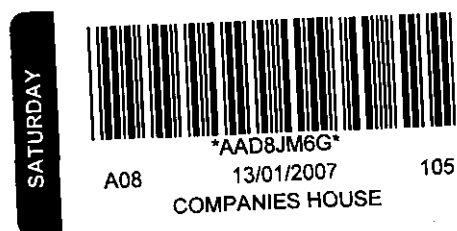


Charity number: 309720
Company number: 1109384

OXFORD CENTRE FOR HEBREW AND JEWISH STUDIES

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED
31 JULY 2006**



WENN TOWNSEND
CHARTERED ACCOUNTANTS

OXFORD CENTRE FOR HEBREW AND JEWISH STUDIES

Registered in England No: 1109384

Registered Charity No: 309720

GOVERNORS

Mr Stanley Fink (Chairman)
Professor Hugh Williamson (Vice-Chairman)

Professor Shlomo Ben-Ami	Mr Peter Oppenheimer
Mr Martin Blackman	Mr Martin Paisner
Professor Baruch Blumberg	Mr Dan Patterson
Mrs Elizabeth Corob	Mr Daniel Peltz
Mr Michael Garston	Mr George Pinto
Professor Martin Goodman	Mr Moshe Raviv
Dr Alfred Gottschalk	Sir Bernard Rix
Sir Richard Greenbury	Mr Charles Sebag-Montefiore
HRH Prince El Hassan bin Talal	Dr David Taylor
Professor Alan Jones	Mr Dennis Trevelyan
Dr Paul Joyce	Dr Diana Walford
Mr David Lewis	The Lord Weidenfield
The Lord Marks of Broughton	Mr Roger Wingate
Dr John Muddiman	

EMERITUS GOVERNORS

Sir Zelman Cowen	Mr Felix Posen
Mr William Frankel	Sir Maurice Shock
Mr Frank Green	Sir Sigmund Sternberg
Sir Claus Moser	Professor Geza Vermes
The Revd. Ernest Nicholson	The Rt Hon. The Lord Woolf
Mr David Hyman	The Rt Hon. The Lord Young

PRESIDENT

Mr Peter Oppenheimer

SECRETARY

Mr Martin Paisner

BURSAR

Mr Peter Da Costa

REGISTERED OFFICE

Yarnton Manor
Yarnton
Oxford
OX5 1PY

OXFORD CENTRE FOR HEBREW AND JEWISH STUDIES

AUDITORS

Wenn Townsend
30 St Giles
Oxford OX1 3LE

INVESTMENT MANAGER

Gerrard Investment Management Limited
Old Mutual Place
2 Lambeth Hill
London EC4V 4GG

SOLICITORS

Berwin Leighton Paisner
Bouverie House
154 Fleet Street
London EC4A 2JD

Blake Lapthorn Linnell
Seacourt Tower
West Way
Oxford OX2 0FB

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REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 JULY 2006

The Governors present their report and the financial statements for the year ended 31 July 2006.

Objective of the Charity

The principal activity of the Oxford Centre for Hebrew and Jewish Studies ('the Centre') is the advancement of research and education in the field of Hebrew and Jewish Studies. The Centre is sometimes referred to as "the Charity" in the accounts. A full review of the Centre's activities setting out the achievements of the Centre in meeting its objectives is contained in the separately published academic report for the academic year ending 30 September 2006.

Organisational and decision-making structure

All major decisions of the Centre are authorised by its Board of Governors which meets not less than 3 times each year. Other main decision making committees, which all report to the Board of Governors, are the Academic Advisory, Finance and Library Committees.

Charitable status and associated charity

The Centre is a registered charity (no. 309720) and has no liability to corporation tax on its charitable activities. The Centre is administered under its Memorandum and Articles of Association. The Centre is a company limited by guarantee and has no share capital. Each member undertakes to subscribe £1 in the event of a winding up of the company. The income and property of the Centre must be applied solely towards the promotion of the objectives of the Centre. The Yarnton Trust is an associated trust governed under a separate trust deed and is a registered charity (no. 278877)

Operating locations

Most of the full-time fellows teach and carry out research at the Hebrew and Jewish Studies Unit of the University of Oxford ('the Unit'). The Unit's premises are located in the Oriental Institute building in the centre of Oxford. At the Yarnton Manor campus, 4 miles from the centre of Oxford, accommodation, a major research library, teaching and administrative support are provided for the Centre's fellows and other teachers, visiting scholars and students. Numerous related academic activities occur during the year at both locations, including seminars, lectures and conferences. The Looted Art Research Unit is located in London.

Investment powers

Under paragraph 10 of the Memorandum of Association, the Centre has the power to invest money, not immediately required for its purposes, in or upon such investments, securities or property as the Governors think fit. The Yarnton Trust has the power to invest money under its trust deed as the Trustees think fit.

Financial Review

Statements of financial activities ('SOFAs') for the year have been produced on pages 6 and 7 showing movements on unrestricted, designated, restricted and endowment funds. The consolidated group income and expenditure deficit for the year was £232,359 (2005: £198,688). Group funds at the end of the year were £10,333,709 (2005: £9,415,937), an increase of £917,772 in the year.

Funds and reserves policy

In accordance with the relevant SORP, the Centre's funds are shown in the SOFA and at the balance sheet date the Governors are of the opinion that the funds are adequate to fulfill the current obligations of the Centre and during the 12 months from the date of this report. The Centre aims to build up its endowment reserves in order to produce more certain regular income for its activities.

REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 JULY 2006 (Continued)

Fund-raising activities

The Centre received donations of £927,426 (2005: £1,506,193) during the year. The Centre has agreements with two individuals to raise funds on behalf of the Charity. No payments were made to the fundraisers during the year. (2005: £4,000)

Grant making policy

The Centre made grants during the year to:

- the University of Oxford towards the running costs of the Oriental Institute building, for remuneration of Centre fellows who are also members of the Unit and for student fees relating to the Master of Studies degree (MSt) programme.
- various Oxford Colleges for fee arrangements relating to the MSt degree programme.

