6
Total charitable expenditure	4,299	3,305	1,715	9,319	9,685
Governance costs	23	18	0	41	43
Total resources expended	4,710	3,810	1,806	10,326	10,566

The College is liable to be assessed for Contribution under the provisions of Statute XV of the University of Oxford. The 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. The teaching and research costs include College Contribution payable of £17k (2014 - £13k).

6 SUPPORT COSTS

	Generating Funds £'000	Teaching Research & Residential £'000	Public Worship £'000	Heritage £'000	2015 Total £'000	2014 Total £'000
Financial and domestic admin	32	376	0	0	408	386
Human resources	0	72	0	0	72	69
IT	0	156	0	0	156	162
Depreciation	59	877	0	0	936	850
Loss/(profit) on fixed assets	0	(51)	0	0	(51)	6
Bank interest payable	0	286	0	0	286	268
Other finance charges	0	0	0	0	0	0
	91	1,716	0	0	1,807	1,741

Finance and administration and human resources costs are attributed according to the estimated staff time spent on each activity. Depreciation costs are attributed according to the use made of the underlying assets. IT costs are attributed according to the underlying utilisation of IT services. Interest and other finance charges are attributed according to the purpose of the related financing.

7 GRANTS AND AWARDS

	Unrestricted Funds £'000	Restricted Funds £'000	2015 Total £'000	2014 Total £'000
During the year the College funded research awards and bursaries to students from its restricted and unrestricted fund as follows:				
Scholarships, prizes and grants	0	395	395	327
Bursaries and hardship awards	0	100	100	105
Grants to other institutions	0	0	0	0
	0	495	495	432

The above costs are included within the charitable expenditure on Teaching and Research.

Somerville College
Notes to the financial statements
For the year ended 31 July 2015

8 GOVERNANCE COSTS

	2015	2014
	£'000	£'000
Governance costs comprise:		
Auditor's remuneration - audit services	18	19
Auditor's remuneration - other services	0	0
Legal and other fees on constitutional matters	0	0
Other governance costs	23	24
	<u>41</u>	<u>43</u>

No amount has been included in Governance Costs for the direct employment costs or reimbursed expenses of the College Fellows on the basis that these payments relate to the Fellows involvement in the College's charitable activities. Details of the remuneration of the Fellows and their reimbursed expenses are included as a separate note within these financial statements.

9 STAFF COSTS

	2015	2014
	£'000	£'000
The aggregate payroll costs for the year were as follows.		
Salaries and wages	4,314	4,156
Social security costs	331	327
Pension costs	515	462
Other benefits	71	182
	<u>5,231</u>	<u>5,127</u>

The average number of permanent employees of the College, excluding Trustees, on a full time equivalent basis was as follows.

	2015	2014
Tuition and research	25	32
College residential	71	70
Fundraising	6	6
Support	1	1
Total	<u>103</u>	<u>109</u>

The average number of employed College Trustees during the year was as follows.

University Lecturers	16	17
CUF Lecturers	11	12
Other teaching and research	7	5
Other	5	5
Total	<u>39</u>	<u>39</u>

The College also benefits from temporary staff, agency workers and those part-time external tutors who are not on the College payroll.

The following information relates to the employees of the College excluding the College Trustees. Details of the remuneration and reimbursed expenses of the College Trustees is included as a separate note in these financial statements. There were no employees (excluding the College Trustees) who during the year received gross pay and benefits (excluding employer NI and pension contributions) that were in excess of £60,000 (2014, nil).