Under the various related agreements with the University and Colleges, it is intended that these grants will continue for the foreseeable future.

Risk review

The Centre carries out an annual assessment of major risks. In the view of the Governors, risk management and internal controls are appropriate for the Centre's activities.

Strategic objectives

The Governors aim to:

- build on the achievements of the Centre and to continue to meet the highest standards of academic excellence;
- maintain and highlight the strong position of Oxford University in Jewish studies.
- further enhance the role of the Leopold Muller Memorial Library as a major source of research material, particularly in modern Jewish history.
- continue to expand the Centre's endowment capital, especially for the purpose of funding fellowships and graduate student scholarships.
- develop further the facilities of the Yarnton Manor estate and to increase its role as an academic study and conference centre.
- develop co-operation with other institutions engaged in postgraduate teaching and research in the Centre's fields of endeavour.

Future Plans

The Centre will continue its programme of academic activities. The building of further new accommodation on the Manor Farm site, at an estimated cost of £650,000 and funded as an investment of the Centre's endowment funds, started in November 2006.

REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 JULY 2006 (Continued)

Governors' responsibilities

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Centre and of the surplus or deficit of the Centre for that period. In preparing those financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 a going concern basis unless it is inappropriate to presume that the Centre will continue in business.

The Governors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Centre. They are also responsible for safeguarding the assets of the Centre and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the Centre's Governors we certify that:

- so far as we are aware, there is no relevant audit information of which the Centre's auditors are unaware; and
- as the Governors of the Centre we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Investment funds

During the year it was decided to consolidate the main investment funds of the Centre and The Yarnton Trust under one new manager. Gerrard Investment Management Ltd, which previously managed some of the funds, was appointed.

At 31 July 2006 the total value of all the Centre's investment funds was £7,279,756 (2005: £7,066,587). In addition the centre has invested £565,000 in a property on the Yarnton Estate.

The Permanent Endowment Fund of the Centre

The investment objective of the fund is to maximise income but with retention of capital values in real terms over the longer term. The total value of the fund as at 31 July 2006 was £1,425,568 (2005: £1,317,823) showing an increase of £107,745, which represents an appreciation of 8%. During the period the fund produced a gross income of £49,155.

The Expendable Endowment Fund of the Centre

The investment objective of the fund is to obtain the maximum total return considered prudent but with a preference for income. At 31 July 2006 the value of the fund held by Gerrard is £4,251,627 and £565,000 of the fund is invested in a residential property making the total value of the fund £4,816,627 (2005: £4,540,350), an increase of £276,277 which represents an appreciation of 6.8%. During the period, the fund produced a gross income of £167,381.

The Permanent Endowment Fund of The Yarnton Trust

The investment objective of the fund is to maximise income but with retention of capital values in real terms over the longer term. The total value of the fund as at 31 July 2006 was £512,597 (2005: £145,527) showing an increase of £367,070. This increase includes the addition of new investment funds of £350,000 representing the investment of the subsidiary charity funds. During the period the fund produced a gross income of £18,596

The Expendable Endowment Fund of The Yarnton Trust

The investment objective of the fund is to obtain the maximum total return considered prudent but with a preference for income. The total value of the fund as at 31 July 2006 was £1,057,886 (2005: £1,013,941) an increase of £43,945 which represents an appreciation of 4.3%. During the period the fund produced a gross income of approximately £38,600.

REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 JULY 2006 (Continued)

Directors and Governors

The Governors (who are also directors of the charitable company) set out below have held office for the whole of the period from 1 August 2005 to the date of this report, unless otherwise stated. In accordance with the Articles of Association, Dr Alfred Gottschalk, Sir Richard Greenbury, Professor Alan Jones, Mr David Lewis, Mr Martin Paisner, Mr George Pinto, Dr Diana Walford and Mr Roger Wingate resign and, being eligible, offer themselves for re-election.

Mr Stanley Fink (Chairman)
Professor Hugh Williamson (Vice-Chairman)
Professor Shlomo Ben-Ami
Mr Martin Blackman
Professor Baruch Blumberg
Mrs Elizabeth Corob
Mr Michael Garston
Sir Richard Greenbury
Professor Martin Goodman
Dr Alfred Gottschalk
Professor Alan Jones
Dr Paul Joyce
Mr David Lewis
The Lord Marks of Broughton
Dr John Muddiman

Mr Peter Oppenheimer (President)
Mr Martin Paisner
Mr Dan Patterson (appointed 4 May 2006)
Mr Daniel Peltz (appointed 10 February 2006)
Mr George Pinto
HRH Prince El Hassan bin Talal
Mr Moshe Raviv (appointed 1 September 2005)
Sir Bernard Rix (appointed 23 March 2006)
Mr Charles Sebag-Montefiore
Dr David Taylor
Mr Dennis Trevelyan
Dr Diana Walford
The Lord Weidenfeld
Mr Roger Wingate

Appointment of University Board Governors

The following bodies have the power to appoint members of the Board of Governors in accordance with the Articles of Association.

The Humanities Board of the University of Oxford (two members). The current appointees are Dr Paul Joyce and Professor Hugh Williamson.

The Oriental Studies Board of the University of Oxford (two members). The current appointees are Professor Martin Goodman and Dr David Taylor.

Governor Appointments, Induction and Training

Governors are also Trustees of the charity. Appointments are made by the Board giving proper regard to the range of skills and experience needed to govern the charity. On appointment, Governors are provided with copies of the Centre's governing documents, annual reports and other current relevant material. Ongoing legal, investment and other advice is thereafter provided to Governors as appropriate.

Auditors

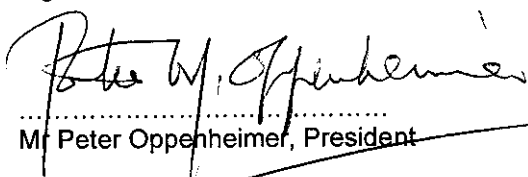
Wenn Townsend have signified their willingness to continue in office as the Centre's auditors and a resolution proposing their reappointment will be put forward at the forthcoming Annual General Meeting of the Board of Governors.

Post Balance Event

Other than the further development of the Manor Farm site (see Future Plans above), there were no significant events to report.

Approved by the Board of Governors on 12 December 2006.

Signed on its behalf by


Mr Peter Oppenheimer, President

OXFORD CENTRE FOR HEBREW AND JEWISH STUDIES

INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF THE OXFORD CENTRE FOR HEBREW AND JEWISH STUDIES

We have audited the financial statements of Oxford Centre for Hebrew and Jewish Studies ('the Centre') for the year ended 31 July 2006 which comprise the Statement of Financial Activities, Summary Income and Expenditure Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Centre's Governors, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Centre's Governors 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 Centre and the Centre's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As described in the Statement of Governors' Responsibilities the Governors (who are also the directors of the Centre for the purposes of company law) are responsible for the preparation of the Governors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards. (United Kingdom Generally Accepted Accounting Practice.)

Our responsibility is to audit the financial statements in accordance with relevant 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Governors' Annual Report is not consistent with the financial statements, if the Centre has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Governors' remuneration and other transactions is not disclosed.

We read the Governors' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Centre's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and Centre's affairs as at 31 July 2006, and of the group and Centre's incoming resources and application of resources, including the group's income and expenditure in the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Governors' report is consistent with the financial statements.

Wenn Townsend

Wenn Townsend
Chartered Accountants and Registered Auditors
Oxford

12 December 2006

STATEMENT OF FINANCIAL ACTIVITIES FOR THE CHARITY
FOR THE YEAR ENDED 31 JULY 2006

Charity	Note	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2006 £	Total 2005 £
Income							
<i>Incoming resources from generated funds</i>							
Voluntary income		326,406	11,111	589,909	-	927,426	1,400,218
Less: deferred income	13	-	-	(159,000)	-	(159,000)	(361,068)
		326,406	11,111	430,909	-	768,426	1,039,150
<i>Activities for generating funds</i>	2	63,958	-	20	-	63,978	2,420
<i>Investment income</i>	2	213,721	-	25,378	20,319	259,418	277,031
Investment income from The Yarnton Trust		-	-	-	38,096	38,096	38,219
<i>Incoming resources from charitable activities</i>	2	87,288	54,557	269,843	-	411,688	337,106
<i>Other incoming resources</i>	2	25,000	-	-	2,104	27,104	-
Total incoming resources	2	716,373	65,668	726,150	60,519	1,568,710	1,693,926
Resources expended							
<i>Cost of generating funds</i>	3	120,728	-	-	16,121	136,849	101,012
<i>Charitable activities</i>	4	844,980	56,556	677,801	-	1,579,337	1,620,994
<i>Governance costs</i>	5	74,525	53	3,704	-	78,282	114,448
Total resources expended		1,040,233	56,609	681,505	16,121	1,794,468	1,836,454
Net (outgoing)/incoming resources before transfers		(323,860)	9,059	44,645	44,398	(225,758)	(142,528)
Net transfers between funds	18	(8,153)	10,000	35,950	(37,797)	-	-
Net (outgoing)/incoming resources before revaluations and investment asset disposals		(332,013)	19,059	80,595	6,601	(225,758)	(142,528)
<i>Gains and losses on revaluations and disposals of investment assets</i>							
Investment property	10	723,953	-	-	-	723,953	290,000
Fixed asset investments unrealised gains	11	-	-	-	280,903	280,903	630,011
Fixed asset investments realised gains		-	-	-	81,750	81,750	33,657
Net movement in funds for the year		391,940	19,059	80,595	369,254	860,848	811,140
Fund balances at 1 August 2005		27,448	-	111,544	7,762,120	7,901,112	7,089,972
Fund balances at 31 July 2006		£ 419,388	£ 19,059	£ 192,139	£ 8,131,374	£ 8,761,960	£ 7,901,112

The notes on pages 10 to 22 form part of these accounts.

OXFORD CENTRE FOR HEBREW AND JEWISH STUDIES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST JULY 2006

	Note	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2006 £	Total 2005 £
Income							
<i>Incoming resources from generated funds</i>							
Voluntary income		326,406	11,111	589,909	-	927,426	1,400,218
Less: deferred income	13	-	-	(159,000)	-	(159,000)	(361,068)
		326,406	11,111	430,909	-	768,426	1,039,150
<i>Activities for generating funds</i>	2	63,958	-	20	-	63,978	2,420
<i>Investment income</i>	2	213,721	-	25,378	70,712	309,811	302,387
<i>Incoming resources from charitable activities</i>	2	87,288	54,557	269,843	-	411,688	357,231
<i>Other incoming resources</i>		25,000	-	-	2,104	27,104	-
Total incoming resources	2	716,373	65,668	726,150	72,816	1,581,007	1,701,188
Resources expended							
<i>Cost of generating funds</i>	3	120,728	-	-	25,698	146,426	108,475
<i>Charitable activities</i>	4	844,980	56,556	677,801	-	1,579,337	1,620,994
<i>Governance costs</i>	5	74,525	53	3,704	-	78,282	114,448
Total resources expended		1,040,233	56,609	681,505	25,698	1,804,045	1,843,917
Net (outgoing)/incoming resources before transfers		(323,860)	9,059	44,645	47,118	(223,038)	(142,729)
Net transfers between funds	18	(8,153)	10,000	35,950	(37,797)	-	-
Net incoming resources before revaluations and investment assets disposals		(332,013)	19,059	80,595	9,321	(223,038)	(142,729)
Gains and losses on revaluations and disposals of investment assets							
Investment property	10	723,953	-	-	-	723,953	290,000
Fixed asset investments unrealised gains	11	-	-	-	334,709	334,709	739,698
Fixed asset investments realised gains		-	-	-	82,148	82,148	51,848
Net movement in funds for the year		391,940	19,059	80,595	426,178	917,772	938,817
Fund balances at 1 August 2005		27,448	-	111,544	9,276,945	9,415,937	8,477,120
Fund balances at 31 July 2006		£ 419,388	£ 19,059	£ 192,139	£ 9,703,123	£ 10,333,709	£ 9,415,937

Consolidated figures represent the Group, which combines the Centre and The Yarnton Trust.