Somerville College
Notes to the financial statements
For the year ended 31 July 2015

10 TANGIBLE FIXED ASSETS

Group	Leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost					
At start of year	10,521	19,026	0	1,936	31,483
Additions	0	616	0	304	920
Transfer from current asset investments	0	0	0	0	0
Disposals	0	(448)	0	0	(448)
At end of year	10,521	19,194	0	2,240	31,955
Depreciation					
At start of year	596	4,440	0	1,484	6,520
Charge for the year	210	501	0	232	943
On disposals	0	(18)	0	0	(18)
At end of year	806	4,923	0	1,716	7,445
Net book value					
At end of year	9,715	14,271	0	524	24,510
At start of year	9,925	14,586	0	452	24,963
College					
Cost					
At start of year	10,521	19,026	0	1,936	31,483
Additions	0	616	0	304	920
Transfer from current asset investments	0	0	0	0	0
Disposals	0	(448)	0	0	(448)
At end of year	10,521	19,194	0	2,240	31,955
Depreciation					
At start of year	596	4,440	0	1,484	6,520
Charge for the year	210	501	0	232	943
At end of year	806	4,923	0	1,716	7,445
Net book value					
At end of year	9,715	14,271	0	524	24,510
At start of year	9,925	14,586	0	452	24,963

The College has substantial long-held historic assets all of which are used in the course of the College's teaching and research activities. These comprise listed buildings on the College site, together with their contents comprising works of art, ancient books and manuscripts and other treasured artefacts. Because of their age and, in many cases, unique nature, reliable historical cost information is not available for these assets and could not be obtained except at disproportionate expense. However, in the opinion of the Trustees the depreciated historical cost of these assets is now immaterial.

Somerville College
Notes to the financial statements
For the year ended 31 July 2015

11 PROPERTY INVESTMENTS

Group and College	Agricultural	Commercial	Other	2015	2014
	£'000	£'000	£'000	Total £'000	Total £'000
Valuation at start of year	0	580	0	580	665
Additions and improvements at cost	0	0	0	0	0
Disposals net proceeds	0	0	0	0	0
Revaluation gains/(losses) in the year	0	0	0	0	(85)
Valuation at end of year	0	580	0	580	580

A formal valuation of the commercial property was prepared by Mr Craig Middleton MRICS of Cluttons LLP as at 31 July 2014.

12 SECURITIES AND OTHER INVESTMENTS

	2015	2014
	£'000	£'000
Group investments		
Valuation at start of year	49,882	44,762
New money invested	4,921	4,073
Amounts withdrawn	0	0
Reinvested income	0	0
Investment management fees	(131)	(131)
(Decrease)/increase in value of investments	3,449	1,178
Group investments at end of year	58,121	49,882
Investment in subsidiaries	0	0
College investments at end of year	58,121	49,882

Group investments comprise:	Held outside	Held in	2015	2014
	the UK	the UK	Total	Total
	£'000	£'000	£'000	£'000
Equity investments	11,289	13,193	24,482	24,247
Global multi-asset funds	1,536	0	1,536	875
Property funds	0	413	413	375
Fixed interest stocks	2,161	3,690	5,851	6,115
Alternative and other investments	16,620	8,333	24,953	17,929
Fixed term deposits and cash	0	886	886	341
Total group investments	31,606	26,515	58,121	49,882

Somerville College
Notes to the financial statements
For the year ended 31 July 2015

13 SUBSIDIARY UNDERTAKINGS

The College holds 100% of the issued share capital in Somerville College Trading Limited, a company providing conference and other event services on the College premises.

The results of the subsidiary and its assets and liabilities at the year end were as follows.

	2015	2014
	£'000	£'000
Turnover	698	574
Expenditure	(651)	(532)
Donation to College under gift aid	(47)	(42)
Result for the year	<u>0</u>	<u>0</u>
Total assets	652	645
Total liabilities	(652)	(645)
Net funds at the end of year	<u>0</u>	<u>0</u>

14 DEBTORS

	2015	2014	2015	2014
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	312	176	152	56
Amounts owed by College members	123	98	123	98
Amounts owed by Group undertakings	0	0	525	480
Prepayments and accrued income	278	127	278	123
Other Debtors	428	246	428	243
Amounts falling due after more than one year:				
Loans	100	100	100	100
	<u>1,241</u>	<u>747</u>	<u>1,606</u>	<u>1,100</u>