The notes on page 10 to 22 form part of these accounts.

**CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2006**

	Note	2006 £	2005 £
Gross income from continuing operations – unrestricted, restricted and designated funds	2	1,508,191	1,589,787
Transfer from endowment funds		37,797	38,219
Total expenditure of continuing operations		(1,778,347)	(1,826,692)
Total net expenditure for the year		£ (232,359)	£ (198,686)

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2006**

	2006 £	2005 £
Net expenditure from income and expenditure account (as above)	(232,359)	(198,686)
Capital increases in endowment funds	9,321	55,957
Net realised gains on endowment fund investment	82,148	51,848
Net realised gains on sale of investment properties	723,953	-
Total realised net gains/(losses) for the year	583,063	(90,881)
Net unrealised gains/(losses) on endowment fund investments	334,709	739,698
Net unrealised gains on investment property	-	290,000
Total recognised net gains for the year	£ 917,772	£ 938,817

Consolidated figures represent the Group, which combines the Centre and The Yarnton Trust.

The notes on pages 10 to 22 form part of these consolidated accounts.

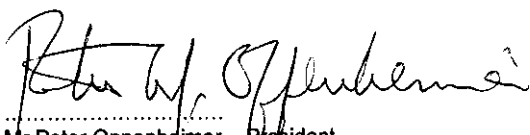
OXFORD CENTRE FOR HEBREW AND JEWISH STUDIES

BALANCE SHEET AS AT 31 JULY 2006

	Note	2006 £	Group 2005 £	2006 £	Charity 2005 £
Fixed assets					
Tangible fixed assets	9	2,590,647	2,042,926	2,590,647	2,042,926
Investment property	10	565,000	1,359,370	565,000	1,359,370
Investments	11	7,279,756	7,066,587	5,709,269	5,907,120
		<u>10,435,403</u>	<u>10,468,883</u>	<u>8,864,916</u>	<u>9,309,416</u>
Current assets					
Debtors – falling due within one year	12	63,906	50,504	62,647	42,061
Bank deposit – general		266,593	473,195	266,591	473,196
		<u>330,499</u>	<u>523,699</u>	<u>329,238</u>	<u>515,257</u>
Current liabilities					
Creditors – falling due within one year	13	(432,193)	(1,316,645)	(432,194)	(1,313,561)
Net current liabilities		<u>(101,694)</u>	<u>(792,946)</u>	<u>(102,956)</u>	<u>(798,304)</u>
Creditors – falling due after more than one year	13	-	(260,000)	-	(610,000)
Net assets		<u><u>£ 10,333,709</u></u>	<u><u>£ 9,415,937</u></u>	<u><u>£ 8,761,960</u></u>	<u><u>£ 7,901,112</u></u>
Capital funds					
Endowments	14	9,703,123	9,276,945	8,131,374	7,762,120
Income funds					
General fund		159,388	(522,552)	159,388	(522,552)
Revaluation reserve		260,000	550,000	260,000	550,000
Unrestricted	15	<u>419,388</u>	<u>27,448</u>	<u>419,388</u>	<u>27,448</u>
Designated	16	19,059	-	19,059	-
Restricted	17	192,139	111,544	192,139	111,544
		<u><u>£ 10,333,709</u></u>	<u><u>£ 9,415,937</u></u>	<u><u>£ 8,761,960</u></u>	<u><u>£ 7,901,112</u></u>

Consolidated figures represent the Group, which combines the Centre and The Yarnton Trust.
The notes on pages 10 to 22 form part of these accounts.

Approved by the Board of Governors and signed on its behalf on 12 December 2006


Mr Peter Oppenheimer – President

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006**

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting Standards, the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) and the Companies Act 1985.

(a) Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed asset investments and investment property.

The financial statements for the year ended 31 July 2005 complied with the Statement of Recommended Practice: Accounting by Charities (2000), which has been superseded by SORP 2005. In the financial statements for the year ended 31 July 2006, comparative figures have been reclassified to comply with SORP 2005. The net movement in funds and the total funds are unchanged from those previously reported.

(b) Income

Income has been credited to the Income and Expenditure account on the following basis:

- Donations and dividends are recognised on a receivable basis, and include any income tax recoverable;
- Unrestricted income allocated for a specific purpose by the Centre is treated as a designated fund;
- Donations received for specific purposes, restricted on a time basis, are carried forward as deferred income and matched with related expenditure;
- Interest on an accruals basis.
- Rents on an accruals basis

(c) Fixed Assets

Freehold land and buildings are capitalised in the financial statements, but are not depreciated as the buildings are maintained to such a standard that their estimated residual value is not less than their carrying value. An annual impairment review is carried out by the Governors to ensure that this continues to be the case.

All other assets are written off to the income and expenditure account in the year of acquisition.

(d) Investment Properties

Investment properties are included in the balance sheet at their open market value based on periodical valuations. This accounting policy is in accordance with the Statement of Standard Accounting Practice (SSAP 19), Accounting for Investment Properties. However, this is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. It is the opinion of the Governors that compliance with the Standard (SSAP 19) is necessary for the financial statements to give a true and fair view.

(e) Investments

Listed investments are stated at open market value. Net realised and unrealised gains and losses on investment assets are accounted for as part of the related funds when they occur, the calculation having been based on open market value.

(f) Taxation

The Centre is a charitable institution with exemption from taxation under section 505 of the Income and Corporation Taxes Act 1988.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

.....continued

(g) **Foreign currencies**

Donations received in currencies other than sterling have been included at the rates obtained on conversion.

(h) **Operating leases**

Rentals payable under operating leases are charged to the income and expenditure account over the term of the lease.

(i) **Pension costs**

The Centre accounts for pensions contributions as if payments were being made to defined contribution pension schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

(j) **Allocation of costs to Resources Expended**

Specific items of expenses are attributed to the appropriate category of:

- Cost of Generating Funds. These are the costs associated with generating incoming resources from all sources other than undertaking charitable activities.
- Charitable Activities. These are the resources applied by the Centre in undertaking its work to meet its charitable objectives.
- Governance costs. These are costs that relate to the general running of the charity. The governance costs of the Centre are primarily associated with constitutional and statutory requirements.
- Support costs have been allocated to activity cost categories on a consistent basis e.g. staff costs by the time spent and other costs by their usage

(k) **Basis of allocation of costs between Unrestricted and Restricted Funds**

Costs are specifically recognised as being unrestricted or restricted and are allocated appropriately.

(l) **Basis of Consolidation**

The financial statements for the Centre and The Yarnton Trust, which donates funds to the Centre, are consolidated as the Centre has control over The Yarnton Trust. The Centre's Governors appoint the Trustees of The Yarnton Trust.

(m) **Fund accounting**

Funds held by the Charity are:

- unrestricted general funds which can be used in accordance with the charitable objects at the discretion of the Governors,
- designated funds which are funds set aside by the Governors out of unrestricted general funds for specific future purposes or projects,
- restricted funds which can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.
- endowment funds which are capital funds where, apart from expendable endowments, there is normally no power to convert the capital into income.

Further explanations of the nature and purpose of each fund is included in the notes to the financial statements.

(n) **Gifts in kind**

Properties, investments and other fixed assets donated to the charity are included as donation income at market value at the time of receipt.

2. Income

The results for the year are attributable to the principal activity, the advancement of education and research in the field of Hebrew and Jewish Studies.

Other incoming resources include hire of premises and accommodation, charges for minibus usage, photocopying and other office costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

.....continued

2.1 Investment income

Investment income comprises

	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2006 £	Total 2005 £
Dividends and interest	183,629	-	25,378	70,712	279,719	270,228
Income from investment properties	30,092	-	-	-	30,092	32,159
	£ 213,721	£ -	£ 25,378	£ 70,712	£ 309,811	£ 302,387

2.2 Incoming resources from charitable activities

	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2006 £	Total 2005 £
Conferences, student fees accommodation and library funding	87,288	14,882	161,129	-	263,299	108,820
Looted Art Research Unit	-	-	108,714	-	108,714	105,975
Journal of Jewish Studies	-	39,675	-	-	39,675	36,461
	£ 87,288	£ 54,557	£ 269,843	£ -	£ 411,688	£ 251,256

3 Costs of generating funds

	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2006 £	Total 2005 £
Advertising and fundraising	43,905	-	-	-	43,905	20,358
Postage and stationery	8,023	-	-	-	8,023	6,286
Printing	6,395	-	-	-	6,395	6,530
Support costs	62,405	-	-	-	62,405	58,077
	120,728	-	-	-	120,728	91,251
Investment management Investment management fees	-	-	-	25,698	25,698	17,224
	£ 120,728	£ -	£ -	£ 25,698	£ 146,426	£ 108,475

4 Charitable activities

	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2006 £	Total 2005 £
Academic	283,732	33,990	238,166	-	555,888	582,685
Yarnton Manor Estate facilities	475,909	14,836	667	-	491,412	484,884
Master of Jewish Studies degree	-	-	206,619	-	206,619	283,262
Library	75,500	7,730	96,350	-	179,580	150,095
Looted Art Research Unit	-	-	107,790	-	107,790	96,285
Hebrew and Jewish Studies Unit	9,839	-	12,147	-	21,986	17,666
St Petersburg Project	-	-	16,062	-	16,062	6,117
	£ 844,980	£ 56,556	£ 677,801	£ -	£ 1,579,337	£ 1,620,994

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

.....continued

	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2006 £	Total 2005 £
5 Governance costs						
Finance charges	21,710	-	-	-	21,710	58,863
Professional charges	13,280	-	-	-	13,280	13,034
	<u>34,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,990</u>	<u>71,897</u>
Internal governance costs	39,535	53	3,704	-	43,292	42,551
	<u>£ 74,525</u>	<u>£ 53</u>	<u>£ 3,704</u>	<u>£ -</u>	<u>£ 78,282</u>	<u>£ 114,448</u>

Professional charges include audit fees of £8,113 (2005: £8,000).

	Staff costs £	Other costs £	Total 2006 £	Total 2005 £
6 Further analysis of total resources expended, between staff and other costs				
Costs of generating funds	58,338	88,088	146,426	101,014
Charitable activities				
Academic	290,056	265,832	555,888	582,685
Yarnton Manor Estate Facilities	282,720	208,693	491,413	484,884
Master of Jewish Studies Degree	102,265	104,354	206,619	283,262
Library	96,547	83,033	179,580	150,095
Looted Art Research Unit	55,532	52,258	107,790	96,285
Hebrew and Jewish Studies Unit	4,935	17,051	21,986	17,666
St Petersburg Project	-	16,061	16,061	6,117
	<u>832,055</u>	<u>747,282</u>	<u>1,579,337</u>	<u>1,620,994</u>
Governance costs				
Finance and professional charges	-	34,990	34,990	71,895
Internal governance costs	33,594	9,698	43,292	42,551
	<u>£ 923,987</u>	<u>£ 880,058</u>	<u>£ 1,804,045</u>	<u>£ 1,836,454</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

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7 Governors' Remuneration

The President

	2006 £	2005 £
Salary (excluding national insurance)	62,805	60,976
Pension contributions	2,931	2,134
Other benefits – private health care	1,060	1,040
	<u>£ 66,796</u>	<u>£ 64,150</u>

Expenses of £2,656 (2005: £1,312) were reimbursed to or paid on behalf of the President.