15 CREDITORS: falling due within one year

	2015	2014	2015	2014
	Group	Group	College	College
	£'000	£'000	£'000	£'000
Trade creditors	387	442	313	361
Amounts owed to College Members	0	0	0	0
Taxation and social security	192	191	148	145
College contribution	0	0	0	0
Accruals and deferred income	283	551	277	508
Other creditors	555	326	557	329
	<u>1,417</u>	<u>1,510</u>	<u>1,295</u>	<u>1,343</u>

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16 CREDITORS: falling due after more than one year

	2015 Group £'000	2014 Group £'000	2015 College £'000	2014 College £'000
Bank loans	10,000	10,000	10,000	10,000
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

The bank loan consists of a £8M loan fixed for a 10 year period, plus a £2M with variable interest at 1% above LIBOR plus mandatory cost. The total £10M is repayable in 30 years.

17 FUNDS OF THE COLLEGE MOVEMENTS

	At 1 August 2014 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2015 £'000
Endowment Funds - Permanent						
1. Fellowship funding:						
Fellowship Endowment Fund	2,257	902			138	3,297
Indira Gandhi Fund	2,617				133	2,750
P. Norman Fellowship Fund	1,430	8			91	1,529
Other funds less than £500,000	909	491			135	1,535
2. Academic awards:						
Funds less than £500,000	974				94	1,068
3. Student support:						
Funds less than £500,000	509				49	558
4. Other funds:						
College Capital Fund	1,967				120	2,087
Total endowment permanent	<u>10,663</u>	<u>1,401</u>	<u>0</u>	<u>0</u>	<u>760</u>	<u>12,824</u>
Endowment Funds - Expendable						
1. Fellowship funding:						
Centenary Appeal Fund	614				39	653
E.P.A.Cephalosporin Fund	798				51	849
A & W Cobbe Fund Fund	2,914				184	3,098
L.Labowsky Fund 1992	573				37	610
Mitchell Fund	2,013				127	2,140
Carlisle & C.A.Lee Fund	679				44	723
Ernest Cook Fund	769				47	816
Mary Ewart Trust Fund	924				58	982
Rose Graham Fund	1,314				83	1,397
Daphne Osborne Fund	4,851				308	5,159
C. & D. Roaf Fund	1,045				65	1,110
Mary Snow Fellowship Fund	1,283				81	1,364
Mary Somerville Research Fund	835				53	888
Margaret Thatcher Fund	880	5	(197)		23	711
K & L Woolley Fund Fund	760				48	808
Wolfson Fund	576				38	614
	<u>20,828</u>	<u>5</u>	<u>(197)</u>	<u>0</u>	<u>1,286</u>	<u>21,922</u>
Other funds less than £500,000	4,393	0				4,393
	<u>25,221</u>	<u>5</u>	<u>(197)</u>	<u>0</u>	<u>1,286</u>	<u>26,315</u>
2. Academic awards:						
Janet Watson Fund	680				43	723
Other funds less than £500,000	3,292	31			321	3,644
	<u>3,972</u>	<u>31</u>	<u>0</u>	<u>0</u>	<u>364</u>	<u>4,367</u>
3. Student Support:						
Bursary Fund	1,742	200			145	2,087
Dame Emily Penrose Fund	647				41	688
Other funds less than £500,000	2,033	207			217	2,457
Margaret Thatcher Scholarship Trust	335	2,535			3	2,873
	<u>4,757</u>	<u>2,942</u>	<u>0</u>	<u>0</u>	<u>406</u>	<u>8,105</u>

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17 FUNDS OF THE COLLEGE MOVEMENTS cont.