Professor M Goodman is a Fellow and Governor. He received a teaching stipend from the Centre of £2,000 (2005: £2,000) and was reimbursed £243 (2005: £569) for expenses incurred on behalf of the Centre.

No other Governor received remuneration or expenses from the Centre during the year.

The cost of Professional Indemnity, Governors' and Officers' Liability and Fidelity Guarantee insurance for the year was £787. (2005: £840)

8 Staff costs

	2006 £	2005 £
Wages and salaries	776,618	792,596
Social security costs	62,122	62,084
Other pension contributions	85,247	77,818
	<u>£ 923,987</u>	<u>£ 932,498</u>

The above amounts include Governors' remuneration.

There were no other employees earning over £50,000 per annum.

Research stipends of £nil (2005: £38,832) were paid to visiting academics.

Salary grants of £131,528 (2005: £112,460) were paid to the University of Oxford which remunerated 4 of the Centre's Fellows, (none of whom were Governors during the period) and 1 part-time secretary.

The average number of persons, including two Governors, employed by the Centre during the year, including those working part-time on a long-term basis, were as follows:

	2006		2005	
	Full-time	Part-time	Full-time	Part-time
Academic	10	3	11	2
Library	2	3	2	3
Administration	10	5	12	3
Domestic and maintenance	6	6	6	6
	<u>28</u>	<u>17</u>	<u>31</u>	<u>14</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

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9 Tangible fixed assets

	Group and Charity	
	2006	2005
	£	£
Freehold Land and Buildings		
Exeter Farm - outbuildings	-	125,000
Manor Farm - land	485,000	485,000
Manor Farm - buildings	735,646	62,925
	<u>1,220,646</u>	<u>672,925</u>
Yarnton Manor Estate		
- Yarnton Manor	1,000,000	1,000,000
- Ricardo House	370,000	370,000
	<u>1,370,000</u>	<u>1,370,000</u>
Books and equipment		
Library collections	1	1
	<u>£ 2,590,647</u>	<u>£ 2,042,926</u>

The assets are all used for the furtherance of the charity's objects in the advancement of education in the field of Hebrew and Jewish Studies.

Yarnton Manor Estate

Yarnton Manor was purchased during the year ended 31 July 1992 at a cost of £1 million from the Charles Wolfson Charitable Trust. The Governors are of the opinion that the price paid was substantially below open market value then, and at 31 July 2006. The Charles Wolfson Charitable Trust has the right of first refusal if at any time in the period of 50 years ending on 7 May 2042 the Governors of the Centre decide to sell Yarnton Manor. The price to be paid by the Charles Wolfson Charitable Trust would be £1 million plus the cost of any additional capital expenditure. Such additional capital expenditure was incurred in the building of Ricardo House.

In the event that Yarnton Manor is sold in the 50 year period and the Charles Wolfson Charitable Trust exercises its right under the above agreement, that trust entered into a commitment, which is expressed not to be legally binding, to make a donation to the Centre of one half of any selling price received by the Charles Wolfson Charitable Trust in excess of the re-purchase price paid to the Centre by the Trustees.

Following the merger of the Charles Wolfson Charitable trust with Benesco Charity Limited, these rights of pre-emption have been transferred to Benesco Charity Limited.

Manor Farm

In November 2002 the Centre received a gift of land from the Charles Wolfson Charitable Trust, adjacent to the Yarnton Manor Estate. The market value of the gift was £485,000. A similar right of refusal, as described above for the Yarnton Manor Estate, applies to this land. Additional capital expenditure was incurred building on this land (see below).

Development of Manor Farm

The construction of the first phase of accommodation plus storage space was completed during the year. The total cost of the building work was £735,646.

Library

The Library Collections have been written down to £1 with all subsequent expenditure written off as incurred. The Governors consider that any revaluation of these assets or any attempt to quantify their value would be misleading.

Equipment

In accordance with the accounting policies of the Centre, fixed assets purchased in the period were written down to zero.

Impairment review

In the opinion of the Governors, there have not been any events or changes in market value to indicate that the value of fixed assets have suffered impairment during the year.

Insured value

The total insured value of the assets of the group, which are used to promote the objectives of the charity, at 31 July 2006, is £28,375,780 (2005: £24,855,379) including the library collections for £3,510,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

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10 Investment property

	Group and Charity	
	2006	2005
	£	£
Exeter Farm – Farmhouse	-	800,000
Perry Orchard	565,000	559,370
	<u>£ 565,000</u>	<u>£ 1,359,370</u>

Perry Orchard was purchased in July 2004. The Governors are of the opinion that there is no significant difference between the value shown in the accounts and the market value of Perry Orchard at 31 July 2006.

11 Movement in fixed asset investments

	Group 2006 £	Charity 2006 £
Market value at 1 August 2005	7,066,587	5,907,120
Less: cash held in CAF accounts at 1 August 2005	(354,867)	(354,867)
cash held in NatWest account at 1 August 2005	(87,803)	(87,803)
Disposals	(928,304)	(803,928)
Additions	576,507	351,543
Change in cash held by investment managers	583,348	327,120
Unrealised gains	334,709	280,903
Realised gains	82,148	81,750
Interest on MCA loan	7,431	7,431
Market value at 31 July 2006	<u>£ 7,279,756</u>	<u>£ 5,709,269</u>

Included above are the following investment assets:

	Group	Charity
Investment assets in the United Kingdom	6,474,409	4,946,110
Investment assets outside the United Kingdom	805,347	763,159
	<u>£ 7,279,756</u>	<u>£ 5,709,269</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

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12 Debtors
Due within one year

	Group		Charity	
	2006 £	2005 £	2006 £	2005 £
Debtors	10,271	7,515	10,271	7,515
Prepayments and accrued income	53,635	42,989	52,376	34,546
	<u>£ 63,906</u>	<u>£ 50,504</u>	<u>£ 62,647</u>	<u>£ 42,061</u>

13 Creditors
Due within one year:

	Group		Charity	
	2006 £	2005 £	2006 £	2005 £
Creditors - suppliers	45,377	27,844	45,377	27,844
Other creditors - taxation and social security	19,505	18,946	19,505	18,946
Accruals and income in advance	199,544	438,317	199,545	435,233
Bank overdraft (secured)	167,767	831,538	167,767	831,538
	<u>£ 432,193</u>	<u>£ 1,316,645</u>	<u>£ 432,194</u>	<u>£ 1,313,561</u>

Due after more than one year:	<u>£ -</u>	<u>£ 260,000</u>	<u>£ -</u>	<u>£ 610,000</u>
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Deferred income funds - movement in year

	Fellowships £	Conferences/ Lectures £	Scholarships £	Total £
Opening balance at 1 August 2005	55,000	20,000	286,068	361,068
Income during the year	50,000	-	-	50,000
Released during the year	(35,000)	(10,000)	(207,068)	(252,068)
Closing balance at 31 July 2006	<u>£ 70,000</u>	<u>£ 10,000</u>	<u>£ 79,000</u>	<u>£ 159,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

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14	Endowment Funds	Balance 31 July 2005 £	Net Incoming Resources £	Transfers £	Reallocated to investment property £	Net unrealised Gains/Losses for the year £	Net realised Gains/Losses for the year £	Balance 31 July 2006 £
	Charity							
	Expendable Endowments							
	Applied for the purchase of property							
	Stiftung Benevolus	1,000,000	-	-	-	-	-	1,000,000
	Anonymous	370,000	-	-	-	-	-	370,000
		<u>1,370,000</u>	-	-	-	-	-	<u>1,370,000</u>
	Gift of land - Manor Farm	485,000	-	-	-	-	-	485,000
	Other Expendable Endowments							
	David Patterson Lecture Series	30,451	1,399	(1,399)	-	-	3,728	34,179
	MCA Fund - Gerrard investments	4,540,350	167,381	(175,773)	(565,000)	74,456	210,213	4,251,627
	MCA Fund - Property investment	-	-	-	565,000	-	-	565,000
		<u>6,425,801</u>	<u>168,780</u>	<u>(177,172)</u>	<u>-</u>	<u>74,456</u>	<u>213,941</u>	<u>6,705,806</u>
	Permanent Endowments							
	Library							
	Catherine Lewis and Simon							
	Davis Library Fund	104,475	3,871	(2,846)	-	570	5,235	111,305
	HRO Library Fund	18,469	325	(325)	-	101	925	19,495
	Isaiah Berlin Library Fund	13,145	487	(358)	-	72	659	14,005
	David Patterson Fellowship in							
	Jewish Law	328,658	12,178	(8,954)	-	1,794	16,469	350,145
	Jacobs Fellowship	107,850	3,996	(2,938)	-	589	5,404	114,901
	Mason Lectureship	103,851	3,848	(2,829)	-	567	5,204	110,641
	Goldman Lecture Fund	13,385	496	(365)	-	73	671	14,260
	Dov Biegun Scholarship Fund	261,658	9,695	(7,128)	-	1,428	13,112	278,765
	Miscellaneous	384,828	14,259	(10,524)	-	2,100	19,283	409,946
	David Patterson Memorial Scholarship							
	fund	-	2,105	-	-	-	-	2,105
		<u>1,336,319</u>	<u>51,260</u>	<u>(36,267)</u>	<u>-</u>	<u>7,294</u>	<u>66,962</u>	<u>1,425,568</u>
	Total charity	£ 7,762,120	£ 220,040	£ (213,439)	£ -	£ 81,750	£ 280,903	£8,131,374
	The Yarnton Trust							
	Expendable Endowment							
	Leopold Muller Memorial							
	Library Fund	1,019,098	38,600	(37,180)	-	398	38,048	1,058,964
	Permanent Endowments							
	Kennedy Leigh Charitable							
	Trust Fund	107,839	2,565	(2,282)	-	-	3,428	111,550
	Leslie Paisner Memorial Fund	37,888	901	(802)	-	-	1,204	39,191
	David Hyman Fellowship	100,000	4,323	(4,061)	-	-	3,179	103,441
	Frank Green Fellowship	100,000	4,323	(4,061)	-	-	3,179	103,441
	Jacob and Shoshana Schreiber							
	Fellowship	150,000	6,484	(6,090)	-	-	4,768	155,162
		<u>495,727</u>	<u>18,596</u>	<u>(17,296)</u>	<u>-</u>	<u>-</u>	<u>15,758</u>	<u>512,785</u>
	Total Yarnton Trust	£ 1,514,825	£ 57,196	£ (54,476)	£ -	£ 398	£ 53,806	£ 1,571,749
	Total group	£ 9,276,945	£ 274,986	£(265,665)	£ -	£ 82,148	£ 334,709	£ 9,703,123

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

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14 Endowment Funds (continued)

The MCA Endowment Fund is a separate fund for the purposes of advancing education in Hebrew and Jewish Studies. The donor of the original grant of £3,000,000 specified that the capital, which is to be invested on professional advice in order to obtain the maximum long-term total return (net of any tax) which is regarded from time to time as a prudent target for the Fund, may be spent provided that:

1) the total of income, realised and unrealised gains spent in any full financial year of the Centre does not exceed 8% of the original grant as increased by the percentage increase in the UK Retail Prices Index from 30 June 2001 to the beginning of such financial year, but so that any unspent part of such 8% may be carried forward and spent in subsequent financial years in addition to such 8% limit each such financial year and

2) the market value of the capital of the Fund (after deducting any losses and liabilities, whether actual, accrued or contingent) not more than 30 days prior to the date on which the Governors resolve to spend the gains is not less than the original grant (increased as specified in proviso (1) above) after excluding the gains resolved to be spent.