	At 1 August 2014 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 July 2015 £'000
Endowment Funds - Expendable						
4. Other funds:						
General Endowment Fund	1,377	7			15	1,399
Loan Repayment Fund	988	39			98	1,125
Carys Bannister Fund	977				62	1,039
C A Lee Fund	480				30	510
Other funds less than £500,000	1,815			15	176	2,006
	<u>5,637</u>	<u>46</u>	<u>0</u>	<u>15</u>	<u>381</u>	<u>6,079</u>
Total endowment funds, expendable	<u>39,587</u>	<u>3,024</u>	<u>(197)</u>	<u>15</u>	<u>2,437</u>	<u>44,866</u>
Total Endowment Funds	<u>50,250</u>	<u>4,425</u>	<u>(197)</u>	<u>15</u>	<u>3,197</u>	<u>57,690</u>
Restricted Funds						
Endowment income	2,727	1,818	(1,568)	(386)	148	2,739
ROQ Building project appeal	0	0		0		0
Other restricted funds	237	14	(74)	359	4	540
	<u>2,964</u>	<u>1,832</u>	<u>(1,642)</u>	<u>(27)</u>	<u>152</u>	<u>3,279</u>
Total Restricted Funds	<u>2,964</u>	<u>1,832</u>	<u>(1,642)</u>	<u>(27)</u>	<u>152</u>	<u>3,279</u>
Unrestricted Funds						
General funds:						
Unrestricted	411	8,387	(8,487)	315	100	726
Designated Funds	550			150		700
Fixed asset designated funds	14,963			(453)		14,510
	<u>15,924</u>	<u>8,387</u>	<u>(8,487)</u>	<u>12</u>	<u>100</u>	<u>15,936</u>
Total Unrestricted Funds	<u>15,924</u>	<u>8,387</u>	<u>(8,487)</u>	<u>12</u>	<u>100</u>	<u>15,936</u>
Total Funds	<u>69,138</u>	<u>14,644</u>	<u>(10,326)</u>	<u>0</u>	<u>3,449</u>	<u>76,905</u>

18 FUNDS OF THE COLLEGE DETAILS

The following is a summary of the origins and purposes of each of the Funds

Endowment Funds - Permanent:

Fellowship Endowment Fund

A fund established for the purpose of building up a general endowment of official stipends.

Indira Gandhi Fund

A joint initiative between the University, the College and the Government of India, to provide graduate scholarships for students from India to study in Oxford on programmes relating to sustainable development.

Endowment Funds - Expendable:

Carys Bannister Fund

Established from a bequest, used to fund medicine.

Centenary Appeal Fund

An appeal established to mark the College's centenary, income currently used towards Tutorial Fellowship funding.

E.P.A.Cephalosporin

Established by gifts from the E.P.A.Cephalosporin fund to recognise Dorothy Hodgkin's association with the College, and used to fund Tutorial fellowship costs in medical, biological or chemical sciences.

A & W Cobbe Fund

Established from a bequest, used to fund tutorial costs in mathematics.

L.Labowsky Fund

Established from a bequest, used to fund a fellowship in English language & literature.

Mitchell Fund

A gift and subsequent legacy, the income to be used towards the stipend of a Tutorial Fellow in English, and thereafter for general purposes.

Carlisle & C.A.Lee Fund

A fund established from several bequests, income from which funds the cost of special leave by Tutorial Fellows.

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18 FUNDS OF THE COLLEGE DETAILS cont.

Ernest Cook Fund	Established by benefaction to endow a research fellowship in environmental studies.
Mary Ewart Trust Fund	A fund used to provide scholarships and travelling grants and to fund the stipend of a research fellowship
Rose Graham Fund	Established from a bequest, used to fund a fellowship in European or English History prior to 1700.
Daphne Osborne Fund	Established from a bequest, used to fund a fellowship in Physical and/or Biological Sciences
C. & D. Roaf Fund	Gifts used to support the study and teaching of Modern Languages
Mary Snow Fellowship	A gift used to contribute towards the stipend of a Tutorial Fellow in the Biological Sciences
Mary Somerville Res. Fund	A fund established from donations to cover the stipend of a Research Fellowship.
Margaret Thatcher	Established to fund the teaching of Chemistry and Law
K & L Woolley Fund	Established by a bequest, used to provide a Scholarship or Fellowship in near, Middle-East Mediterranean or Far East Archaeology
Wolfson Fund	A gift from the Wolfson Foundation used to endow a tutorial fellowship in the Natural Sciences.

Restricted Funds:

1. Permanent endowment income	Income generated from permanent endowment funds, available for current and future costs as restricted by the underlying endowment fund.
2. Expendable endowment income	Income generated from expendable endowment funds, available for current and future costs as restricted by the underlying endowment fund.
3. ROQ Building project appeal	Gifts and legacies received in connection with the College Appeal, for use in contributing towards the costs of new accommodation buildings on the Radcliffe Observatory Quarter

Designated Funds

Designated Other	Unrestricted Funds allocated by the Fellows for current and future costs of related to particular purposes. Designated funds at the year-end comprised £15.3m, being £14.5m set aside to cover net fi £0.7m set aside to help fund future capital expenditure (to be used in the first instance to co any fall in conference income during the construction phase) and £0.05m to cover the cost c new website completed late in 2014.15.
Fixed Asset Fund	A New fund to reflect those funds invested in the College's fixed assets.

The General Unrestricted Funds represent accumulated income from the College's activities and other sources that are available for the general purposes of the College.

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Tangible fixed assets	0	24,510	0	0	24,510
Property investments	0	0	580	0	580
Securities and other investments	1,801	700	0	55,620	58,121
Endowment investment in College	0	0	0	0	0
Net current assets	(1,075)	0	2,699	2,070	3,694
Long-term bank loan	0	(10,000)	0	0	(10,000)
	<u>726</u>	<u>15,210</u>	<u>3,279</u>	<u>57,690</u>	<u>76,905</u>

20 TRUSTEES' REMUNERATION

The trustees of the college comprise the governing body, primarily fellows who are teaching and research employees of the college and who sit on governing body by virtue of their employment.

No trustee receives any remuneration for acting as a trustee. However, those trustees who are also employees of the college receive salaries for their work as employees. Where appropriate, these salaries are paid on external scales and are often joint arrangements with the University of Oxford. Other salaries are set after consideration by the Remuneration Committee.

Trustees of the college fall into the following categories:

- The Principal
- Administrative Fellows
- Tutorial Fellows
- Professorial Fellows
- Additional Fellows

Six trustees (the Principal, the Treasurer, the Domestic Bursar, the Development Director, the Librarian and the Senior Tutor) work full time on management and fundraising.

Employed trustees, are eligible for college housing schemes. Four trustees live in houses owned by the college and have a deduction from salary as 'rent'. Others may be eligible for a housing allowance which is disclosed within the salary figures below. Ten trustees live in houses owned jointly with the college. Two such houses were bought during the year.

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20 TRUSTEES' REMUNERATION cont.

Some trustees receive additional allowances for additional work carried out as part time college officers, such as the Dean, the Dean of Degrees and the Archivist. These amounts are included within the remuneration figures below. The total remuneration and taxable benefits as shown below is £1,206,694 (2013-14 £1,183,439). The total of pension contributions is £196,335 (2013-14 £192,614).

Remuneration paid to trustees

Range	2014-2015		2013-2014	
	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions £	Number of trustees / fellows	Gross remuneration, taxable benefits and pension contributions £
£1,000-£1,999				
£3,000-£3,999	2	6,588		
£4,000-£4,999				
£5,000-£5,999				
£8,000-£8,999			1	8,120
£9,000-£9,999			1	9,890
£10,000-£10,999	4	41,319	3	32,567
£11,000-£11,999	2	22,420		
£12,000-£12,999				
£13,000-£13,999			1	13,929
£15,000-£15,999	1	15,755		
£17,000-£17,999	1	17,892	2	34,485
£19,000-£19,999	10	198,578	11	213,998
£20,000-£21,999				
£22,000-£22,999			1	22,544
£23,000-£23,999	1	23,601		
£37,000-£37,999				
£38,000-£38,999			1	38,436
£40,000-£40,999	1	40,367		
£41,000-£41,999				
£44,000-£44,999	1	44,738		
£46,000-£46,999			1	46,439
£47,000-£47,999			1	47,914
£48,000-£48,999			1	48,795
£49,000-£49,999			9	446,310
£50,000-£50,999	11	557,160		
£61,000-£61,999				
£63,000-£63,999				
£64,000-£64,999			1	64,028
£67,000-£67,999	1	67,250	1	67,672
£70,000-£70,999	1	70,801		
£71,000-£71,999			1	71,859
£80,000-£80,999	1	80,240		
£102,000-£102,999			1	102,896
£106,000-£106,999			1	106,172
£108,000-£108,999	2	216,317		

5 trustees are not employees of the College and do not receive remuneration.