Provisos (1) and (2) are also applied to the additional grants of £1,062,350, (there were no increases during the year 31 July 2006 (2005: £50,000)) from their respective dates of receipt. At 31 July 2006 the total grants, increased by the UK Retail Prices Index for the relevant periods, amounted to £4,453,178 (2005: £4,319,933) so that the market value of £4,816,627 (2005: £4,540,350) gave rise to a surplus of £363,449 (2005: £220,417) which was more restrictive than the cumulative unspent parts of 8% per annum aggregating £791,835 (2005: £622,013).

15 Unrestricted funds

	31 July 2005 £	Net Incoming Resources £	Unrealised and Realised Gains £	Transfers £	31 July 2006 £
The Charity and Group	£ 27,448	£ (323,860)	£ 723,953	£ (8,153)	£ 419,388

16 Designated Funds

	31 July 2005 £	Net incoming resources £	Income received in advance £	Transfers £	Outgoing resources £	31 July 2006 £
Seminars	-	17,151	-	-	(14,889)	2,262
Library	-	7,730	-	-	(7,730)	-
Journal of Jewish Studies	-	39,676	-	10,000	(32,879)	16,797
St Petersburg Project	-	1,111	-	-	(1,111)	-
The Charity and Group	£ -	£ 65,668	£ -	£ 10,000	£ (56,609)	£ 19,059

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

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17 Restricted Funds

	31 July 2005 £	Incoming Resources £	Income received in advance £	Reallocation £	Transfers £	Outgoing Resources £	31 July 2006 £
The Charity and Group							
Master of Jewish Studies degree	32,720	275,146	-	-	(20,000)	(221,566)	66,300
Fellowships	-	229,031	-	-	20,000	(222,698)	26,333
Secretarial salary	-	12,778	-	-	-	(5,860)	6,918
Conferences and lectures	4,029	51,894	-	-	-	(22,990)	32,933
Library Fund	-	84,539	-	-	-	(84,539)	-
Looted Art Research Unit	53,928	216,502	(107,790)	-	-	(107,790)	54,850
St Petersburg Project	20,867	-	-	-	-	(16,062)	4,805
	£ 111,544	£ 869,890	£ (107,790)	£ -	£ -	£ (681,505)	£ 192,139

Master of Jewish Studies degree – scholarships

This fund represents scholarships received for students studying for the Master of Jewish Studies. Expenses allocated to this fund are those related to the programme.

Fellowships

The money received represents donations to pay for the employment of Centre fellows.

Library Fund

This fund represents money donated directly to the Centre for the library and the money paid by The Yarnton Trust from the Leopold Muller Memorial Library Fund.

Looted Art Research Unit

The donations received for this fund are used to support the work of a Central Registry of Information on Looted Cultural Property 1933 – 1945.

18 Transfers

Transfers between unrestricted, designated, restricted or endowment funds during the year are as disclosed elsewhere in the accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

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19 Analysis of Group Assets

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Fund balances at 31st July 2006 are represented by:					
Tangible fixed assets	735,646	-	-	1,855,001	2,590,647
Investment property	-	-	-	565,000	565,000
Investments	-	-	-	7,279,756	7,279,756
Current assets	(150,856)	19,059	458,930	3,366	330,499
Current liabilities	(165,402)	-	(266,791)	-	(432,193)
	£ 419,388	£ 19,059	£ 192,139	£ 9,703,123	£ 10,333,709

Reconciliation of movement in unrealised gains/(losses) on Investment Assets

Total net unrealised gains/(losses) at 1 August 2005	550,000	-	-	(121,683)	428,317
Net gains/(losses) arising on revaluations in the year	-	-	-	334,709	334,709
Realisation of revaluation gains	(290,000)				(290,000)
Total net unrealised gains/(losses) at 31st July 2006	£ 260,000	£ -	£	£ 213,026	£ 473,026

20 The Yarnton Trust

The Centre's Governors appoint the Trustees of The Yarnton Trust and so exercise control.

The principal activity of The Yarnton Trust is to invest its endowment funds in order to maximise donations to the Centre.

The income and expenditure for The Yarnton Trust consolidated with the Centre is as follows:

	2006 £	2005 £
Incoming resources	57,196	65,604
Donations to the Centre	(44,899)	(58,344)
Portfolio management fees	(9,577)	(7,463)
	2,720	(203)
Net realised gain	398	18,191
Net unrealised gain	53,806	109,687
	56,924	127,675
Fund balances at 1 August 2005	1,514,822	1,387,147
Fund balances at 31 July 2006	£ 1,571,746	1,514,822

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

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21 Pension Commitments

The Centre participates in the Universities Superannuation Scheme ("USS"), a defined benefit scheme which is externally funded and contracted out of the State Second Pension ("S2P") for academic staff; to the University of Oxford Staff Scheme ("OSPS") for administrative and support staff; to individual policies for two individuals; and makes unfunded pension payments to one individual. The assets of the USS and OSPS schemes are held in a separate trustee administered fund. The Centre is unable to identify its 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", 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 in respect of the accounting period.

The latest actuarial valuation of the USS scheme was at 31 March 2005. 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, pensions and changes in longevity projections. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion in line with recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at the valuation date and under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded.

The Centre's contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the Centre contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the Centre's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot 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 2008. The contribution rate will be reviewed as part of each valuation.

There is no actuarial valuation available for the University of Oxford Staff Pension Scheme ("OSPS").

The total pension cost for the Centre was £85,247 (2005: £77,818). The amount payable to the USS scheme was £37,041 and the amount payable to the OSPS scheme was £38,608. The contribution rates payable by the Centre were 14% of pensionable salaries for the USS scheme and 17.5% of pensionable salaries for the OSPS scheme.