All trustees may eat at common table, as can all other employees who are entitled to meals while working.

Trustee expenses

No fellow claimed any expenses for work as a trustee.

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21 PENSION SCHEMES

1. Schemes in operation

The College participates in two pension schemes on behalf of its staff:

- (i) The Universities Superannuation Scheme ("the USS"), a contributory defined benefit scheme and
- (ii) A group personal pension scheme operated by Friends Provident Life and Pensions Limited.

The USS is a contributory defined benefit scheme (i.e. it provides benefits based on length of service and pensionable salary) and is contracted out from the State Second Pension Scheme. The assets of USS are held in separate trustee-administered funds. The USS scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, as required by the accounting standard FRS17 "Retirement Benefits", the College accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

In the event of the withdrawal of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

2. Actuarial valuations

Qualified actuaries periodically value the USS. It is valued using the "projected unit" method, embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions which have the most significant effect on the results of the latest valuations and the determination of the contribution levels are shown in the following table.

Date of valuation:	31/03/2014	
Date valuation results published:	27/04/2015	
Value of liabilities:	£46.9bn	<i>note a</i>
Value of assets:	£41.6bn	
Funding Surplus/(Deficit):	(£5.3bn)	
Principal assumptions:		
Investment Return	5.2% pa	<i>note b</i>
Rate of interest (periods up to retirement)	-	
Rate of interest (periods after retirement)	-	
Rate of increase in salaries	RPI + 1% pa	
Rate of increase in pensions	CPI pa	
Mortality assumptions:		<i>note c</i>
Assumed life expectancy at age 65 (males)	24.2 yrs	
Assumed life expectancy at age 65 (females)	26.3 yrs	
Funding Ratios:		<i>note c</i>
Technical Provisions basis:	89.0%	
Statutory Pension Protection Fund basis:	82.0%	
"Buy-out" basis:	54.0%	
Estimated FRS17 basis	72.0%	
Recommended Employer's contribution rate (as % of pensionable salaries):	18.0%	
Effective date of next valuation:	31/03/2017	

Note a.

USS' actuarial valuation as at 31st March 2014 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 will be calculated as that date using pensionable salary and pensionable service immediately prior to that date going forwards will be revalued in line with increases in official pensions (currently CPI): all members will accrue a pension of 1/75th and a cash lump sum of 3/75th of salary each year of service up to a salary threshold, initially £55,000: member contributions will be 8% of salary: a defined contribution benefit for salary in excess of the salary threshold at the total level of 20% of salary in excess of the salary threshold: and optional additional contributions payable into the defined contribution section of which the first 1% of salary is to be matched by the employer. Further details about the changes may be reviewed on the USS' website, www.uss.co.uk. For the period up to 1 April 2016 the employer deficit contribution will be 0.7% p.a. of salaries based on the assumptions made. After allowing for those changes, the actuary established a long term employer contribution rate of 18%pa of salaries for the period from 1 April 2016 to 31 March 2031. On the assumptions made and once the salary threshold and defined contribution section are introduced this gives rise to deficit contributions of at least 2.1%pa of salaries.

Note b.

USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years. USS' actuary has assumed that the general growth will be CPI in year 1, CPI + 1% in year 2 and RPI + 1% pa thereafter. It is assumed that CPI is based on the RPI assumption (market derived price inflation of 3.6%pa less an inflation risk premium) less RPI/CPI gap of 0.8% pa.

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Note c.

As noted above (note a.), the USS employer contribution rate is 18% of salaries from 1 April 2016. Prior to that date it is 16% of salaries. The total employer contributions include provisions for the cost of future accrual of defined benefits (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards DC benefits including employer matching contributions and certain investment management costs relating to the DC section.

3. Sensitivity of actuarial valuation assumptions

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
		US\$
Valuation rate of interest	increase/decrease by 0.5%	decrease / increase by £63m
Rate of pension increases	increase/decrease by 0.5%	increase / decrease by £41m
Rate of salary growth	increase/decrease by 0.5%	increase / decrease by £13m
Rate of mortality	more prudent assumption (mortality)	increase by £20m

4. Pension charge for the year

The pension charge recorded by the College during the accounting period was equal to the contributions payable as follows:

	2015	2014
	£k	£k
University Superannuation Scheme	285	292
Friends Provident GPPS	230	170
	<u>515</u>	<u>462</u>

22 TAXATION

The College is able to take advantage of the tax exemptions available to charities from taxation in respect of income and capital gains received to the extent that such income and gains are applied to exclusively charitable purposes. No liability to corporation tax arises in the College's subsidiary company because the directors of this company have indicated that they intend to make donations each year to the College equal to the taxable profits of the company under the Gift Aid scheme. Accordingly no provision for taxation has been included in the financial statements.

23 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH FLOW FROM OPERATIONS

	2015	2014
	£'000	£'000
Net incoming resources for the year	4,318	3,699
Elimination of non-operating cash flows:		
- Investment income	(2,013)	(1,812)
- Endowment donations	(4,425)	(3,252)
- Financing costs	286	268
Depreciation	943	856
(Surplus)/loss on sale of fixed assets	(51)	6
Decrease/(Increase) in stock	(1)	(1)
Decrease/(Increase) in debtors	(494)	(8)
(Decrease)/Increase in creditors	21	(319)
(Decrease)/Increase in provisions	0	0
Net cash inflow/(outflow) from operations	<u>(1,416)</u>	<u>(563)</u>

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24 ANALYSIS OF CHANGES IN NET FUNDS

	2014 £'000	Cash flow £'000	2015 £'000
Cash at bank and in hand	930	1,765	2,695
Bank overdrafts	0	0	0
	<u>930</u>	<u>1,765</u>	<u>2,695</u>
Deposits and other short term investments	3,525	(2,372)	1,153
Bank loans due after one year	(10,000)	0	(10,000)
	<u>(5,545)</u>	<u>(607)</u>	<u>(6,152)</u>

25 CAPITAL COMMITMENTS

The College had contracted commitments at 31 July for future capital projects totalling £130k (2014 - £194k).

26 RELATED PARTY TRANSACTIONS

The College is part of the collegiate University of Oxford. Material interdependencies between the University and of the College 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").

Members of the Governing Body, who are the trustees of the College and related parties as defined by FRS 8, receive remuneration and facilities as employees of the College. Details of these payments and reimbursed expenses as trustees are disclosed separately in these financial statements.

The following trustee had loans outstanding from the College at the start and/or end of the year.

	2015 £'000	2014 £'000
B Thompson	<u>100,000</u>	<u>100,000</u>

Interest is charged on the above loans at 4% per annum. The loan is repayable within 9 years or on the departure of the trustee from the College if earlier.

The College has properties with the followings net book values owned jointly with trustees under joint equity ownership agreements between the trustee and the College.

	2015 £'000	2014 £'000
F Stafford	75	77
P West	124	127
A Sutherland	187	191
M Hayward	82	84
M Higgins	150	154
A Manuel	183	187
M Wood	0	190
C Hare	185	189
S Rayner	189	193
B Choubey	0	188
J Marchini	<u>188</u>	<u>248</u>

All joint equity properties are subject to sale on the departure of the trustee from the College. The trustees pay rent to the College on the College owned share of the properties at the assessed current market rate.

27 CONTINGENT LIABILITIES

There were no contingent liabilities at 31st July 2015.

28 POST BALANCE SHEET EVENTS

There were no events subsequent to 31st July 2015 that materially affect the understanding of these accounts.